



# General Election 2020

Supporting local businesses



The pub sector in Ireland remains at the heart of local communities while also playing a vital role in the success of our tourism trade. While consumer habits change and evolve the pub remains central to how people socialise and in many areas it acts as the so-called 'third space' between work and home.

Pubs are a significant employer across the island. According to the latest Annual Services Inquiry, over 43,000 people are directly employed in pubs. Many of these jobs are in areas where there is little other employment available and play a significant role in retaining people in geographic areas that would be otherwise challenged.

The latest AIB Hospitality and Tourism Outlook states that consumers spent €1.01bn in pubs last year. Pubs purchase €1.1bn of Irish produce annually and are an integral part of the wider Irish drinks industry, which employs over 90,000 people.

The pub in Ireland is an important cultural and economic entity but like many small businesses, it has been buffeted on all sides by a variety of issues such as: unfair competition, a dramatic change in the insurance market, a VAT increase and, in the context of rural pubs, an unfair focus on economic development in the capital at the expense of the regions.

## The VFI is calling for....

### Introduction of Minimum Unit Pricing

Central Statistics Office (CSO) figures show Irish people are spending more on alcohol for consumption at home. The CSO Household Budget Survey reveals the proportion of total alcohol expenditure spent on drinks consumed at home increased from over 41% in 2009- 2010 to over 51% in 2015-2016. Publicans cannot compete with supermarkets on price - we need a level playing pitch. At present, supermarkets in some instances are selling a bottle of spirits for less than the cost of excise and VAT. These unfair practices need to end with the introduction of MUP as provided for in the Public Health Alcohol Act.



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### Insurance Reform

The cost of insurance and associated compensation pay-outs is forcing small businesses to close. We need politicians to take necessary steps to introduce dynamic insurance reform and cut unfair personal injury awards. The slow pace of sectoral reform continues to place publicans in an invidious position where publicans are arbitrarily informed that insurance will no longer be provided. Publicans who continue to receive cover can face 40% increases in their premiums. Fraud and exaggerated claims are a major issue with liberal compensation pay-outs the main driver of malicious claimants.



## Promote rural transport initiatives

At present, there is no Government support for publicans who wish to transport customers to and from the pub. In the absence of a sustainable rural transport network, the lack of support for publicans is undermining the fabric of rural Ireland and contributing to a rise in mental health and isolation issues. The VFI is calling for Government to support transport schemes established by local communities that will benefit the wider community. Grants for insurance and maintenance costs would signify a serious government commitment to rural Ireland.

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## Reduce Excise Duty

Ireland now has the second highest overall tax rate in Europe. We have the highest tax on wine, the second highest on beer and the third highest on spirits.

These taxes are a tax on both Irish consumers and on tourists. The pub trade plays an integral part in the tourism business and a combination of high excise and other regulatory issues are now putting a lot of those pub outlets at risk.

The VFI is calling for a reduction of 15% in Excise, 7.5% in 2021 and a further 7.5% in 2022. It should also be borne in mind that there were two recent excise increases which were part of the emergency response to the situation the country found itself in. Most of these emergency responses have now either been reversed or are in the process of being reversed and alcohol excise tax should be no different.

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## Reduce hospitality VAT rate

Last year's VAT increase added €466million as a cost to the Irish tourism and hospitality businesses while leading to closures and staff redundancies. It's critical the 9% VAT rate is reintroduced to stimulate growth and protect jobs in the hospitality sector – the largest employer in Ireland. Ireland now has the highest tourist VAT rate within the Eurozone.

This level of VAT significantly impacts on the competitiveness of the sector and on the ability to sustain many rural businesses. In light of the challenges to the pub trade over the last decade, many have invested heavily in diversification and food is an integral part of this change. In many cases it has not been possible to pass on this VAT increase to the consumer and this has put many businesses under financial strain and indeed threatens their actual viability.

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## Balanced regional development

Investment in the capital city has created a two-tier economy that favours Dublin. We need a coherent plan for sustainable regional economic development that will encourage population growth outside the main cities.





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