



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill: Hospitality Ulster

6 October 2016

NORTHERN IRELAND ASSEMBLY

Committee for Communities

Licensing and Registration of Clubs (Amendment) Bill: Hospitality Ulster

6 October 2016

Members present for all or part of the proceedings:

Mr Colum Eastwood (Chairperson)
Ms Michelle Gildernew (Deputy Chairperson)
Mr Steven Agnew
Mr Andy Allen
Mr Jonathan Bell
Mrs Naomi Long
Ms Nichola Mallon
Mr Fra McCann
Mr Christopher Stalford

Witnesses:

Mr Colin Neill	Hospitality Ulster
Mr Joel Neill	Hospitality Ulster

The Chairperson (Mr Eastwood): Colin and Joel from Hospitality Ulster are here to discuss the new licensing Bill. You are very welcome, guys. I am sure that you have done this before, Colin.

Mr Colin Neill (Hospitality Ulster): I have been here before the Committee a few times but never in a pub. *[Laughter.]* You know that, under the current law, it is illegal for anybody under 18 to be in the room. Fra?

Mr F McCann: I will leave then.

Ms Gildernew: You are in no danger of that with this Committee. *[Laughter.]*

Mr C Neill: Chair and members of the Committee, I really appreciate the opportunity to give you our point of view and evidence on the new Bill. Before I start, I will hand over to Joel. Most of you will hopefully know about us — we will have to pay off our PR company, otherwise — but I will let Joel tell you a few of the bits and pieces about us. I have asked the Committee Clerk whether this is OK, but to give you a bigger picture, and to let you know that we do a lot more than just talk, we have our membership packs with us, and I will leave some with you to have a look through.

Mr Joel Neill (Hospitality Ulster): Chair and members of the Committee, thanks for the opportunity to appear before you. Founded in 1872, Hospitality Ulster is a membership organisation that represents the hospitality and tourism industry in Northern Ireland. Our membership consists of pubs, bars, cafe bars, hotels, restaurants and other major visitor attractions. Our membership is diverse, with five-star hotels, Michelin-star restaurants and world-famous pubs such as the Crown right through to small,

hard-working, family-owned businesses Province-wide that often provide a hub for their local community and jobs in places where manufacturing and IT will not go.

We continue to be a vocal champion for the responsible promotion, sale and consumption of alcohol in our industry and believe that irresponsible promotions and the below-cost retailing of alcohol, which have led to an increase in rates of home drinking and excessive consumption, have no place within our offer. Hospitality Ulster was instrumental in the implementation of the responsible retailing code and continues to provide the secretariat for the code and panel.

You will very likely hear a lot of facts and figures during this process, so I will not burden you with many more. With the Northern Ireland hospitality industry being of special economic significance to our economy, it is important to point out that we sustain 60,000 jobs, 45,000 of which are in food and drink alone. Approximately one in 20 jobs in Northern Ireland is in the hospitality and tourism sector. Annually, we pay £653 million in wages, which generates £88.4 million in tax, and make a total economic contribution of over £1.1 billion. We are the eighth-highest employer in Northern Ireland, with a GDP higher than that of agriculture. It is therefore fair to say that we are a key element, not only of the domestic economy but of our tourism proposition. Hospitality accounts for almost 70% of visitor spend, with food and drink accounting for more than 35%. Therefore, effective modern licensing legislation is critical to giving us a competitive edge over other European destinations and attracting home drinkers out and into our pubs and restaurants. Colin, I will hand back to you.

Mr C Neill: Chair, I listened intently to the Second Reading debate and thought that it was very interesting. The Members in the Chamber raised the issues of the sale and consumption of alcohol and, indeed, the growing health issues that come from misuse. As an organisation and as an industry we have similar concerns. We realise that alcohol is a controlled substance — it is sold under licence, and we have to go to the courts to get a licence to sell it — and with it comes legal and social responsibilities. The hospitality industry in particular has made great strides to move forward and make sure that we are a responsible industry and sell alcohol in a socially responsible manner.

Even if the Bill were to get the modest amendments that we are looking for, I do not believe that that would increase the consumption of alcohol. With a little luck, it might help us to move some people out of their home and into our premises and allow us to compete better, because we can offer more to them. I suppose that it is not something that many would like to say, but you cannot really afford to get drunk in a bar. Our prices are so different from the structures that you get in the off-sales world. We have to provide more; we have to provide entertainment and a reason to be there.

During the passage of the Bill, I hope that members consider the value of the hospitality industry not just to the economy but to communities. Many of our members are the heart of their community; indeed, they put employment into communities. As Joel said, there is a lot of talk in the Assembly about rebalancing the economy. Straight away, everybody goes, "public/private sector", but a rebalanced economy is also about having jobs outside Belfast and going places where other industries do not go. The majority of our industry are small family businesses. Northern Ireland is not like GB; it is not huge groups or chains. Some of our members live above the shop, but all of them live in their communities. That affects how they run their businesses and what they bring to their communities.

One member raised a concern about rural pubs and the possible need for additional licences to be granted; that is better known as the "surrender principle". Our members have a vested interest because they hold licences. We are not like England, which sees lots of rural pubs disappearing because of redevelopment; they are just buying them up and moving them on. We are not losing rural pubs because people are selling their licence to somebody in Belfast or whatever. To move it there would be virtually impossible because of the way in which licences are granted. Also, the value of a rural licence is very small. The biggest challenge for the sustainability of our rural pubs is how they get people out of their homes and about what they can offer. Some of the legislation puts a burden on them, and there is a cost to them just to function after 11.00 pm. I appreciate the member's concern and interest in that area, but he is probably better served keeping our village pubs alive by having a legislative framework that allows them to operate in a cost-effective manner.

We have to congratulate the Minister on bringing forward the Bill. It has been sitting in draft form for years, which is one of the problems. Our industry is reinventing daily, and the Bill is falling behind. We welcome some elements of it. We asked for an extension of the 30-minute drinking-up time to allow us to try to disperse patrons better. A lot of people say to us, "Come 1.30 am, you just throw them in the street". Although you can be on a licensed premises 24/7, when we sell you your last drink at 11.00 pm or 1.00 am, depending on the licence, you have 30 minutes' drinking-up time. We have to take that time off you so that patrons are gone by 1.30 am. If you were in here, and there was

a pint on that bar counter, we could be prosecuted if you drink it. We drive people out to protect our licence. The additional 30 minutes will not be about selling any more alcohol — the law remains the same — it is just for drinking up. It will allow us to ease patrons out because we will not have to fight with them to take their last drink off them — they can finish it — and because there will be a larger window for taxis, and people can remain on the premises for longer. That should help all of us. It now has a name: terminal rush hour.

As the start, I touched on the issue of under-18s in licensed premises. Following case law from the Court of Appeal about 18 months ago relating to the Glenavon House Hotel, it is now illegal for anyone under 18 to be on licensed premises unless they are with an adult and having a main meal, and they must be off the premises by 9.30 pm. It is causing havoc. We are going into the school formal season. When it comes to school formals for under-18s, the bars are locked and stripped; our guys do that. It is now illegal, and the police have put us on notice that, if they become aware of anything, they will refer us for prosecution. That is over £1 million of business that has been lost to our industry. Senior politicians have been ringing me, saying, "My kids are now having to go to the Republic of Ireland for their school formal". We are losing border trade across the border. Of more concern is the fact that, away from the border, it is just going underground; they will just hire somewhere and have a party. Nothing was being sold in that environment, so we welcome that move.

There are still some challenges with the fact that, at a family wedding, everyone under 18 has to be out by 9.30 pm. Maybe there is a form of wording that could add that, if you are with a parent, guardian or supervising adult, you could be present for those type of events. We are not looking to extend the presence of children in pubs after 9.00 pm; we are really trying to cater for family, church or youth group events. You could work that in.

I am delighted to see statutory recognition for the responsible retailing code in the Bill. The code has been very effective. It has been endorsed by the previous two Ministers and is totally controlled by an independent complaints panel. Until now, it has been about telling the media when people have broken the code, or telling their council and trying to shame them. However, this will give the code even more impact. It has worked, even in a voluntary sense. Off the top of my head, I think that, over the last period, some 14 complaints were upheld or referred to the police as illegal. As the secretariat for the code, Hospitality Ulster takes one or two calls a day from people asking for advice on promotions. That is where we need to be. If it is a legitimate promotion, there is nothing wrong with giving your customers value, but anything that encourages overconsumption or binge drinking has no place in our industry. The future industry is a quality product.

On advertising restrictions outside supermarkets and off-sales, we do not represent those licensed premises. It is a move forward, but more needs to be done. Everyone who sells alcohol has to realise that it is a controlled substance and that we must take care in how we go about selling it. More could be done, but we welcome it.

Licensing law is very technical. I do not wish to labour stuff, members; if you know about it, please tell me. The Bill provides for one-off events. We have two types of late licence: one is issued by the court, and then the police can authorise 20 late licences a year. The problem is in areas where court-issued late licences may be for only three nights a week. Currently, if there is an event on one of the other nights, you cannot get one of the temporary late licences from the police. It is about clearing up a technicality in order to allow you to overlay them. In Fermanagh, that exists in the extreme.

As I said, we welcome elements, but other areas fall short. It would be sad if we were to miss an opportunity to address those at this time. I appreciate the heavy workload of the Northern Ireland Assembly; it takes a long time to get a Bill onto the Floor. While the Bill is here, we have to look at everything. The Bill relates to alcohol, which has to be sold in a responsible way, but there are ways in which the hospitality industry could be recognised for its value, in the economy and in the community, and in providing alternative responsible venues for the consumption of alcohol. I believe that we are part of the solution.

I will be brief on the various elements; most people are probably well versed in them. There should be help for small pubs. Let us go back to country pubs. Currently, for any licensed premises to offer alcohol after 11.00 pm, it must provide either substantial food or live entertainment. That adds to the cost, because alcohol has to be secondary to the main event. My home place has a small village pub, and there are not enough people to pay for an evening's entertainment. You tend to find that, in a lot of places, somebody is performing really badly on a guitar because the pub has no budget to do it. Currently, for 20 nights a year, pubs can go to the police and ask for a late licence that does not have those conditions; we would like that to be increased to twice a week. By comparison, the Minister is

talking about bringing up the number of such nights for registered clubs to 85. The difference for us is that we are a commercial operation, so we need to have that advantage. I believe that clubs are looking to have two late nights a week as well.

With respect to later opening, the Minister has included 12 occasions a year when we could sell alcohol until 2.00 am — that is, for one extra hour. We do not want deregulation, and no one in our industry wants 24-hour drinking, such as exists in other parts of the United Kingdom. However, we need to have a competitive offer. We are asking for one extra hour, twice a week, which could be given with extra controls. Small pubs, for example, go to the police and ask for their allotted number. That extra hour can come with all sorts of controls, and we are asking for those controls. If you are in a residential area, for example, you are told, "No, you are not getting it. We have to think of our neighbours". If you misbehave, you will not get it. It could be done on the basis of applying to the police for your allocated lot, and you can apply monthly or whatever. The Republic of Ireland has a 3.00 am late licence, and people apply for three-month blocks. You can put extra measures in to protect the community. There can also be a bit of a carrot and a stick: if people are misbehaving, they do not get the extra hours, so they lose the competitive advantage.

Twice a week would make an awful lot of difference to the consumption of alcohol in the Province. Yes, we might sell a little more, but, hopefully, supermarkets or off-sales would sell a little less, and people would consume less. The importance of this is down to the fact that so many people now go out for a meal before they go on somewhere else. It is maybe midnight before they finish their meal, whereas people used to go out and be home in bed for 11.00 pm. People are not going out now until later. On leaving a restaurant, people could have something to encourage them to stay out and to socialise a bit more.

Why two nights a week rather than every night of the week? We have done our homework. We have looked at this from every angle, spoken to the trade and looked at commercial operations. Commercially, it is viable. It would increase staggered opening. If you take Belfast, different premises do different offers at different times. Some are the student market, and some are the weekend market. If you are in a small town, you will not go head to head with the guy across the road at the same time. You will play off each other, so you will start to create staggered opening, which again helps us because you will never have enough taxis for that short period when premises close.

Regarding Easter opening, I respect the fact that Easter is a religious holiday. In the previous draft Bill, the normalisation of the Thursday and Saturday nights was offered. I will give members an oversight. On the Thursday night before Easter, we must shut at midnight, so nobody goes out because most people go out later. On Good Friday, we cannot open until 5.00 pm and must shut by 11.00 pm, but supermarkets can sell you alcohol from 8.00 am that morning. You can buy alcohol, bring it into unlicensed premises, sit in the window all day drinking and look out at the restaurant across the road where you cannot have a glass of wine with your lunch.

On the Saturday, we must shut at midnight, so, again, nobody comes out. On the Sunday, we shut at 10.00 pm. A lot of people say, "Well, look, sure it's only a weekend or only one or two nights". If you are on a 20% margin, you have no profit for a month. Last year, we conducted a survey based on normal trading rather than its being a holiday period that could be built up. There was a value of £16 million in lost business, but all the rates and everything else continue.

We respect the fact that it is a religious holiday, and I think that there can be modest increases that still protect the fact that people have a view, do not want to work at that time or go out. That could be facilitated. It would aid the first holiday weekend of the year — we have two days off, so it is the longest — so it has huge potential for our tourism industry.

There is a proposal to tie entertainment licences to our last time for drinking up. If that were done, particularly if the additional 30 minutes of drinking-up time were removed in 12 months, I would be concerned because it would mean that everywhere would stop at 1.30 am, and we just would not get people out. However, I do see the need to align alcohol and entertainment licences more closely so that people are not locking doors, hiding behind them and selling alcohol illegally. If we move to tie it to the end of drinking-up time, it should be aligned. When we have 60 minutes' drinking-up time or a couple of nights a week, we can go that bit later. If you took a 2.00 am sale with 60 minutes' drinking-up time, you have, in effect, for one extra hour, a 3.00 am entertainment night. That gives us something that is competitive. People living around the border go across the border because the Republic already has it. It is enough to entertain people.

We will shut at 1.30 am, and you can bet your bottom dollar that a lot of people will go back to their home to have a party. They will have a carry-out or there will be alcohol in the house, they will disturb their neighbours with uncontrolled drinking, and the party will not end an hour later but will go on. I think that we can work in with that. A proposal that has been in the Bill for a long time is that pub carry-outs have to end at 11.00 pm. That brings problems and challenges. One is that it drives people out of pubs. If I go down to the pub on a Saturday night and get a bottle of wine to take home for my Sunday lunch, I will have to leave at 11.00 pm. I am being driven out. If I have been to the local off-sales and brought into the pub a bottle of wine that I bought with my shopping, how will you prove that it was not sold by the pub after 11.00 pm as a carry-out? How do you police it? I have absolutely no idea, and we will fall foul of that because we will be told, "It came from your premises, so it must be yours". We will nearly have to stop people bringing bottles into the pub, which is what people often do. They go to the supermarket and buy wine at a promotional price. They have it in a bag when they go on down to the pub, and maybe they meet a few friends and stay slightly longer, but they have a bag of stuff that we become liable for. It is very complex.

The other issue totally missed, primarily because the Bill is out of date, is that of craft brewers and distillers. The majority are members of Food NI, so we do not represent them, but the issue falls across our portfolio, and, of course, we buy their products. A visit to their premises is a cracking tourism offer, so we advocate that they get a new category of licence for products that are produced on their premises. What you do not want is somebody who brews a bit of beer in the bath and, on the back of that, has huge off-sales. There are ways to do it right, and the easiest way is to say that you can sell only what you make on your premises; it is not about buying stuff in to move it on.

There is also an issue with excellent international events, the likes of the BBC Good Food Show. The current situation is that the Belfast Waterfront, as an example, has a licence to sell alcohol, but it is a conference licence, so it cannot be used for off-sales. You can move a pub licence, and a pub licence comes with an off-sales facility. You can move a pub licence to another building, but, once you move it, it loses that off-sale facility. You are left with the likes of the BBC Good Food Show, where it is quite expensive to take a stand. If you go as a brewer or a distiller, you can let people sample your product but cannot sell it to them. It is not as though you can say, "It is on sale in the off-sales around the corner". The idea of craft beer is that the places where you can access it are limited. These guys are not making something that you buy in a slab and go down to the park to drink. It is an expensive beer for an educated palate. I think that there is a model to deal with that. We have spoken to a lot of Members in the Assembly, and some have issues about how to control this, saying that it would lead to people selling drink at Sunday car boot sales. This, too, has to be balanced with a control. A bit like the principle of moving a pub licence, it would be very simple to say that people who have a distillery or a brewery can move their licence, but, as with the pub licence, they must have police permission to do so. You could add an extra measure that the local authority or the Tourist Board has to agree that it is an event of tourism significance or economic significance for the area. You could make it work in a controlled environment.

Minister and members, that ends my overview. I could go on for hours because it is so complex and detailed, but I am sure that you have heard plenty.

The Chairperson (Mr Eastwood): Thanks for that, Colin, and for the promotion to Minister. *[Laughter.]* There was a lot in that, but I have one question. There are 12 nights on which you are allowed an extra hour. Do you have you any intelligence as to where the logic behind the number 12 came from?

Mr C Neill: It was discussed that long ago that it is in the mists of time, but my understanding is that was based on holiday periods. I think that somebody — I do not know who — worked out that it would give you New Year's Eve, x and y, which makes 12. To be perfectly honest, having 12 days probably causes us more confusion than benefit. It is a bit like Easter when people turn up on Good Friday and we have to say, "Sorry, we are shut". The police get confused, and shop premises close at the wrong times because it is not regular or routine, so it could be a very complex model to manage.

The Chairperson (Mr Eastwood): I will not ask too many questions, but I have a slight interest in this. I like craft beer, and I have an educated palate, unlike you. *[Laughter.]*

Ms Gildernew: I express an interest as well because I drink, and I am a quantity more than quality girl, in case anybody is buying. May I congratulate you, Joel? You probably have the trendiest haircut that the Committee has seen so far in this mandate.

Mr C Neill: I am offended.

Ms Gildernew: Colin, yours is fairly generic — a lot of people have it. *[Laughter.]* I am glad that we have the chance to speak to you because there is a lot in the Bill. There is definitely a public mood for change. I do not want to over-egg the position, but the Committee is also keen to modernise licensing laws, and we are encouraged by what you are saying. The fact that you are not looking for *carte blanche* to open whenever and wherever you like will be helpful to the Committee.

Every party has intimated that it supports craft brewers. I am keen to include cider, gin and anything else that we have not thought of. Presumably, we are not talking about poteen distillers at this stage; they will be underground for a while yet.

A Member: It is available.

Ms Gildernew: No, the good stuff is not.

We need some scope, and I hear what you are saying about car boot sales, the Balmoral Show, the Good Food Show and places like that, which will have craft distillers or cider companies, so there needs to be some kind of umbrella. I wonder whether it is possible to do both. I am keen that we look at a new type of licence: one that is just for what you produce but is also transportable. From a tourism point of view, you can sell it at your premises, and, if the occasion arises that you take an expensive stand at a food show, you are also covered.

Mr C Neill: That is the model that we will advocate, and it exists already in a pub licence. A pub licence can be moved to an event: to do that, you have to get police permission and make sure that you meet all the entertainment licence criteria for whatever is on.

Exactly the same principle could be applied to a brewer or distiller licence, in that it could be moved from the premises for an event. To address concerns about what the event is like, you could have a double lock. It would not create cost; it would just mean somebody saying, "Yes, we have endorsed that". It could be tied in with local authority events or Tourism Northern Ireland-backed events. The police would still be involved as they have to address community safety issues such as the separation for children.

Ms Gildernew: Last Saturday, at a Georgian day in Caledon, I was talking to a cider producer. He had his cider there, but he was talking about the problems that he had. He wanted to bring his cider to that kind of event, where it is appropriate.

Mr C Neill: A key thing is that very few people would abuse it. For craft beer to be special, and for our guys to buy it for their pubs and restaurants, it cannot be available on every shelf. If it were being sold at car boot sales and other places, it would not be of use to our people. It would not be a product that attracted people to their premises. There is a balance.

Ms Gildernew: I have been talking to a lot of people over the past weeks, and I understand that some people have their own recipe. However, the product is made elsewhere, not on their premises. Presumably, that licence would not cover people who ask a brewery to make and sell their beer. I know that it happens with cider as well. What are your thoughts?

Mr C Neill: Hilden in Lisburn produces for other people. The easy way is that Hilden's licence would move. If part of the deal is asking Hilden, "Will you bottle and brew for me?", it also means that they would work with you on where the occasional licence would go. The problem would arise if we allowed everyone to say, "So-and-so will make this for me, bring it to me and I can get a licence", meaning that we could all go daft and get that licence.

Ms Gildernew: We could.

Mr C Neill: Some brewers and distillers now offer a package: you can go for a week, and, while you are there, they will brew your own whiskey to your taste. There are all sorts of permutations there. It is about finding the balance to ensure that you are not running about willy-nilly. The easiest thing is to say that where the alcohol is brewed or distilled is where the core licence sits. In doing that, if it were being abused, you would have someone physical with a reputation of such scale that you could go back and challenge them.

Ms Gildernew: OK. It is good to clear that up.

Colin, we know how complicated and potentially awful the issue of the children's certificate is. What do you envisage would be the effect of combining the children's certificate with the liquor licence?

Mr C Neill: It just makes life less complicated for the industry. You have to apply for a licence, and then you have to apply for a children's certificate, which comes with conditions. The standard conditions are that children must be with an adult, must have a main meal and must leave by a certain time. Another condition can be that children must not be seated within x feet of the bar. The standard condition is that they cannot be served at the bar, but that is little known. Lots of people think, "I allow my children". In Northern Ireland, you are allowed to give your children alcohol at the age of 14; in the rest of the UK, it is permitted at the age of five, so we already have a high threshold. A lot of people will come into our premises with a child aged 16 and say, "This is my child, and, if I want to, I will get him or her a bottle of beer". We cannot allow anyone under 18 to consume or purchase alcohol, so, to that extent, it would be more of a tidying-up exercise to make the certificate part of the licence. What happens now is that people get the licence and certificate, but the two get out of sync and the certificate expires. If they forget that they do not have a certificate, they can get into trouble.

Ms Gildernew: You are talking about simplifying the children's element and having it as part of every licence.

Mr C Neill: Making it a standard requirement on every licence would make life much easier.

Ms Gildernew: I have read your submission, but it does not say what you would like to happen at Easter. If, at Easter, we were sitting here hanging for a drink, what would be your best-case licensing scenario?

Mr C Neill: It is not in our submission. It is a bit like Brexit: you have to keep your cards up your sleeve when starting negotiations.

The Chairperson (Mr Eastwood): At least you have some. *[Laughter.]*

Mr C Neill: I could not possibly comment, Chair. Where we come from on this —

Mr Stalford: You could put on some old records, but I think that I have heard most of them. *[Laughter.]*

Mr C Neill: It is about considered negotiation. I think that the Thursday and Saturday would not be contentious because they are not the two main days of Easter. There are anomalies already on Good Friday, in that supermarkets can sell alcohol until 8.00 pm, but we cannot operate until 5.00 pm.

That said, perhaps we could address the evening parts, the slightly later opening, across Easter. That is not looking for mass opening; it is a few extra hours that would take premises up to their normal opening at night, meaning that they could maximise that weekend trade. It is not asking people to start work any earlier on Good Friday. Indeed, we already trade on each of the days, so this is just about an adjustment. We already trade on those days, so we have people who are happy to work at Easter and facilitate those who do not.

There are some very religious members of Hospitality Ulster who sell alcohol but will not open on Christmas Day or Good Friday. I have one member who, regardless of the law, will not let anyone under the age 18 on his premises. He has a huge food offering and could make twice the money, but he just has this thing, which is that they might hear swearing. It is not even about the alcohol; he just thinks that it is an adult environment. Society is mixed, and that is true of my members and their views. We could still be respectful of Easter. Increasing the evening hours would, at least, allow us to encourage people to come out and other bits and pieces, while still respecting that period.

Ms Gildernew: One last question, if I may, Chair. Easter is the first holiday weekend of the year. Is there evidence from a tourism point of view — presumably, you have done research on this — that our current licensing laws damage our tourism offering over the Easter weekend?

Mr C Neill: There is evidence, both anecdotal and, indeed, from Tourism Northern Ireland, an arm's-length body of government — I have to confess in public that I am a board member, although I do not

have any control over its secretariat — that has backed the call for reform and said that the laws are damaging our tourism offering. You would be surprised. One elected Member approached us about organising a meeting to discuss the challenges on the Wednesday after Easter. I could not get anybody. Leading hoteliers, with a number of hotels, were on holiday. Premium restaurants, including one of our Michelin-starred restaurants, were closed over Easter. There is nobody here, and that is replicated right round the Province. It is so messy that a lot of businesses say, "No. We will just shut. It doesn't work to open for such a short period."

Ms Gildernew: Fra was going to ask this, but he had to go, although he will be back in a minute. What is the difference between a private members' club and a social club? When you refer to public houses and restaurants, what do you mean by that?

Mr C Neill: There is a range of licence categories. I will start with the commercial side and then talk about clubs. In our world, the highest licence is a pub licence; that allows you to sell alcohol for consumption on the premises. Then there is an off-sales licence. It is a step down; the on-sale consumption is removed. Those businesses can sell alcohol to everyone over 18. The next category is a restaurant licence, which allows someone to buy alcohol only if they are having a main meal, and all alcohol sales must be on the main table bill. There is a huge difference. The pub and off-sales licences are on the surrender principle; there are only so many of them. To get a restaurant licence you just apply to court. The restaurant licence is newfangled, as it is only about 30 years old, so it has developed from there. Then there are hotel licences. I always get this wrong. If you have 15 rooms — I think that it is 15 rooms, although it may be one or two more — and are registered with the Tourist Board as a hotel or, indeed, guesthouse, you can get a liquor licence for sale and consumption and for functions. That goes right down to ships and vessels, stuff on the commercial side.

The other side of the house, then, is what are referred to as registered clubs. You will see that "clubs" is in the title of the Bill; they are basically a mixture of working men's clubs, sports clubs, social clubs, which have been built up round either GAA or rugby, or by Harland and Wolff, FG Wilson or somebody else. The difference between pubs and private members' clubs is that guests have to be signed in. They have a totally different cost structure. I am friendly with the Federation of Clubs, but we lock horns at times because we are competing in the commercial world and our rates are different. Take a pub, and I hate the term "pub", because it is a 5(1)(a) licence. Some of you may remember Nick's Warehouse in the Cathedral Quarter. It was a pub in that it had a 5(1)(a) licence. Sometimes we get very confused. When you have a 5(1)(a) licence, your rates are on what are called "receipts and expenditures" — basically, turnover. Registered clubs get up to 80% rates relief, and there is a Bill going through to give unlicensed clubs 100% rates relief.

It is not for the Committee, but I would not mind touching on how the rating model is hampering our diversification. I have a pub licence holder who is 85% food in County Down; only 15% of his sales is alcohol. LPS collects the figures; we have to supply our books so that it can come up with our rates. I have a restaurant in Belfast city centre with the same turnover, which does 25% of its sales in alcohol and only 75% food. The guy out in the sticks is paying rates three times higher. We have an incredible cost model in our rates system. It is based on case law and such, and the Assembly cannot even get into it, because LPS stands alone on its own decision. It means that public houses and hotels in particular are on the same turnover model. If the registered clubs come into competition with us, we cannot compete because our costs are so high.

I have a graphic that I will be happy to share with you showing a pint of beer broken down by where the money goes and it is averaged over the Province. The first £1.03p of a pint goes to government. The margins are so tight that we are working in pence. There is always a careful balance. I am a member of a registered club. They do fantastic stuff, and most of my fellow members would sponsor the football team or are members themselves, but there is always a careful balance to be had between allowing them to move into the commercially active world without the same cost structures that we have.

Mr Agnew: Thank you, Colin and Joel. You made the point about not wasting an opportunity. We have maybe touched on elements of the opportunity to simplify things. You listed the number of licences earlier, and I am sure that some of us stopped listening halfway through because there are so many. What opportunities are there for simplification?

Mr C Neill: It is probably about looking at ways to take cost and complexity out of it. To be honest, way back when they invented article 44, I think it was; is that it, Joel?

Mr J Neill: Yes.

Mr C Neill: That is why he is here, to keep me right. Our court-issued late licence is called an article 45 and the police-issued one is an article 44; I am sorry, 44 and 45 — I have already mixed them up. The court-issued one — the requirement to have substantial food, which is a knife-and-fork meal, or live entertainment — places a huge cost burden on very small premises. That is why we are keen to take the likes of that out.

I know straight away that you will get the Musicians' Union in saying that it is not fair. In the real world, it is a bit like forcing us to advertise stuff in the paper. We are not here to make other industries viable; we have to be viable ourselves.

We already have the five-year renewal licence, which has helped. Anecdotally, you might want to save the Northern Ireland Assembly a few quid. We moved to five-year renewal, but the courts are still legally required to advertise in the papers every year to tell us to renew their licences. They have to pay the papers every year and put ads in. That causes confusion, because our guys ask whether their licences are up. When the renewal was up, 65 premises missed the date. When they see it every year, they just say, well, it cannot be five years already. Five years goes by very quickly, so people lose out there. There are subtle elements.

In the last Assembly, there was a review of red tape, and I chaired the panel for the hospitality sector on behalf of DETI, as it was then. We identified a range of small measures that could save everybody time and money. That sat in government and never moved. That frustrates our guys because I brought in private-sector people to give up time from their businesses to take part in a process that did not move.

If this was my pub and I wanted to widen a door for wheelchair access, it will cost me about £500 to get the work done, but it will cost me £5,000 to get permission from the court to do it. I have to go to court for every small alteration. If you decided to saw a foot off the bar counter to make it easier to get new crates in, you have to go to court and get architect's drawings and so on. There are things buried in there that are just silly. I appreciate that the court does not want you doing something that doubles the size of your premises. I am trying to remember some of the suggestions from the report. There were simple things, such as suggesting that you could do it as long as you filed your new drawings with the court and it was not above a 10% increase.

Mr Agnew: Was that report published?

Mr Neill: I have a copy. I do not know whether it ever got into the public domain. I would be very happy to share it with the Committee.

Mr Agnew: I think that we should request it, Chair. It would be useful.

Mr C Neill: I suppose that I am pitching because I am at the Communities Committee. Another item that the Department looks after is entertainment licensing. Minister Mark H Durkan set up a ministerial working group. We sat with all the interested parties from the commercial side, the police, the councils, and we came up with agreed reforms. We have to have an entertainment licence every year. If we aligned them to the five-year cycle, you could still take them off people. We came out wanting more powers for councils to tackle people who did not have them. Everybody spent a lot of time coming up with what we thought was very good. It has never moved. I know that that is not for today, but if the Committee wished to look at that, I would love to come back.

Mr Agnew: Further to that point, you mentioned one licence with the PSNI and one with the courts. From your point of view, is there any opposition — I think that Naomi mentioned it at a previous meeting; it has certainly been discussed in our office — to shifting some of this to council?

Mr C Neill: Generally, the systems are well proved and tested in the courts. We quite like the fact that the rogue guys face the full force of the law; the court can wipe them out if it has a mind to do so. Expertise has been developed in the courts over the years. I am walking into a minefield here, but you may get different councils having different views on alcohol. Each individual is their own, but you could end up with problems. One of the biggest challenges in Northern Ireland is the differences in operating across even just the level of councils. We are in Derry/Londonderry today. What you have to supply here to get an entertainment licence is different from what you have to supply in Belfast, yet

it is the same legislation. That becomes a huge problem for us on a range of things, such as health. The good thing for us is that, in the courts, everybody knows what we are doing, and —

Mr Agnew: So, is the argument actually the other way: to shift entertainment licences to the courts?

Mr C Neill: Even align them with them. I appreciate that entertainment licences can enter residential areas. In the rest of the UK, they have — I always get the word wrong — primary or principal authority status. If you operate premises over a number of different councils, you can opt for one council, and that is the standard that you are measured by. It would help if we could do something like that.

Mr Agnew: What about statutory recognition of the code? What would that mean in practice?

Mr C Neill: The responsible retailing code was set up four years ago; it came from discussions with Minister McCausland at the time. We were working together to come up with a solution. Scotland has promotions legislation. The day they brought it in, everybody just found a way round it, and you cannot then get another piece of legislation for whatever. Some of the online sales guys just moved their point of sale to England. You can avoid all sorts. The responsible retailing code came out of that. The idea behind an industry-led code is that it can be changed overnight; if we find a hole in the system, we can change it. Members may remember the incident outside the then Odyssey of the kids falling over at a concert. That had nothing to do with the Odyssey; it runs a very good operation. It was about preloading and people being on buses. I sat in at a number of meetings with the then Minister. A group was set up to look at controlled licensing on buses, but it was said that that could not be done. The code just went, "OK, no alcohol on any bus run by a licensee". That is in the code. It gives a very flexible response.

Anyone — the public, the police or the Department — can make a complaint to an independent complaints panel. The ex-Assistant Chief Constable, Duncan McCausland, chairs it. Anyone who knows Duncan knows that he is definitely not in the industry's pocket; he is his own man. It is a panel that represents the community and youth. It also contains people who have left the industry so that they can give a bit of industry insight. The process is that if somebody makes a complaint, it goes to the panel, the panel looks at that and says, "Yeah, it fits with us". They are not allowed, under law, to talk about price because of European competition law; it is back to the minimum price argument and all sorts. They look at the context of the promotion. If the promotion is much cheaper, they can investigate in the sense of: "What are your controls, measures and training?" to control it, because the lower you go, the more people might drink. They can ask: "How do you do things?" The code is being revised for the third time to increase that element. If you are before them, they want to see your training manual, the records of how you have trained, and when you trained to prove it.

Once the complaint goes through them, it is upheld, not upheld, or referred to the police as being outside the legislation. Currently, the panel will issue a statement to the press, the police and the council. That brings a bit more attention from the police and the council to the premises, and the press coverage damages reputation.

Statutory recognition would move it on in that if you were applying for your liquor licence, renewing it or doing anything, the judge would ask whether you were aware of it and whether you had breached it. If so, you would have to say yes, and, if the code had found against you, it would be a material consideration as to whether you had your licence renewed.

Mr Agnew: That currently cannot be taken into consideration.

Mr C Neill: No, it cannot. It is not admissible. So this is giving the code teeth. The majority of the industry knows where it is going and sees its future. As in every industry, there will always be a rogue, and this gives us something to address that and make sure that everyone plays ball. It is worth mentioning that each trade body provides guidance on promotions, and we take at least two calls a day. We never did before; this has driven people to think: "What am I doing and how do I do it?" It allows us to influence how promotions are run.

Mrs Long: Most of the things that I was going to ask you have been covered, but there are three things that I want to ask about. You have focused on extending the evening hours at Easter, but you have not looked at extending them the other way, for example, on Good Friday up to lunchtime. There is an issue, particularly for those who sell food. If somebody goes to have lunch on Good Friday at lunchtime, they cannot have a glass of wine with their meal. It might be less contentious in some ways to have bars and restaurants able to serve alcohol at lunchtime than to try to extend, for

example, the Saturday night into the Sunday morning. Have you given any thought to whether you are pushing at the right end of the time limits?

Mr C Neill: We have. Ideally, you would want to include lunchtime, but again it is trying to find a balance while respecting other people's views. I suppose, from a commercially viable point of view, to get tourists and people out of their homes, the evening is the key to us. We have premises shutting all Easter because there is nobody around. To be able to serve alcohol on Good Friday at lunchtime, there may still be nobody around. We have to have the catalyst to get them here. That is the big problem; everybody just exits.

Mrs Long: My other issue is the surrender principle. That was looked at a number of times before; once under direct rule, when it was going to go, and once under devolution, when it was decided not to do it. Can you give me a bit of an oversight? I understand that a lot of the value of the licence, particularly in areas where licences are in short supply, and a lot of the value of the business will come from owning the licence. Obviously, by allowing additional licenses, you are devaluing the current number. I understand that. However, if there were a small number of licences, if there were limits, for example, in each council area, it would allow a small number of new businesses to open without necessarily doing harm to other people's businesses, but it would not require the surrender of a licence somewhere else. Part of the difficulty is that you can have a local pub closing to move into the next town, so people lose their local pub because there is more money to be made in the next town. I wonder whether there is a way of easing the surrender principle, if not essentially doing away with it, where there is a small, or controlled, number of new licences available annually that could be controlled by council planning, essentially. They would decide what is feasible in an area.

Mr C Neill: You are right to say that there is a commercial value. As I said earlier, that is tied into it. It varies. In Belfast, it is probably worth about £65,000, but if you go into the country regions you would be lucky to sell it; you would be lucky to give it away.

We are still losing country pubs. It is not that they are moving to another village; there is just not the customer base. With almost 80% of our alcohol consumed at home, there is a very defined pub customer base, which is, in particular, older. In the trade, we talk about the lost generation — the 18- to 25-year-olds who never got into going to pubs and who basically fill up at home. One of my members says that he runs a dance floor for the supermarkets. It was actually one of the members here who decided to put a €3 levy on the door at midnight and was amazed at how many people turned up and did not have €3 to get in.

To increase it would kill off more rural pubs because they really are struggling. Most of our rural guys do other jobs as well; one I know is a labourer and opens the pub in the evenings and at weekends. I am sad to say that we are at overcapacity with licences, and we will lose more. They are not moving to other villages; they are just going bust. There are places where they give you the licence just to keep the pub.

It would damage trade if we started to increase licences, because of the dramatic shift. I could see it if x number of years later we were still the primary people in alcohol, but the shift has been so dramatic.

There is a report — I am trying to remember its name — that one of the consultancy people did, which stated that at least 25% of our pub industry was in a critical state financially and about 50% were struggling. Any increase would dilute that. That is why our members are so worried about registered clubs. Most villages will have one of each, because there is always a balance to be had with sustainability.

I appreciate the member's interest in and concern for the industry, but, at this stage, it would do us more harm than good. If we can improve the legislation and take out the cost, it would help premises more.

Mrs Long: Steven raised the issue of devolving some powers to councils. The reason that I ask about that is that councils have an enforcement role in licensing, as do the police, and also deal with entertainment licensing. You mentioned the £5,000 charge to go to court if you make a minor amendment, which could be dealt with under building control, for example, and approved at that level with no additional expertise. It would confirm that you had not extended your premises but had simply amended it as you would under permitted development in house planning.

You said that part of your concern is about the inconsistency and the skills. Obviously, with the devolution of planning, the skilled people were also devolved. Do you think that it is possible to do what you do through the courts more cheaply? Part of the difficulty is that this all takes up court time. To be blunt, I think that people running pubs and clubs should be in court only when they are default of the law; they should not be in a court to get permission to do their legal business. There is an issue there about taking up expensive court time, versus having a different system outside the courts system, where you will still end up if you are in breach.

Mr C Neill: There is no need to move it. You could do it, take out the cost and remove the court time, purely by having to show the court clerk your amended plan and having that stamped. It is the fact that you have to get into court. You could simplify the process and leave it with the courts as it is and take out a huge amount of cost. I do not like to speak on behalf of people, but we engaged in the red-tape process with the courts and they would like it to be simplified as well.

The councils and the police work together on entertainment and liquor licences, but they are very different. We have a system in place, and if we made it better, it would deliver.

Mrs Long: So, things like the frequency of application, streamlining the types of licensing, and not having to go to court to make adjustments.

Mr C Neill: Yes, to take out the cost.

Mrs Long: That is great. Thank you.

Ms Gildernew: I have a quick supplementary question. Colin mentioned clubs versus pubs. My mother is from Middletown and we socialised there a good bit over the years. The one night that the GAA club there opened was a Sunday, so the pub did a very low-key night and did not put on music or anything so that they were not in competition. The GAA club had its night, and people went to the club if they wanted to drink on a Sunday night and went to the pub the rest of the weekend. The two co-existed very happily in one village.

Out of interest, there was a tweet a moment ago from 'Hospitality Review'. The Slieve Donard Hotel is holding a beer, cider, spirit and cheese festival on October 29. Those are the things that we could promote.

Mrs Long: Are you suggesting that the Committee does a visit? *[Laughter.]*

Ms Gildernew: That might not be a bad idea, Naomi, but it would definitely require an overnight stay.

Those are the tourism events that we could promote far more if we had more sensible licensing laws that enabled the cider makers, the brewers, and the distillers to have those. That would make it profitable for them.

Mr C Neill: You are right: the pub trade and registered clubs can co-exist. We just have to remember the model and protect each other. Most registered clubs run events and put up marquees. It is the local pubs that lend them the liquor licence to do that; they move it across for them. We have often said that if clubs have liquor licences they should be able to move it 100 yards up their playing field and put it under a marquee. An awful lot of that goes on to work with them.

The Chairperson (Mr Eastwood): Folks, thank you very much. You have given us a lot of food for thought. We will enjoy writing some of the amendments.

Mr C Neill: Thank you very much for your time.