



# **Developing Rural Tourism**

**Vintners' Federation of Ireland submission**

**to**

**Joint Committee on Tourism, Culture, Arts, Sport and Media**

**October 2022**

## **Background**

The Vintners' Federation of Ireland (VFI) is the representative body for publicans in the twenty-five counties outside of Dublin. Our membership is made up of small family-owned and family run businesses. We have thousands of members, both urban and rural covering every parish in that geographic area.

The description of our members as small is predicated on figures from Revenue, which are issued on an annual basis in relation to licence bands and turnover. Approximately 52% of our members have a turnover from alcohol of less than €190,000 per annum while 80% have a turnover of less than €380,000 per annum. It is important to emphasise that this is turnover and all costs including the cost of product has got to be paid for from this turnover. The fact that the trade is under pressure is borne out by a statistic which shows that over 1,000 pubs, or 12.5% of all pubs, closed in the decade to September 2018.

The pattern of business has changed considerably also. Previously, this was a seven-day a week business but now we are looking at a significant emphasis on weekends and events. Indeed, many pubs are closed during the day and only opening for a few hours at night.

A further statistic shows that of all alcohol sold in the country only about 40% is now sold in what is termed the On-Trade (pubs, restaurants and hotels). A decade ago this figure would have been 70%.

Notwithstanding these challenges there is still a very substantial number of people employed, either full-time or part-time, in the trade. It is estimated that approximately 40,000 people are employed in the industry in the geographic area that we represent.

Our industry is dependent on people living in defined areas who possess a level of disposable income to allow them to socialise in our members outlets.

Following Budget 2023 it was confirmed the hospitality VAT rate of 9% will return to 13.5% at the end of February. This will further reduce both margins and viability for a significant number of members.

Changes in drink driving legislation are also having an enormous effect on the trade. We are seeing reductions of up to 20% in trade in many parts of the country and this will put further pressure on viability and will certainly lead to both job losses and closures.

Tourism is a vital to the pub trade in many – though not all – parts of the country. The Irish Tourism Industry Council (ITIC) estimates it will take until 2026 for tourism numbers to return to pre-pandemic (2019) levels.

### **Pubs and tourism**

Pubs play a vital role in the country's tourism infrastructure. Not only do they 'feed and water' the vast majority of both domestic and foreign tourists, they also exist in their own right as tourist attractions. In numerous polls, tourists cite pubs as the number one reason they visit Ireland.

The cultural value of pubs needs to be recognised and protected. To that end, the VFI is preparing an application for Irish pubs to join the list of UNESCO World Heritage sites.

However, the nature of doing business in the Irish hospitality sector is changing. Due to the prohibitive cost of doing business (everything from soaring energy costs, insurance premiums, staffing) many pubs are choosing to close mid-week and concentrate solely on weekend business.

It is not uncommon for tourists to find many traditional hospitality venues shut in what can be regarded as 'busy' tourist areas of the country during the high season.

There are towns in the west of Ireland where only one venue is open on a Monday or Tuesday night and it will be obvious to most this is not a sustainable model upon which to base a thriving rural tourism offering.

It is disheartening to think that further closures will blight the pub landscape over winter 2022/23, as energy price increases begin to bite.

## **The Future**

As already outlined, pubs are a vital element of Ireland's tourism infrastructure. If rural tourism is to thrive and grow, publicans (both incumbent and potential publicans) must have the confidence their businesses will be supported in the following issues:

- **Competitiveness:** In short, we need to be less expensive for tourists. One of the main reasons Ireland is so expensive for tourists is the fact that alcohol excise duty is the second highest in Europe. The rate needs to be reduced by 15% over the next two years.

Lowering excise tax on drink products requires no new legislation or EU approval. The Government can do this in the Budget, with obvious benefits for drinks and hospitality business owners and their employees.

We maintain that the approximately one third of the price of every drink purchased in a hospitality environment that goes on tax is money that could otherwise be invested by the business.

We must send a signal to tourists that visiting Ireland is 'value for money'. The Excise rate stands in direct opposition to that aspiration. The government must remove barriers that impede our members' competitiveness.

The VFI fully supports the call for the hospitality VAT rate of 9% to be extended beyond the present February 2023 date, though it is important to state that for 50% of our members VAT9 brings no benefit as traditional pubs who don't serve food must pay the full VAT rate on alcohol sales.

The food sector has experienced soaring increases over the past 12 months to the extent businesses have closed. Again, we would argue that if a food and drink infrastructure is to remain intact for summer 2023 then VAT 9% must be retained.

- **Night time economy:** For a night time economy to thrive it must be in a safe environment with adequate access to appropriate transport infrastructure and facilities.

Safety is paramount. Garda visibility is a prerequisite to that sense of safety and there is a greater need for that visibility. Allied to a Garda presence patrons must be confident that they can both get to an event or venue and, more importantly, get home from such events safely.

Public transport is vital. In larger towns there will be a taxi service to cater for the visitor requirements but beyond that there is a vacuum. Proper transport structures and opportunities are needed. These need to be planned, be properly supported financially and accessible at appropriate times.

To assist in creating this sense of safety and to enhance the atmosphere and character of areas it will be necessary to create pedestrianised areas in the evening / night period. This must be led from a National level and not left to the total discretion of local authorities. While the local authorities should designate the areas there should be clear policy directives from national level.

There needs to be diversity of offering. Many of our cultural establishments and activities operate to normal business hours. The night time economy by its very definition is the opposite of this and needs these establishments to work for the patrons and not solely for the providers.

- **Accommodation:** Due to humanitarian needs, there is now less tourist accommodation available in rural areas of the country. It is clear this issue will continue over the next couple of years so a clear plan is required that will explain how adequate accommodation for tourists can be provided during peak season.

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