



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill:
Omniplex Cinemas

28 January 2021

Mr Anderson: Apologies about that: the benefits of technology. We have a fairly broad knowledge of cinema and what is happening in different markets. That is just a summary of who we are.

I will now speak about our knowledge of the direction of cinema. We are seeing a massive trend towards cinema being more of a luxury experience. Definitely, in the UK, cinema has taken that direction. A chain called Everyman Cinemas is really leading on that element. A large part of that offering is food and beverage, and key to the beverage element is having a licence to operate and sell alcohol on the premises. Without a licence, Everyman would not be able to function. Having a licence is key to its business model. It is very successful, and the trend is going in that direction.

We have an alcohol licence for one of our locations in Dublin, in Rathmines, which is a nine-screen cinema. In the South of Ireland, we can achieve a licence through a theatre licence. We apply for a music and entertainment licence, on the back of which we can achieve a theatre licence. That is standard, and a lot of other cinema operators in the South of Ireland have done that. To date, we have had no issue of note with our Rathmines licence, which we have had for the past two or three years. We have a bar area, and it is quite casual. People might have a drink before or after a film or bring a glass of wine into the theatre itself. A lot of our opera guests will avail themselves of that, and they love that offering. Cinemas in mainland UK — in England, Wales and Scotland — apply for a licence in the same way as in Southern Ireland. They can apply for a licence through a theatre licence or its equivalent. Cinemas in England, Wales, Scotland and the Republic of Ireland therefore all have the ability to apply for a licence through a live entertainment licence or a theatre licence.

Where does that leave us in Northern Ireland? We are a big operator in Northern Ireland. We believe in the Northern Irish sector for leisure and entertainment. We have made massive investments in Northern Ireland. For us to evolve and for the offering to grow, we see the need for there to be the ability to apply for a licence. That does not mean that every cinema that we operate in Northern Ireland will get an alcohol licence. It will be a select number of locations for which we may consider applying for a licence. That is why we are presenting to the Committee and putting our case forward. It is for the future development of cinema and to provide the luxury element, which is definitely the trend. We do not want Northern Ireland to be left behind or to have less of a competitive advantage than other areas, such as Scotland, Wales, England and the Republic of Ireland.

The Chairperson (Ms P Bradley): OK. Paul, thank you for that, and thank you, Carole, for subbing for a while. I am very familiar with your cinemas, as I am with Movie House cinemas, as I said to Michael last week. You will have listened to that briefing, at which we raised the issue of level of demand. Your briefing was slightly different, Paul, because you have experience of this, already having been successful in your outlets in the Republic of Ireland. Is there the same demand in Northern Ireland for that offering? How does it work for licences for cinemas? Is there a specific category of licence that it falls under? What will it cost cinemas? I asked last week about the cost of an alcohol licence. Do you see the cost as being prohibitive? I ask you to explain that part of it in a bit more detail.

Mr Anderson: Absolutely. Our experience in Rathmines is that volume is relatively low. There is not a huge demand in general from the guests who come to the premises. There is, however, a cohort that definitely likes to have a glass of wine or some beer before or after a film.

We see huge demand for operas. We are big believers in live-streaming operas and ballets. At our location in Dundonald, we have sold out shows for all the live events that we have shown there. We expanded that to Bangor and have it in Lisburn as well. There is huge demand for that. People like to sit down to watch a live opera while having their glass of wine. To give you an idea of numbers, about 25% of our audience is what we categorise as a family audience. The remainder is split roughly equally between couples and people attending with friends and whatnot. Date nights account for over one third of our business, while the vast majority of our business comes in the evening. On Mondays to Fridays, 80% to 90% of it is between 8.00 pm to 9.00 pm. The business is family-orientated up until perhaps 5.00 pm on Saturdays and Sundays and then evening-orientated from 7.00 pm or 8.00 pm. A huge proportion of our business therefore is in the evening and comes from date nights, if you want to call them that, and friends attending. Although that does not cover everyone, there will demand from them to have a drink of alcohol prior to, during or after the cinema.

Ms King: If it OK with you, Paul, I will touch on the licensing side of things. The way in which the cinemas operate is that we are on a cinema licence that we renew yearly. We do that with the councils and are on very good terms with them.

You asked, Chair, about the sort of licence that we are looking for. We are looking not for a bar licence but for an entertainment licence. The cinema licence covers everything in the entertainment licence apart from alcohol. We are therefore saying that any of the premises that want to have the opportunity to sell alcohol should go for an entertainment licence, whereas those that do not would have just a cinema licence. A cinema licence costs smaller cinemas between £350 and £650 a year. That covers your fire risk assessment, your emergency lighting etc. An entertainment licence costs approximately £1,000 to £1,200 a year. If you want to sell alcohol, you talk to the council about the days on which you are looking to do so and between what times. That is how I see us linking in quite easily with the legislation.

The Chairperson (Ms P Bradley): Thank you, Carole.

Ms Ennis: Thank you, Paul and Carole, for briefing us this morning. We had a similar briefing last week. My comments are not really questions. Last week's briefing really opened my eyes, because I have thought for a long time that cinemas are in real danger, given people's viewing habits. We know that a lot of films now go straight to Netflix, Amazon and Disney, which people can watch in their home. It is a case of thinking of ways to encourage people to be more social and get out. One way to do that is to change the way that cinemas operate. That would be a progressive thing to do. It would certainly appeal to me and to people of my age who have grown up going to cinemas and like the experience of going to cinemas, but the accessibility and convenience of Netflix make you think, "Why would I go to the cinema when I can just stay in the house and watch something?"

We need to change fundamentally the way cinemas operate, or we will be in danger of losing that part of our entertainment habits. I would be very supportive of your calls, and it is something that the Committee should seriously consider in its deliberations on the Bill.

Ms King: That is great news, Sinéad. Thank you.

Mr Anderson: I appreciate that, Sinéad. Cinema in Northern Ireland, as you rightly put it, is in danger of being left behind. If we are not allowed to evolve the offering, that does potentially endanger taking that step forward.

Cinema is in our blood. We believe in the cinema experience, but we need it to be able to evolve and have different offerings. Not everyone will want them, but there is a strong cohort that may look to avail themselves of it.

Ms Ennis: In terms of regional disparity, not everybody can afford to go to Belfast or Dublin to see the likes of a theatre show. My local Omniplex in Newry has branched out and has been showing theatre-type offerings. That opens up a new experience to people who, maybe, cannot afford to go to a theatre show in Dublin or Belfast. It is about offering choice as well, and cinemas should be supported in doing that.

Ms King: The cinema has evolved so much. It used to be about just films, but now there is alternative content, as Paul touched on, and we have ballet and opera. It is a bit like paying for a ticket to go for an experience. There are live intervals, and some people — not everybody — would like to avail themselves of a glass of wine or whatever before the show starts. That gives them a complete experience of thinking that they are at the theatre.

The Chairperson (Ms P Bradley): Did our cinemas ever have a licence to sell alcohol? I ask because one of my staff members was telling me yesterday that, when she and her husband were going out together, they used to go to the Grove Theatre on the Shore Road, and she said that the only reason they went there was that they could have a drink in the interval. I am not asking whether you remember, Carole, because you are the same age as me, so we could not possibly remember.

Ms King: Thank you very much for that [*Laughter.*] To my knowledge, no, but there are different licences. Theatres are under a different side of things, but, to my knowledge, no, there would not be.

Again, it is the evolution of the cinemas. One of our biggest things is the fact that we are not on the list, and I think that is why we have been overlooked or omitted, more than anything. People have not realised — originally it was just watching a film — that, now, we offer so much for the family and couples. It has not been done before, but that is why we are bringing it to you. The Queen's Film Theatre (QFT) has a licence.

The Chairperson (Ms P Bradley): Yes, because it is a place of education.

I will move on to Mark before I get myself into any more trouble.

Mr Durkan: Hello, Paul and Carole. It is nice to see you again, even though you cannot see me. I am sympathetic to your suggestions. What, if any, operating restrictions would you consider reasonable? For example, what if alcohol could only be sold after a certain time of day? Would you like any adult to be able to go into a cinema to buy alcohol, or would they have to be seeing a film?

Mr Anderson: On the time restrictions, we are open to suggestions. It becomes confusing for the public if they enter a building where alcohol is sold but its trading hours are different from the social norms in other pubs or licensed premises. We can work around that. I do not think that there will be a huge volume of people looking for alcohol early in the daytime, i.e. at our matinee shows at 12.00 noon and 2.00 pm. If there is demand, it would most likely be in the evening. I caveat that by saying that we are expanding our offering by holding business conferences as well. Those attending might like to have an offering of some alcoholic beverages, and such conferences may take place during the day. I do not see there being huge demand for alcohol during the daytime, if that answers your question, Mark.

Mr Durkan: Super. As you know, we heard from a representative from Movie House last week. When I asked about patrons occasionally sneaking in alcohol, the screening of 'Fifty Shades of Grey' was mentioned as one particularly bad period.

Mr Anderson: 'Sex and the City' is imprinted in my brain for that. When we were clearing up, we found a few empty bottles of wine underneath the seats. Generally speaking, we do not have any issues with people sneaking in alcohol that I am aware of, or they have not been reported to me anyway. It can happen. Pre COVID, we served nearly six million people annually, so we have a lot of volume through our sites. You will obviously have some exceptions when you are dealing with the public, but we have had no issues with the vast majority. At our Rathmines cinema, which has a licence, we have had zero instances of problems with alcohol. Cinema is an extremely controlled environment. Once you pass our ticket check, you are in a very controlled environment. We have good experience of managing the age ratings of films as well.

Mr Durkan: Super, Paul. Thank you. Thanks, Carole.

The Chairperson (Ms P Bradley): No other members have asked to come in. When Michael from Movie House was here, I asked him a question about COVID. Paul, you mentioned that, when we talk about these things, we are looking not at what happened last year but what happened two years ago. Before we finish up, do you want to make a brief comment on the impact of COVID on the cinema industry?

Mr Anderson: Where do I start?

The Chairperson (Ms P Bradley): I said "brief comment", Paul [*Laughter.*]

Mr Anderson: We had a record year in 2019 and a very strong January and February 2020, but business has just fallen off a cliff since then. I ran some numbers on April to December last year versus April to December 2019, and I found that our revenue was down 92% year on year. We were closed for 26 weeks last year. It has been absolutely devastating for our business and for our employees. We put a huge amount of time, effort and finance into reopening our business. It was heartbreaking to close it down for a second time, then reopen and then close it down. The financial toll as well as the mental toll of that has been devastating, and it has been devastating to our employees. Our employees have been fantastic during the process. Our managers, supervisors and general staff have really been exceptional in adapting and retraining to work with COVID. However, it was incredibly disappointing to be opening and closing.

We will write to the respective Ministers because, recently, we were extremely disappointed that leisure and entertainment were excluded from the large tourism and hospitality support scheme that was announced by the Department for the Economy. It includes only 260 businesses in the tourism and hospitality sector, and it does not include leisure and entertainment. I cannot understand why we were not included. That funding would have been crucial to us, and we are writing to the respective Ministers to persuade them to reconsider that and include us. All of the schemes are based on net

annual value (NAV) in relation to rates, and one of our largest premises has an NAV of £330,000. Eleven of our 15 premises in Northern Ireland are above £50,000 NAV. We operate large premises with large NAVs, and, naturally, we have large outgoings just to maintain those premises, even if they are closed. Therefore, we see it as crucial, as will other large leisure and entertainment operators, to get some sort of funding that is scaled and relevant to the size of our premises. We are incredibly disheartened and disappointed that leisure and entertainment were not included, and, hopefully, we will see that amended in the coming weeks.

The Chairperson (Ms P Bradley): I know that we have strayed greatly from the Bill. The Committee can ask the Department for the Economy about that grant.

Ms King: Paula, on that point, if we could have some clarity for the larger businesses here, that would be appreciated. We seem to have been missed out from the start of this terrible pandemic, back in March last year. Cinemas and the larger leisure premises have been grouped together with hospitality. We went from the Department for the Economy to the Department for Communities and back to the Department for the Economy. We really feel that we are being left out, and we really need this help. If you could write and get some clarity and any assistance, not just for the cinemas but for all large leisure and entertainment businesses, it would be much appreciated.

The Chairperson (Ms P Bradley): We certainly can do that, Carole. Mark Durkan, do you want to come in again?

Mr Durkan: Yes, Chair. You beat me to it in saying that the Committee will write in support of a similar ask, not just for cinemas but for entertainment venues more widely.

Paul, has there been much of a difference or disparity between government support in the South and in the North?

Mr Anderson: Without getting too contentious, there have been differences, and there are even differences in support between Northern Ireland and England and Wales. We have received two main elements of support. One is the furlough scheme, which is absolutely excellent, but it does not support the company. It supports our employees, and we want to support our employees. To be clear on that, the furlough scheme is an excellent scheme when we are closed, but it does not support the company. The company still has outgoings, including service charges, rent and electricity bills.

Mr Durkan: You have employer contributions to pay through National Insurance.

Mr Anderson: Exactly. We also have to pay pension contributions.

The other scheme is the rates holiday. Rates, effectively, are a tax related to an NAV notional rent. That is not really a support either and was taken for granted. In normal circumstances, we have no issue paying fair rates, but we were asked and forced by the Government to close our doors and cannot get revenue in through the front door. How could that same Government ask us to pay rates? We have done what we have been asked to do and closed our doors. We have been closed for 26 weeks and counting and are just looking for some support from the Government and the Executive. We feel very hard done by and see very little forthcoming in general direct financial support.

The scheme that was developed for tourism and hospitality would go a huge way to ensuring that the businesses — large businesses — are secure and able to open when the time comes. We have had very good direct support in the Republic of Ireland (ROI). It is based on 5% of revenue and/or business rates and so on and so forth. I do not know the exact details offhand. There are direct supports for businesses in the ROI, but the furlough schemes there are not as generous. It is kind of swings and roundabouts, and there are lots of differences and nuances to the schemes. However, there is no substantial direct support scheme in NI. That is disappointing.

Mr Durkan: OK. Cheers, folks.

Mr Anderson: Thanks, Mark.

The Chairperson (Ms P Bradley): No other member has requested to ask a question. The Committee will follow up on the final issues that you brought up. Thank you for joining us today and answering all our questions in detail.

Ms King: Thank you, Paula and the Committee.

The Chairperson (Ms P Bradley): Bye. Thanks now.

Mr Anderson: Goodbye.