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2,000 pubs will close in next 10 years, study claims



From left: LVA chief executive Donall O'Keeffe, VFI chief executive Pádraig Cribben, DCU economist Anthony Foley and Digi chairman Kieran Tobin get together for a drink. Photograph: Dara Mac Dónaill

MORE THAN 2,000 rural pubs are set to close their doors in the next decade as their owners retire and the next generation opts not to continue in business, a new report has predicted.

This is on top of existing figures which show that 1,500 pubs stopped operating in the past five years due to falling demand and stricter enforcement of drink-driving laws.

The report commissioned by the drinks industry shows that the depression in the sector is deepening, with 70 per cent of licensed premises reporting a fall in sales over the past five years.

Employment has decreased, sales revenues have fallen and labour costs have increased in pubs, restaurants, hotels and nightclubs, the survey carried out for the Drinks Industry Group of Ireland (Digi) finds.

Digi chairman Kieran Tobin said the decline in the pub trade in Ireland, which began in the early years of this decade, had accelerated sharply over the last 18 months.

He called on the Government to knock 20 per cent off excise duty rates on alcohol to alleviate the "parlous" state of the industry.

His call was echoed last night by Food and Drink Industry Ireland, which also called on the Government to reduce VAT from 21.5 per cent to 18 per cent to stem cross-Border shopping.

Mr Tobin said the economic downturn and lifestyle changes were combining with high alcohol taxes and a major increase in cross-Border trade to put the wider drinks industry under immense pressure. In pubs, bars, restaurants and nightclubs, closures and redundancies were now commonplace.

"The survey details trends in the on-trade from the height of the boom to the present day, when the entire drinks industry is in virtual free fall."

Speaking at the launch of the report, Vinters' Federation of Ireland (VFI) chief executive Pádraig Cribben said his organisation would be campaigning against the "substantially misguided" changes to the drink-driving laws published last week by Minister for Transport Noel Dempsey.

Mr Cribben said the proposed reduction in the drink-driving limits targeted "the wrong people in the wrong way" and would have a significant effect on pubs across the country.

Speed was the "number one killer" on Irish roads yet there was "no sign" of the promised roll-out of speed cameras which could help reduce road deaths.

The VFI would be lobbying the Minister to amend the Bill, he said.

According to the report, seven out of 10 pubs said the introduction of random breath testing had had a significant negative effect on their sales.

Almost 750 premises were surveyed for the report by DCU economist Anthony Foley, who found the majority of licensed premises have relatively low annual sales revenues. He described the vast majority of pubs as family-run micro-enterprises which were finding it very difficult to survive in the current climate.

Almost half have annual sales revenues below €200,000, while 27 per cent of pubs outside Dublin have revenues of less than €60,000.

About one-third of publicans outside Dublin said they did not expect their licence to continue after they retired.

"We might end up with the situation where you don't have to worry about drink-driving because there won't be anywhere to get a drink," Mr Foley commented.

The social benefits delivered by the responsible consumption of alcohol should be factored in to any assessment of its overall cost to society, he suggested.

Mr Tobin said the survey required careful examination.

"The reasons for the declines in sales and revenue in the on-trade are clear: lifestyle changes and a shift to the consumption of alcohol at home have had an impact on licensed premises, but cannot on their own account for the losses which the sector is suffering."

Irish people's consumption of alcohol had dropped in recent years from 11 litres per person per year to nine litres and was now approaching European norms, he claimed.

Cutting excise rates would give the Government the chance to "repatriate" some of the €800 million a year lost in cross-Border shopping. It would also coincide with the likely raising of British VAT rates next year.

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<http://www.irishtimes.com/newspaper/ireland/2009/1103/1224257962366.html?digest=1>