

DÁIL ÉIREANN

AN COMHCHOISTE UM IOMPAR AGUS CUMARSÁID

JOINT COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Dé Céadaoin, 17 Nollaig 2014

Wednesday, 17 December 2014

The Joint Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Dessie Ellis,	Senator Terry Brennan,
Deputy Tom Fleming,	Senator Eamonn Coghlan,
Deputy Brendan Griffin,	Senator Paschal Mooney.
Deputy Seán Kenny,	
Deputy Helen McEntee,	
Deputy Eamonn Maloney,	
Deputy Patrick O'Donovan,	
Deputy Brian Walsh,	

DEPUTY JOHN O'MAHONY IN THE CHAIR.

The joint committee met in private session until 9.55 a.m.

Tourism Industry: Discussion

Chairman: The purpose of this meeting is to engage with representatives of the Irish Hotels Federation and the Drinks Industry Group of Ireland on the contributions these important sectors of the economy make to the tourism industry. On behalf of the joint committee, I welcome Mr. Stephen McNally and Mr. Tim Fenn from the Irish Hotels Federation and Mr. Donall O’Keeffe and Mr. Pdraig Cribben from the Drinks Industry Group of Ireland.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. I also advise any submission or opening statement given to the committee will be published on its website after the meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him or her identifiable.

The delegates are most welcome and I call on Mr. Fenn to make his opening remarks.

Mr. Tim Fenn: I thank the Chairman, Deputies and Senators for inviting the Irish Hotels Federation to address the Oireachtas Joint Committee on Transport and Communications. The federation, which was founded in 1937, is the national representative organisation of the hotel and guesthouse sector in Ireland. It is a key stakeholder in the tourism sector. Tourism is one of Ireland’s largest indigenous industries and provides almost 205,000 jobs, equivalent to 11% of total employment in the country. It accounts for almost 4% of gross national product. With 54,000 people directly employed by hotels and guesthouses across every town and village, the hotels sector is playing a critical role in contributing to recovery in the tourism industry and the wider economy.

While a number of serious challenges remain, the tourism industry is recovering and now on a much firmer footing, with the number of overseas visitors up some 9% this year and expected to reach 7.3 million by year end. This builds on last year’s strong performance during The Gathering and means that we are now achieving growth across all of our key markets, with particular successes in North America, Britain and continental Europe. It is important to note, however, that the recovery is not uniform across all parts of the country, but the outlook continues to be positive into 2015, with a further 6% growth in visitor numbers expected next year, bringing the total to over 7.7 million and delivering almost €4 billion to the economy, excluding carrier receipts. There is also cause for optimism on the domestic front following years of subdued consumer confidence in Ireland. Although fragile, we are seeing signs of an upturn in the home market, with people gradually starting to take more trips at home and spending more money in the local economy.

The recovery in tourism has been supported by a number of important measures such as the 9% tourism VAT rate. This has brought us more closely into line with tourism VAT rates in countries with which we compete across the rest of Europe, making us more competitive when marketing Ireland internationally as a tourism destination. As a result, the tourism and hospitality industry has created over 33,000 new jobs since 2011, making the 9% VAT rate one of the most successful job creation measures in modern times.

The strong levels of tourism growth in the past two years bodes well for the future. However, the industry is only at the beginning of a long journey and there is no room for complacency. Much more needs to be done before the industry reaches its full potential as an engine of growth and job creation. Some of the challenges it still faces include the need for additional investment in tourism marketing and product development; greater cost-competitiveness within the economy; hospitality skills training at craft and entry level; and a more integrated approach to tourism development.

In terms of additional investment in tourism marketing and product development, the Irish Hotels Federation collaborates with both Fáilte Ireland and Tourism Ireland in the areas of product development, quality and standards, training, registration and classification and marketing. We were part of the tourism recovery task force, TRT, established to drive a speedy return to growth in inbound tourism from Ireland's top four source markets. We are also represented in the marketing partnership group, MPG, for the Great Britain market and support the new Grow Dublin tourism alliance with Fáilte Ireland as part of the Destination Dublin strategy. We support Tourism Ireland's strategy for next year to prioritise overseas markets that offer the best return on investment in terms of holiday visitors and revenue. The strategy will target visitors in these markets more closely with distinctive holiday experiences, events and special offers tailored to their interests. We also support Tourism Ireland in targeting emerging markets with high potential such as China which has now become more accessible following the introduction of the new British-Irish visa scheme.

It is clear that the tourism industry has shown itself to be an excellent investment vehicle for the country, one which we believe needs to be nurtured if it is to continue to deliver returns for the economy. However, since the downturn, the funding allocation for tourism marketing and product development has been cut back substantially and the tourism bodies have been operating within very constrained budgets. This puts the long-term sustainable growth of the industry at risk. There is a pressing need to ensure sufficient funding is allocated and we are calling for funding to be returned to 2012 levels at a minimum in order to maximise our growth potential. Recently, the Government and Tourism Ireland set out their plans to grow the number of overseas visitors to 10 million per annum by 2025. This would increase annual revenue from overseas visitors to €5 billion and result in the creation of an additional 50,000 jobs, bringing total employment in the sector to 250,000. While we welcome these targets, they could be more ambitious, given the wider outlook for tourism in Europe. With additional resources, Tourism Ireland could be well placed to meet these targets by 2020.

In terms of achieving greater cost-competitiveness within the economy, the international tourism market is exceptionally competitive and every tourism euro spent in Ireland is hard won. Value for money is an important factor in achieving growth in the number of overseas visitors, as reflected in research published by Fáilte Ireland earlier this week. The results show that Ireland's value for money rating has doubled since 2009, with nine out of ten holidaymakers now expressing satisfaction. As such, the high cost of doing business in Ireland remains one of the most pressing issues faced by tourism businesses such as hotels and guesthouses. Since

2008, the hotels sector has brought down costs by 24%. This has been a significant factor in stabilising our sector. Hotels are now much leaner, having restructured their business models throughout the downturn, improved their products and lowered prices. On the other hand, the levels of Government determined costs have remained the same.

A more focused approach by the Government is required to reduce all costs imposed by State-owned agencies, namely, electricity costs, water, licensing, etc. Proposals for carbon tax increases should also be deferred until the economy is on a more stable footing. In particular, urgent action must be taken to address local authority rates and energy costs. The biggest single cost over which hoteliers have no control is local authority rates. Hotels make a disproportionate contribution to local authority funding, with many hoteliers being levied rates of up to €3,000 per bedroom and average local authority rates equating to €1,500 per bedroom, regardless of occupancy rates. We have members who are paying in excess of €400,000 per annum in rates. It is over a decade since the 2001 Valuation Act came into force, yet more than half of hotels are still waiting to have their rates reviewed by the Commissioner of Valuation and those that have had their rates revised saw reductions of over 30%. It is vital, therefore, that the revaluation process is accelerated without delay and that a fair and equitable appeals process is put in place. In this regard, we note that the Valuation (Amendment) Bill 2012 is before the Oireachtas.

With regard to energy costs, energy-related levies are another source of concern in terms of cost competitiveness, in particular, the decisions taken by the Commission for Energy Regulation to impose additional levies on electricity customers at a time when costs are already too high. We are very concerned about future levels of the public service obligation, PSO, levy and believe a fundamental review of the scope and burden of the PSO is called for, including the projected burden in the coming years. This is an issue that needs to be addressed as a matter of urgency with the Commission for Energy Regulation.

With regard to serious skills shortages at craft and entry level, tourism generates employment for a range of skill levels across the country, often in areas in which the scope to develop other export-focused sectors is constrained. The federation believes employment within the tourism industry benefits from vocational and craft training. We note the recent launch of the Apprenticeship Council and hope hospitality training will be given the necessary resources to support the anticipated increase in employment in the sector. A failure to act would be a missed opportunity to nurture the skill sets we need for the future. With unemployment at a rate of 10.7%, our overriding objective must be to get people into the workforce and give them an opportunity to develop their skills. This is particularly important for those aged under 25 years who are at risk of becoming long-term unemployed. Appropriate training would provide them with, possibly, their first work experience and a valuable stepping stone in their careers.

With regard to having a more aggressive integrated approach to tourism development, the tourism industry is playing an enormous role in the country's economic recovery and needs to have a more prominent role in informing and influencing national planning and development policy to ensure a more unified approach. Significant progress is being made in this regard, with unprecedented levels of collaboration between tourism industry partners, including closer co-ordination among businesses, local communities, State agencies and local authorities. Initiatives such as the Wild Atlantic Way are excellent examples of how this can work. With the Government due to publish its tourism policy statement shortly, the Irish Hotels Federation believes this greater collaboration will stand to us in the years ahead and ensure the tourism industry will be well placed to grow and prosper, the benefits of which will be felt across the

entire country.

I thank the Chairman for giving me the opportunity to address the committee. We look forward to addressing any matter members may wish to raise.

Chairman: I thank Mr. Fenn. We will now hear a presentation from the drinks industry.

Mr. Donall O’Keeffe: I thank the Chairman for giving me the opportunity to address the joint committee. We are here on behalf of the Drinks Industry Group of Ireland, although many members will know us from our day jobs as the heads of the Licensed Vintners Association and the Vintners Federation of Ireland, respectively. We are here to inform members about the contribution the drinks and hospitality industries make to Ireland’s tourism economy and to highlight areas in which policy can help to improve this contribution.

I wish to address the issue of alcohol misuse. I reiterate to members that the industry is mindful of the issues surrounding the misuse of alcohol. We want to work with the Government to address them, not least because they are causing significant damage to the reputation of an industry which supports 92,000 jobs throughout the country. That is why earlier this year we joined restaurants, hotels and independent off-licences, as well as drinks suppliers throughout the country, and collectively pledged to work with the Government on the implementation of meaningful policy measures to combat alcohol misuse by addressing the sale of cheap alcohol; introducing a statutory ban on price-based advertising; and introducing statutory codes to regulate the merchandising of alcohol. We are concerned that the Government and State agencies have taken a very broad brush approach to what is undoubtedly a complicated issue and have been overly slow in implementing policies identified as being necessary. At present this approach is hamstringing the small businesses that we represent, but we will discuss more of that later.

I refer to the positive role the industry plays in supporting Ireland’s tourism offer. As we head into the Christmas season, it seems appropriate to talk about the positive contribution the drinks sector makes to the tourism industry in this country. Thousands of emigrants will be returning to Ireland over the coming weeks to spend time with friends and family, and the place that most of them will choose to meet is in their local pub. However, the role of the sector is much broader than that. The tax take from tourism in 2013 was €1.4 billion and domestic and overseas tourism expenditure was €4.7 billion, excluding carrier receipts. The 9% VAT introduced by this Government was undoubtedly an important policy instrument that drove this growth and the Government is to be commended for that.

Why do tourists come to Ireland? What is the draw? According to Fáilte Ireland’s own research the No. 1 reason that tourists cite for coming to Ireland is to visit an Irish pub. At 80% it is the most important pull factor identified in influencing people’s decision to come to Ireland. Fáilte Ireland also conducts exit polls, asking departing tourists what they enjoyed about their holiday and why they would return. These figures are even more impressive. Listening to music in an Irish pub comes out first on the list, at 83%, while having a Guinness in a pub came third, at 79%.

As well as being a key draw, the industry also plays a vitally important role in the provision of infrastructure. In an era when State cutbacks are threatening the viability of essential pieces of infrastructure such as local post offices and tourist offices, local pubs act as a vital amenity for tourists. In the 8,314 pubs, hotels and restaurants around the country tourists can avail of toilet facilities, get a hot meal or simply take a quick break from their sight-seeing. It is these

interactions with locals and domestic tourists that create the unique experiences that tourists value and, importantly, why they return and tell others about their positive experience.

The industry is also responsible for providing quality tourist attractions. The Guinness Storehouse was the biggest fee-charging tourism attraction in the country last year. It achieved a record number of visitors of 1.157 million in 2013. The Old Jameson Distillery was also in the top 20 of fee-charging attractions, with 267,800 visitors, over 90% of whom were from overseas. The Cork Whiskey Way, the Irish Whiskey Trail and the Irish Whiskey Museum all launched recently as the international interest in Irish whiskey is exploding. These innovative tourist experiences, and the new distilleries and visitor experiences launching around the country, are meeting a growing demand and interest in this quality indigenous product. There is huge potential for growing and developing these even further, in partnership with local pubs and with assistance and support from Government agencies.

The drinks industry has been an important source of funding for the many events and festivals that attract international and domestic tourists to locations around Ireland throughout the year. In fact, a report from the Association of Irish Festival Events found that, on average, 39% of the total revenue for local events around Ireland comes from commercial funding. The sector contributing the most to this funding comprised pubs, restaurants and hotels, at 27%. The second largest sector comprised breweries and distilleries at 21%, meaning that the drinks industry is responsible for nearly half of the funding that local events around Ireland rely on every year.

There are many other areas of potential growth and development in our sectors. The Web Summit, which includes a pub summit as one of its headline networking events, has made Dublin a must-visit destination in the international tech calendar. The proliferation of craft food producers, the positive working relationship between communities and local suppliers, the increase in the number of impressive gastro-pubs and the ever-improving food offers in our traditional pubs mean that our food offered is becoming of an increasingly high standard. The growth in micro-breweries and mini-distilleries in many pubs is providing a unique experience for domestic and overseas tourists.

These initiatives need support and recognition from the Government and its agencies. As the members of this committee are all too aware, the rural pub in Ireland is under severe pressure and members might be interested in taking a look at the map that has been provided in the appendix to see how pubs have fared over many years of recession. Supporting the rural pub has to be a focus for Government, as it is essentially supporting our tourism offer. This is compounded by another key concern for the tourism sector, namely, that of the increasing concentration of tourism activity in urban centres around Ireland. The drinks and hospitality sectors have a huge role to play in this regard.

How could it be better? Despite the immense contribution that the drinks sector makes to our tourist experience in Ireland, there is a concern among businesses in the sector that they are being ignored by State agencies. The author of this year's Ireland Inspires promotional video has openly acknowledged that a deliberate decision was taken to remove all references to the drinks sector from the video. This seems to fly in the face of the agency's own research, which we have just mentioned, which demonstrates the positive association that international visitors have with the on-trade experience in Ireland. Opportunities for the drinks sector to work with the tourism industry need to be encouraged, not undermined.

The 9% VAT rate proved that Government policy can contribute to competitiveness in the hospitality sector. The fact that excise was not increased in the last budget was widely wel-

comed by the industry and has provided a significant boost to sentiment in the industry and with our customers. However, in the past few years the price of alcohol has been almost exclusively driven by Government. Members will see from appendix 3 that 80% of the increase in the price of alcohol since 2011 has been directly attributable to VAT and excise increases. We ask the members on this committee to push for a reversal of the budget 2014 excise increase, which came on top of the punitive tax increases in the two previous budgets.

Increasing tax on alcohol does not address misuse of the product; it simply harms our tourism offering by making key indigenous products more expensive. Fáilte Ireland research, to which we referred, cites the price of alcohol, which is the highest in Europe, as one of the main contributors as to why tourists would not visit Ireland again. Other countries, such as Spain and Portugal, have taken a strategic policy decision not to tax their indigenously produced alcohol products to support their tourism offering. However, excise on a pint of stout in Ireland is 11 times more than excise on the same pint in Spain and six times more than in Portugal. Irish businesses in the tourist space are at a hefty disadvantage compared to their counterparts in these markets, which are key competitors for international tourists.

Within the wider economy, the Government rightly uses tax policy to drive competitiveness. This should also apply within the drinks industry. While licensing law is the remit of the Department of Justice and Equality, we would like to highlight the importance of being allowed to trade on Good Friday from a tourism perspective. This anomaly to licensing law should be removed immediately.

As members of the committee can no doubt appreciate, the drinks sector in Ireland continues to make a significant contribution to the tourism industry in this country. In order to further this contribution we ask this committee to use its significant influence to ensure that the sector is adequately represented by State agencies when they are spending taxpayers' money and that it gives serious consideration to ways in which Government policy might support competitiveness in the sector.

We would also ask members of the committee to support the establishment of a task force on the future of the pub, something we have discussed with members on an individual basis. We ask for support for the reversal of the excise increase in the 2014 budget and the retention of the 9% VAT rate. Government tax policy should support competitiveness within the drinks industry. We would like to be able to trade as normal on Good Friday, a particularly important tourism weekend.

The 2014 Government draft tourism policy includes very ambitious growth targets for tourism to increase the take to €5 billion in real terms, compared to the level of €3.3 billion in 2013. Hospitality and drinks industry support will contribute to the realisation of those ambitious tourism growth targets but we need to be included and supported, not kept out in the cold. I thank the committee.

Chairman: Before I call on members, I have some questions for both delegations. The tourism figures both have painted are very positive and it looks like growth will continue into 2015.

The Irish Hotels Federation mentioned how it has stabilised and reduced costs and become more competitive, and how the VAT reduction helped that. It also highlighted rates and other issues. We are all very much aware of the reduction in the price of hotel bedrooms and so on. In recent times we have heard there is a shortage of hotel rooms in urban areas, particularly in

Dublin. On foot of that, we have heard anecdotal evidence of exorbitant prices when events such as the Web Summit or the failed Garth Brooks concerts are planned. Ireland has gained much credibility because of the value for money Irish hotels have offered in recent years. Is there a danger it could be lost, particularly where there is pressure due to a shortage of rooms? Occupancy rates have increased in recent years. Have they also increased in rural areas? Has the Wild Atlantic Way had an effect on them throughout the country?

The map at the end of the Drinks Industry Group's presentation is very interesting. We hear about the danger of the increased abuse of alcohol, and the presentation referred to it and the need to deal with it and with below-cost selling. As a rural Deputy, I am aware of the increase in the number of pubs closing and the pressure on the local pub. The smaller rural pubs are not causing the abuse of alcohol. How do the pubs see themselves playing an improved role in tourism? Last year, we received a report on the ending of sponsorship. The Drinks Industry Group has a list of the local events and festivals the industry sponsors. How would it affect the pub trade if sponsorship of local festivals and sports were banned?

Mr. Stephen McNally: Last year, a PwC report clarified that Dublin is the fourth most occupied city in Europe in terms of the number of hotel rooms we sell versus what is available. Regarding rates, we are 14th in Europe. We sit around the same place as Edinburgh and Brussels but €50 behind places such as London and Paris. Fáilte Ireland conducts very frequent surveys. From the point of view of tourists, we have probably never been at the current 91% level of satisfaction with the rates, meaning they are fair or good, compared with where we were three years ago. I congratulate the Government on the initiative of the landing charges and the 9% VAT.

Although more hotels could be built in Dublin city centre, to build a hotel costs more than to buy a hotel, and that is an issue. There is great demand in Dublin city centre for alternative use due to the new technology businesses coming in and the shortage of housing. Pricing is very important to the industry. When the Football Association of Ireland, FAI, bid for the European Championships, we organised a meeting with the FAI and within two weeks we had sufficient rooms gathered for the event at appropriate rates. It was no different from the Web Summit or any other event. Up to 75% of the rooms are negotiated far out, meaning they have agreed a rate for a number of rooms in a hotel and contracted those rates. Media stories tend to report on a survey taken in the last week. By that stage, 90% of the hotels' accommodation is gone and they are selling their last few rooms, which are usually suites or executive rooms, and they put the prices up to what they can charge for them, almost like a supply and demand scenario.

Before I came in this morning, I checked rates for the Saturday before St. Patrick's Day. If one wanted to come to Dublin that weekend, one could get a four star hotel room in Dublin for €120 for two people, in some cases including breakfast. One could get a three star hotel room for €80 or €90. The flight prices were fairly similar, so one could get a good flight and accommodation deal. As we get closer to the date and places fill up, hotels and airlines will raise their prices in line. I go to Croke Park a lot and I pay a different price for quarter final tickets and final tickets. The media will come out and say Dublin hotels are charging exorbitant prices, but it is based on the last few rooms rather than the majority of rooms. We would not achieve events such as the Web Summit or any of the major conferences that come into the city if we were not competitive, and we are very conscious of it.

As a federation, we cannot set prices, however when an event comes into Dublin, Limerick, Cork or anywhere else, our members rally around with the tourism bodies to get behind the event and ensure it comes to Ireland. The American football game is coming up in 2016 and the

next big event will be in the first week in September. We are already negotiating rates for those groups. One hears sound bites in the media, and while some hotels are charging their optimal rates, it is only because demand dictates it. We are very good as a city and country at bringing events in. We pay attention to Fáilte Ireland's statistics to examine how and why our customers are responding to the rates. The rate is driven by the customer. While anybody can put up a rate, the customer will drive what one can and cannot charge for the room.

While many of our members around the country are still in difficulty, they have had a much better year this year. Initiatives such as the Wild Atlantic Way are great. A new launch of the south-eastern heritage trail is coming. Although we look at Ireland by county, the tourist looks at it by region. Tourists visit parts of the Wild Atlantic Way and do not mind which county it is in. As the economy recovers, Irish people are visiting the Wild Atlantic Way who had not been there. This year, I spoke to people who had not been to Donegal or some parts of it before. We launched events up there, with some hotels naming their rooms after parts of the Wild Atlantic Way. It is a great initiative. It is also important to note that it is economic for a town or village on the Wild Atlantic Way, where petrol stations and restaurants benefit from it. The objective is to extend the season and ensure people will visit our regions. We have work to do. As we mentioned earlier, while numbers are growing, expenditure is reducing, and while we might not notice a problem now, our numbers could plateau or decrease in three or four years' time. Expenditure on tourism must be maintained, not reduced because the numbers are improving. We have driven tourism numbers and jobs and, overall, it has been very positive.

Mr. Pádraig Cribben: The Chairman asked how the pub sector sees itself playing an increased role in tourism. The Irish Hotels Federation's contribution outlined all the areas in which it is involved with Fáilte Ireland and Tourism Ireland. In effect, the pub sector is involved in none of these areas. There seems to have been a conscious decision to exclude the pub trade from involvement at policy-making level, etc., in the tourism sector. This probably flies in the face of what tourists are saying they want, as outlined by Mr. O'Keeffe in his initial remarks. Consider the example of the Wild Atlantic Way which in its first year has been a phenomenal success and the potential of which can only grow. Most of what we learned about it, in terms of the concept and its development, was learned from the press. As an organisation which represents most of the actual service providers along the way, DIGI believes this is certainly not right. We have raised the issue with the relevant Ministers and bodies but with relatively little success. In order to play a more active role, there needs to be involvement at the concept and development stages. Those travelling from Malin Head along the west coast will note that many areas are relatively underpopulated and remote. In many of these places the only infrastructure is the pub, be it for toilet facilities, food or entertainment.

The second question I was asked was how the ending of the sponsorship of festivals would affect the local community and local trade. The figures probably answer that question best. As outlined by Mr. O'Keeffe in his opening remarks, the figures show that 40% of events sponsorship stems from local sources. Some 50% of that 40% comes from the broader drinks industry, be it local pubs, restaurants, hotels, breweries or distilleries. That is 20% one would lose straightaway. There is no doubt that if sponsorship was to end, some festivals would just disappear. I cannot say how many, but the local communities and economy would be particularly devastated. In many cases, those involved in the pub trade take in a multiple of their normal earnings during a festival. I spoke to an individual who said that in a festival over the Hallowe'en bank holiday weekend, he had taken in the equivalent of ten weeks trading income. It was a substantial festival. If it were to disappear, he would lose the equivalent of ten weeks trading income, which would mean a drop of approximately 20% in his annual income. If the

lifeline is taken from many festivals, they will disappear. It would probably mean the end of many businesses also because their mainstay during the year is the local festival.

Mr. Donall O’Keeffe: I have two points to add. From our experience of running pubs and in terms of the broader picture, we do not see any link whatsoever between alcohol abuse and the sponsorship of festivals or sports events by the drinks industry. There is no direct correlation based on our selling of alcohol every day of the week. We do not believe the proposal would have any impact whatsoever on dealing with the issue of alcohol abuse. We have continually called for three steps in this regard: the rapid introduction of a minimum price, set at an appropriately high level; a regulatory environment in supermarkets, to be addressed by the introduction of structural separation, and a statutory code for merchandising; and the banning of price-based advertising. If the alcohol price cannot be used to drive footfall, it diminishes the commercial attractiveness of alcohol to the multiple retail sector. This feeds into the first part of the first question. We argue strongly that the pub is the most controlled environment in which to consume alcohol. It is sociable and managed and staffed correctly and customers interact with one another. Every publican has a duty under the law to operate in an orderly environment. By and large, publicans achieve this. If not, the Garda has the power to deal with them, as is right and proper. However, we must point to the fact that 55% of all alcohol sold in Ireland is sold through the off-licence sector. Some 70% of this is sold through price promotions, which is the core of the alcohol abuse problem.

Deputy Dessie Ellis: I thank the delegates for their presentations. The tourism industry has certainly come a long way and the reduction in VAT has made a huge difference in that regard.

I have a few questions, one of which is about the impact on capacity of the use of hotels and guesthouses for homelessness services. The hotels enter into contracts with the local authorities. I have seen figures in this regard. Is the practice having a big impact on the number of places available on any given weekend?

A problem I have encountered in the hotel industry concerns the use of agencies. This has affected many people involved in the hotel industry who originally delivered a very personal service. We now use agencies and this has driven down wages in the industry. Will the delegates give an opinion on this?

As stated, there is great scope for growth. The Asian market is probably the biggest we need to consider. I include China which has the biggest population in the world. What is the industry doing to entice Asians to come here? This is important.

I have always been opposed to the raising of prices when there is an event taking place. The delegates referred to this. People exploit events to raise prices. On one occasion when I was at the Galway races, I found trying to find accommodation offputting. I spoke to tourists and noted they had experienced the same thing. What I describe occurs elsewhere in Europe and in every country, but I find it offputting. Does the industry have guidelines for how hotels should carry on in this regard?

With regard to local authorities and valuation rates, I am surprised by the prices mentioned. I did not envisage that one would have to pay €3,000, which seems exorbitant. The local authorities have tried to reduce the rates, but not by very much. Certainly, trying to reduce them has been a policy in the past couple of years. I am surprised, however, at the amount of money referred to. I did not believe it was anywhere near that figure.

With regard to the alcohol industry in general, I have always been a great believer in trying to entice more people to go to local pubs. We need initiatives in this regard, taken either by the Government or the industry. The differences in prices in off-licences and pubs have become ridiculous. In an off-licence bargains are available left, right and centre, but one can rarely go into a pub and get one. To me, the pubs were the lifeblood of most communities. Many pubs sponsored local teams, for example. I often find it a little hard to accept the argument about sponsorship because the pubs in my area sponsor local teams and advertise on their jerseys. They do not advocate excessive drinking. What is happening has always happened throughout rural areas and communities.

During the years many people have visited the Guinness centre and such facilities. It is an industry in itself. Is there any scope to build on this further?

Mr. Stephen McNally: I will reply to Deputy Ellis. His first question was about capacity and the Dublin City Council requirement for accommodation. My understanding is the arrangements are very much short term and the hotels are not going down that route as a long-term business, for want of a better word. Based on conversations with Dublin City Council, there was such a desperate need to solve the homeless problem in terms of the number of people on the street. They needed to do something.

Deputy Dessie Ellis: I know the arrangements are short term but, for instance, one hotel got €200,000 in a year from Dublin City Council. While the contracts might be short term, there is a long-term accommodation procedure in place. I just wanted to clarify that.

Mr. Stephen McNally: Regarding the agency situation, I am not quite sure about it. The agency does not come into play unless there is a large event and extra staff are needed. For the normal day-to-day business many of the hotels do not work with agencies as far as I know. I will have to speak with the Deputy in private to see if he is referring to particular cases. If there is a big match on some of the hotels will bring in additional staff, but in the day-to-day business I do not think there is much agency work going on. It is not really of much value to the hotels to do it that way because ultimately it would affect our tourism product and looking after the customer. The agency people do not tend to worry so much about that and it is very important for us. We would need to look at what the Deputy is specifically referring to, but I do not think it is a major issue for us as agency usage is minimal.

Mr. Tim Fenn: Regarding China, the new common area visa arrangement with Great Britain will open up new opportunities for long-haul visitors. The President's visit to China last week was a great boost. We are coming from a very low base, but when the Chinese people travel they spend quite a lot of money, not only in hotels and restaurants but also in retail. There are a lot of additional benefits right across the board for that type of business, so we are very supportive of it.

If I can make one last comment on room rates. There was a time when the rate for a hotel bedroom was the Fáilte Ireland rate displayed on the back of the door. Those rates still exist on the back of the door and they are the maximum rates that the hotel can charge. The business model has changed in that if a hotel bedroom is not sold today, tomorrow will be too late. People price the rooms accordingly, so that they will sell. They drop the price to make sure people will use the rooms. As the rooms fill up, the price firms up. It rarely gets to the old Fáilte Ireland rate on the back of the door. The bigger the event the bigger the concept of what is going on in the destination. In other words, price is only one piece of the value-for-money proposition. If people are going to Dublin on a quiet weekend and paying exorbitant rates, they

might feel a bit sore about that, but if they are going to London to see a big match and the whole city is full, they will know what prices are like then. It is a different concept as to what customers are doing with their time and money.

Mr. Donall O’Keeffe: In terms of Mr. Fenn’s observation about the differential in prices between the on-trade, pub and off-license sectors, he is dead right. We have been highlighting the impact of the abolition of the groceries order since it took place in 2006. It is possible to trace the evolution of off-trade prices declining year on year since then. On-trade prices have generally moved in line with inflation and no further, but the gap has widened because the off-trade prices have dropped. We think it is a very serious problem and we opposed the abolition of the groceries order. A minimum unit price needs to come in to put a floor on prices and to stop the gap getting wider. We have simply to look across the water to the UK and multiple retailer price levels in the off trade there. They are ferociously aggressive. There is scope for prices in Ireland to fall further, and we think it is likely to happen without a minimum unit price being imposed. We think this is a very important initiative that needs to happen sooner rather than later.

In terms of the pub being an integral part of a community - the life blood of local communities - that is absolutely correct. Good publicans today are still very highly engaged with the local community groups, sporting organisations and residents’ associations, and that is right and proper. We think it will continue and good publicans will always do this. In terms of sports sponsorship, it is a two-way thing for publicans. It is a bit of a give-back to the people supporting the publican the rest of the year, and it helps generate a bit of business because those teams tend to be loyal to the publican who supports them.

The bigger issue around sponsorship is to look at the underlying objective and we do not believe that a ban on sports sponsorship or sponsorship at festivals will have any impact on alcohol abuse. If it is not going to achieve its objective it simply should not happen. From an industry point of view, we have terrific brand builders in our industry. The Guinesses, Jamesons and Baileys of this world are terrific organisations when it comes to building on brands and improving their equity and position over time. They should have the commercial freedom to do that. One element of it is sponsorship - it is not the sole element - and we think it is right for that to continue.

Mr. Pdraig Cribben: If I can add one point to that, to put some figures on the question of on trade and off trade. In the Sunday papers prior to St. Patrick’s Day 2005, what is now termed a slab of beer - 24 cans - was sold and marketed at cost price. The price was €37.98. That was cost price in 2005. The ban on below-cost selling was removed and that same slab of beer costs €24 today. If the 2005 figure was cost price, where is the price now? I will let the members draw their own conclusions.

Chairman: Point well made. Deputy McEntee is to speak next, but Senator Brennan is under pressure so if he wants to ask a question----

Senator Terry Brennan: Again, my main point is on hotel prices. I stayed in Dublin 137 or 138 nights last year, I am not sure what it is this year. I interviewed someone who came here for the Web Summit and stayed on the same hotel floor as me. He paid 330% more than I did the previous week and the following week. I was put out of my hotel but I did what I thought was the right thing and moved. It cannot be justified and it is not good enough to tell me that it happens in New York, Amsterdam, Rome, London or wherever. I go to an event in the US every year in the state of Georgia, and one concern wanted to put up the price of petrol

and diesel by \$0.01 for that entire week. There was uproar in Georgia. The hotel prices were different alright, but the hotels federation cannot justify an increase in hotel rates of 300% and 400%. Both speakers mentioned greater cost competitiveness. I come from a town where four or five local pubs have closed down. Imagine if, say at Christmas time, the pub was to increase the price of a pint by 300% - the publican would not sell too many pints and would not be there for too long. We should lead the way, acknowledging the contribution that both concerns have made to economic growth in the country. I know there will always be a demand. However, to increase the rate by 300% is - the word will not come to me - more than unjust. The drinks industry has stated the 80% increase in the price of alcohol is due to VAT, excise duty and other taxes. Will the Irish Hotel Federation justify how it is right and proper to increase the room rate by more than 100%? In fact, some hotels in Dublin increased their rate by 450%. I do not care what room type one compares, but on the basis of comparing like with like in the same hotel, the price had increased by 250%. Colleagues of mine stay in the same place. How can one justify this increase? Let me draw a comparison with the cost of energy. The greatest demand for energy is at Christmas and Easter time. If the price of energy were to increase by 5% for the next week, there would be uproar in the country. I recognise the contribution to tourism of the Irish Hotels Federation and the Drink Industry Group of Ireland. I am involved in the tourism industry, which is the reason I am in Leinster House, but I cannot justify these exorbitant costs. Perhaps either Mr. McNally or Mr. Finn might be able to justify them, but they will find it hard to convince me. I can understand the reason for the hotel suite or the large *en suite* bedroom, but I stay in a basic room.

Mr. Stephen McNally: Senator Terry Brennan's point is well made. In the majority of cases a company agrees to a rate when its personnel stay in the hotel regularly and regardless of what event is on, that rate is honoured. I can absolutely commit to this. For example, we have a tour group from America that stays every Tuesday night in Dublin from the first Tuesday in March to the last Tuesday in October and the rate that has been agreed to does not change, regardless of what is on. Those who have an agreed rate for a Saturday night do not face a rate change, regardless of what is on.

I want to clarify what a hotel charges for a small number of rooms. Let us take the Web Summit as an example. I arrived from London on the Tuesday morning of the summit. A colleague from the Department of Transport, Tourism and Sport took the Aircoach into town and started chatting to a guy who was attending the summit, staying in Dublin 6 and paying €79 for a room which he had booked three months earlier. He had got a good flight and accommodation deal. I can show the room rates at which the vast majority of the hotel rooms were sold. The rates during the summit were slightly inflated but not by the 300% or 400% the Senator mentioned.

Senator Terry Brennan: I stay in the same room every week. There was a 250% increase.

Mr. Stephen McNally: That needs to be looked at, absolutely.

Chairman: As the Senator has no further comments to make, I call Deputy Tom Fleming who will be followed by Deputy Helen McEntee.

Deputy Tom Fleming: I welcome the delegates and thank them for their very informative presentations.

I refer to the potential for additional job creation. The target figure of 50,000 jobs is very impressive and I am sure that number will be reached and, possibly, exceeded in the next num-

ber of years. Does the Irish Hotels Federation engage with the various ministries and bodies such as the Departments of Education and Skills and Social Protection and the Apprenticeship Council? I am sure the federation can identify the skills sets required in the industry and the employment opportunities for commis chefs, bartenders and other skilled staff. There is a need for a proactive approach. Now that the Celtic tiger is long gone, the natives have dropped out of the hospitality industry and the younger generation, in particular, are no longer becoming involved in the hotel industry and the bar trade. We need to accelerate our overall approach.

It is a fact that the traditional pub in rural areas is becoming extinct. We read on a weekly basis about the dramatic and spiralling rate of pub closures. Government bodies and agencies, in conjunction with the vintners representative bodies, need to be involved in a multifaceted approach to deal with the difficulties faced by the Irish pub. We have been told that one of the highlights for foreign visitors is a visit to an Irish pub. We need to take note of this.

The uplift in the economy was mentioned, but the increase in business is not uniform; it is not happening in some parts of the country. The same applies to pubs. The pub is an institution akin to the post office and serves as a social centre and meeting place for people. It is very disheartening to see a pub that serves a community of 500 or 600 people at a crossroads or in a village close. It is very alarming. Do the delegates have ideas on how we can work together to address the issues raised?

Mr. Tim Fenn: I will address the issue of education and training and the attractiveness of the hospitality sector. This has been a major issue for the Irish Hotels Federation for a number of years. We have spent a great deal of time trying to restructure and change the direction we are going. Members might remember CERT, the Council for Education, Recruitment and Training, for the tourism and hospitality industries. It was subsumed into Fáilte Ireland, the role of which is now more of a national tourism development authority. There has not been a structure in place and now SOLAS has been formed out of FÁS. SOLAS is the new further education and training authority and has within its remit the Apprenticeship Council, on which we will have a hotelier representing the hospitality sector. We have been engaging with the relevant Ministers and are about to meet Deputy Damien English, the new Minister of State with special responsibility for skills, research and innovation. We hope to ensure the hospitality sector receives its fair share under the Apprenticeship Council. We have been working with the VECs and the institutes of technology and have a very successful initiative in the Fáilte Ireland training centre on Roxoboro Road in Limerick, from which we are getting astonishing results. We hope the centre will be a template for other centres that will open around the country.

A big factor is re-engaging with students at second level, particularly in transition year, in order that we can reintroduce the industry to those who may not want to be involved in desk jobs all their lives. They can be given an insight into the variety and quality of jobs available in the hospitality sector. We are also working to restructure the industry in order that people will have a lifelong career structure. People may start in one area, but there should be no limit to where they can go and they can end up being the general manager. We are working on the attractiveness of the industry and on the requirement to fill the 50,000 jobs that we see the potential for between now and 2020 or 2025. It is important that people who are resident in this country should have an equal opportunity to get those jobs. That is a very important part of the work we are doing at the moment.

Mr. Stephen McNally: To add to that Chairman, the Irish Hotels Federation runs a quality employer programme. Our members sign up to codes of practice in terms of dealing with people. That has made our industry a lot more attractive in that employees are given adequate

hours, a regular pattern of work and proper contracts. That has been hugely beneficial. We believe that staff retention will be much higher in the future as a result of that.

Mr. Pdraig Cribben: The Deputy's point is well made with regard to rural pubs and closures and we must consider the potential effect on tourism. In many places, the pub is the only public amenity available. The pub can serve as a meeting point for locals and for tourists or as a stop-off point for tourists. Unfortunately, over the last five to seven years we have seen in excess of 1,000 pubs close, most of them in rural Ireland.

The Deputy's point regarding a cross-party forum is also well made and that is something that we are calling for here. The Deputy asked what such a forum would examine. In terms of rural pubs and smaller pubs, a number of initiatives that would help their viability could be considered. One would be raising the VAT threshold, for example. That would certainly help the viability of a lot of those businesses. The issue of rates has been raised by the representatives of the Irish Hotels Federation and in the context of hotels they are quite exorbitant. They are also quite exorbitant at local level for small businesses. Traditionally, the rates on pubs were determined by the size of the premises. However, the size of pubs in no way matches the commercial activity that is taking place in some of them. Some small rural pubs are liable for rates of between €5,000 and €8,000 per year but would be turning over less than €150,000. The rates bill has gone from being 3% or 4% of turnover to 7% or 8% now. There is no mechanism to get the rates base changed other than a full-blown revaluation in the county concerned. There is allegedly a mechanism but it amounts to giving a local authority €250 to determine whether the business can be re-rated and in 99% of cases, unless what is called a "material change in circumstances", businesses are not re-rated. A 50% drop in income is not considered to be a "material change in circumstances" which I find very hard to understand.

The third issue a cross-party forum could examine is the question of transport. Something that has become a lot more prevalent in recent years, because of the change in the drink-driving laws, is publicans driving people home at night but there is no relief available for that additional cost. Relief is only available in the context of a certain size of mini-bus, the purchase of which would not make any sense for most publicans. The forum could consider VAT or VRT relief on the vehicles used by publicans to drive their customers home. These are the kinds of initiatives that a forum could examine and if implemented, they would certainly significantly improve the viability of many rural pubs.

Deputy Helen McEntee: I thank the representatives from both industries for coming here today. I also thank them for the work that they do because although Ireland depends a lot on export-driven industries, the tourism industry is enormously important. It is up to the representatives here today to attract people to the country, make sure they are satisfied and also to ensure that they come back.

Obviously when people come to Ireland they want to eat nice food in hotels, restaurants and pubs. However, there is an emerging food tourism industry outside of that. There is a lot of talk about the Wild Atlantic Way, for example, and in County Meath we have the Boyne Valley region and surrounding areas and are seeing the emergence of a fantastic food tourism industry. We had our first Taste of Meath festival this year. Ms Olivia Duff, a member of the Irish Hotels Federation, was responsible for organising the Meath Food Trail which attracted both locals and tourists. Is there a plan in place to work with the food industry more generally? How do the witnesses see that developing?

We would all agree that the 9% VAT rate has worked well. It was introduced to encourage

hotels to provide value for money. How does the industry actually monitor that? If a hotel decides to go off on its own and not stick to that rate, how is that dealt with? The lower rate was retained this year but for how much longer will it be needed? I am sure the representatives will argue that it should be maintained at that level forever but realistically, how much longer is it needed in order to get the industry to where it needs to be?

Throughout the Celtic tiger era we went mad building hotels in the middle of nowhere. Many of them are now derelict and idle. Do the witnesses believe they should just be knocked down now or do they think there is a possibility of reopening them? On the issue of promotional work, while the figures are very encouraging, what are the plans of the representative organisations for next year, both at home and abroad? If I went to New York, would I see promotional campaigns there? Are the organisations focusing on particular counties or regions, are they focusing on particular sporting events, concerts and so forth?

On the issue of small rural pubs, I have some personal experience in that my parents ran a small pub for ten years and I fully support the idea of a forum. I have been that person dropping people home at 2 a.m. or 3 a.m., making a number of runs. I saw the decline in the industry over the ten years during which my family had the pub. I would welcome the reversal of the decision regarding excise duty but I think we need to work together on the issue of alcohol misuse. As a Government we have failed in that regard. The Drink Aware campaign is led by the drinks industry and I believe that it is the duty of the Government to promote sensible drinking. We should be doing more work in that area. A forum would be hugely beneficial to the industry and I would be very supportive of it.

Mr. Stephen McNally: We had a meeting in Olivia Duff's hotel last week. I am from Enfield so I am not too far away from Kells. She has a great industry there which is fantastic in terms of job creation. She rears turkeys there and farms lamb too. It was a great fact-finding mission for us.

We know that when people land in Ireland they generally take a car to travel around. Hoteliers have told us that the midlands region has been the slowest to recover. This feeds into the point made by the Deputy about too many hotels in unsuitable places. That said, this year has been a lot better for the midlands. The 9% VAT rate has helped a lot. Interestingly, I have a chart here which illustrates the VAT rates right across Europe and 17 countries have the same rate as us or a lower rate. I am talking here about countries like Germany, France, Belgium, the Netherlands and so forth. In Belgium the rate is 6% and the rate in Germany is also lower than here. While the 9% rate here is a reduction, a lot of other countries in Europe have also identified the need to attract tourists to get their industries moving. The vital point is that we are an island so we must work harder to get people into the country. Reducing landing charges and VAT helps to bring people in. While the reduction in the VAT was meant to be a short-term measure, as we look across Europe we realise that many other countries have similar or lower rates. Britain has a higher rate than us but most of the rest of Europe has rates that are pretty much the same as ours, in recognition of the importance of tourism to their economies. Much will happen in that area as the new South West Way is being linked to it, all the way up to Newgrange. However, we have much work to do as we have to ensure that when people use the way that there are enough experiences on the route. Incidentally, the food product is very good on that route. I am confident about it. We have to get it on map and bring it to the various countries. We have visited the Berlin market in Germany and the world travel market in London. We take many of these trails and maps with us and show them to everybody we meet. They want to know about the food, where they will stay and the distance from the airport. I am

confident about the future if we can continue to bring in the visitors, remain competitive and keep the pricing right because we are getting very good feedback in general from Fáilte Ireland. If something is out of kilter we tend to deal with it as quickly as possible.

In regard to the hotels, some 62% of our industry is outside the main centres. In other words, 62% of hotels are not in the Corks, the Kerrys, the Galway city centres, Killarneys or Kilkennys and are still under considerable pressure. Many hotels are making their way through the market and their prices are effectively being reset. In the long term many of them will be viable, especially if they are reset with a new pricing mechanism that allows them to buy a hotel at the right rate and move on from there. There are some places which have too many hotels as the hotels were built for the wrong reasons, maybe a tax break rather than for tourism. However, that issue is sorting itself out and we have seen a great improvement in the past 15 to 18 months. According to our members around the country there is no way we are out of this problem yet. We have had a better season. It is important that we are able to continue the growth in tourism numbers and retain the VAT rate for a few more years.

It is important to remember that our product, which is crucial for tourists coming into the country, has not been renewed for seven or eight years because of the recent difficulties. A great deal of refurbishment work has started. In my own business we have refurbished more than 400 bedrooms this year because we have had to renew the product. Lest anybody thinks that if we get more money out of the business it is going somewhere else, it is not. We have to renew our product and keep it up to date. We have to ensure the quality remains good. The feedback from our tourist visitors time and again is that our product is good. Members will be aware from their local hotels that they are frayed at the edges; they need the furniture replaced. These are not massive refurbishments where we are taking down walls and moving things. They are about reinstating the product and making sure when the guests arrive that they well are looked after.

In general, 75% of the bed nights we accrue in Ireland come from the island itself on a year-round basis. If confidence in Ireland is not strong locally, business will suffer. While we have all the international visitors it is very important to have a strong local economy. The deals available are fantastic. If people can travel to hotels during the week everything gets thrown into the package. There is wonderful value to be had. That was particularly true this summer. Many Irish people stayed at home for their holidays which was great to see and the feedback on the value issue was that it was worthwhile. If we do not give value and set the wrong rate there will be nobody in it and customers will vote with their feet.

Mr. Pádraig Cribben: I wish to take up a couple of points made by Deputy McEntee on food. I am well aware of the Taste of Meath festival. Food is not for every pub. We have got to be careful about this because it is not a panacea. What we have at this time is a great food offering in many pubs and in excess of 50% of pubs provide food. Unless one provides something unique or has footfall, food will accelerate the demise in certain places if it is not thought out properly. It is not for all pubs but, certainly, it is a growing part of the business. In that respect, we are facilitating courses and knowledge dissemination to our members right across the country. The Deputy asked what is happening for next year in respect of tourism and getting the message out there. I come back to an issue that irks us somewhat; that is done primarily by Fáilte Ireland but as I said earlier, for some reason it would appear that the pub trade is persona non grata in that sector. We do not seem to have any level of input or representation. We have made that clear to successive Ministers. I do not know whether it is at agency level or ministerial level but one beats one's head off the wall so often and suddenly one notices there is a lump

in the head and one stops beating it. That is where we are at.

Mr. Donall O’Keeffe: May I add one point from a Dublin perspective on the food issue. Food is critical to the future of a Dublin pub. There is no debate about it. We have the benefit of footfall over and above that of rural areas. In suburbia in particular, if one does not have a decent food offer one will have no business. Food has gone from 10% of turnover to 30% on a market basis. In ten years it will grow to 50% and in the next five years it will grow and grow because lifestyles are changing. People are out more. The pub is well placed; it is casual, convenient and competitively priced and one can pop in and out quickly and easily. Pubs are well positioned to exploit that lifestyle change. Commercial progressive publicans are doing that. As lifestyles are changing, people are not just going out to eat and separately to drink; they are eating and drinking together. They have one drink with their meal on a Tuesday night for which pubs are well placed. In urban centres up and down the country food in pubs will grow pretty rapidly in the next five years. By and large that is local business. As each individual business deals with local suppliers, the local butcher and the local wholesalers, it is good for the local economy and is a positive development within the industry.

On the issue of growing the industry and our general competitiveness, I would emphasise the Government’s role in terms of the impact of tax on our competitiveness. We operate in the discretionary end of the economy. One does not have to go to a pub, it is a discretionary spend. In the past three years, excise and VAT have put 28 cent on a pint, the publican has put 4 cent and the brewers has put 4 cent. These are CSO figures, not industry figures. In the middle of a deep recession with huge pressure on disposable cash and low consumer confidence 28 cent tax was imposed on the price of a pint at a time when the industry showed ferocious restraint. There has been one price increase from the industry point of view in six years. It is clear from Fáilte Ireland research that the price of drink in Ireland is a significant issue, it is a significant negative, but we have the highest excise tax in Europe. There is a 23% VAT rate on alcohol so the Government takes more than 30% of the retail price of drink in pubs, hotels and restaurants across the country. We have repeatedly commended the Government for its VAT rate of 9% on tourism related products. We benefit from that on our food offer so that VAT rate on pub food is 9%. In an unusual situation, VAT on food was reduced to stimulate competitiveness at a time when VAT and excise on alcohol was increasing. Given that the economic outlook appears a little rosier, we think the case for a reversal of some of the excise increases is very strong.

Mr. Pdraig Cribben: May I make one additional point in regard to the issue raised by Deputy Dessie Ellis. In regard to the 28 cent tax imposed on the pint in the past three years, the publican had to pass it on. The same rate of excise duty applied to the multiple retail sector but only a fraction of the 28 cent was passed on. Why? It is because it was able to put it onto other staple items whether milk, bread, nappies, biscuits or whatever. What happens when excise duty is increased is that the gap is widened between the on-trade and the off-trade because the off-trade, as in the supermarkets, has many other products on which it can increase the price so that it can use alcohol as a footfall driver. That is often portrayed as being consumer friendly; it is quite the opposite. In fact, what they are doing is increasing the price of products that one must have so that they can have the headline figure for alcohol. It is a figure that is worth noting.

Chairman: I thank Mr. Cribben. Deputy Griffin will be followed by Deputy O’Donovan.

Deputy Brendan Griffin: I thank them all, first, for being here, but also for the contribution they are making to the economy, for the provision of employment and for the amount of revenue they generate, both for the State and in the economy for other spending. I acknowledge

the important role the group's members play in the economy.

I was delighted to meet Mr. McNally and Mr. Fenn recently in Killarney at the Kerry hoteliers' ball. That night was another example of the high quality on offer in this country. What Mr. Tom Randles and his team were able to do that night was exceptional and it showed that we are world leaders in terms of the product we are providing. It is something the Government needs to support, encourage and nurture every step of the way.

On Government policy, we discussed the 9% VAT rate here and the Wild Atlantic Way has been discussed. I hope these outstanding measures will help further investment from the sector, particularly the hotel sector, to keep the product at the top of the international quality ratings. When one travels abroad to a four-star hotel anywhere in Europe, there is really no comparison. The standard that we have set here is excellent and it is something of which we all can be proud. When we talk about value for money, we need to factor into the conversation that what visitors get here is a quality product.

There are a couple of issues with the performance of the tourism sector in Ireland that concern me. One is the comparatively low rates of return of visitors. By comparison with Scotland, we are well behind on the number of visitors who come back to Ireland after a holiday. Even though the satisfaction ratings are quite high, visitors do not come back here. It is something that I am concerned about. I wonder how can we address that.

I am concerned about the west-east divide. Even though it has been a good year anecdotally along the west coast and the Wild Atlantic Way has been an excellent example of how to help address the east-west difference in visitor numbers, I would be concerned about visitors coming to Ireland staying in the greater Dublin area and not experiencing all of what Ireland has to offer as well. It is a different experience when one goes to Galway, Mayo, Kerry, west Cork or any county in the west of Ireland. I want to see a greater regional dispersion of visitors. I wonder whether the policy of the international marketing strategies leading to a lack of dispersion. Is this something with which the group has experienced a difficulty among its members?

On opportunities for both the pub sector and the hotel sector, something we started in the past few years and can build on is the development of a greenway network throughout the country. I was in Mullranny in 2010 when the Mullranny-Newport section of the greenway opened and when I went back last year the difference was amazing. Westport and Achill are linked up now and I noted the amount of economic activity and the number of people using that. It says everything when along the greenway, one sees a cafe that is turned towards the greenway, not towards the road. It shows the potential of such infrastructure. My vision would be that we would have the entire country linked up, that one could get on a bike and cycle anywhere in the country. That could quite easily be done. It would be a game changer for Irish tourism in that one would have transport and adventure tourism linked. One would get from A to B and have the tourism experience all linked. It is something that everyone in the sector needs to be proactive about and to row in behind.

Another area that often is looked upon as a weakness and threat that we need to look at as an opportunity is the winter season. In winter, it is cold and wet. Some would say that it is miserable in Ireland during the winter but on the other hand it is wild and untamed. With log fires in pubs, it is cosy. Other countries are capitalising on the winter with visitors coming specifically for the winter experience. It is something on which we can do a lot more. Being from the Dingle peninsula, I believe it is fantastic and beautiful to be on Sleat Head in the middle of June and look out at the Blasket Islands but if one is there in the middle of January and the At-

lantic is roaring, it is spectacular and it is also fantastic. It is an area into which the international marketing has not tapped enough. As the group will be aware, it is soul-destroying to have any hotel bed empty at any time of the year but particularly in the winter time. Some of the group's members might have three quarters of the rooms empty on Tuesday and Wednesday nights in mid-winter and when empty they are costing money.

Chairman: Deputy Griffin might come to a few questions.

Deputy Brendan Griffin: It would be similar in a rural pub. I spent three years as a publican and had two or three customers sitting around the counter on a Tuesday or Wednesday night. This is something we can address. There needs to be a bit of joined-up thinking on it. I would be interested in the group's views. Is there potential in that regard?

It is generally accepted that The Gathering in 2013 was a success across the board. Is there potential, perhaps in 2016, for a home gathering - something that would encourage the Irish to make that a year of staying at home because of all of the events that will be put on for those who choose to holiday at home?

With regard to the pub sector, obviously, from a policy point of view, the 9% rate of VAT does not affect pubs that do not serve food. Often these are the old traditional pubs that a lot of tourists come here to see where the only bit of food one might get would be a pink Snack or cheese and onion crisps. Unfortunately, this is something that is being ignored by policy makers. As recently as last night, I got a reply to a parliamentary question asking what is being done to support pubs in rural areas and to prevent job losses and closures. There is a scene in the Guinness advertisement where the light is going off on Christmas Eve and the "Closed" sign is up on the door, and we will see a lot more of that unless pubs in rural areas are protected.

Deputy Tom Fleming made an excellent proposal. Is it something on which we could build a cross-party movement towards putting in place policy directions that will help sustain and create jobs again in that sector?

Deputy Patrick O'Donovan: Apologies for being late. I welcome the participants.

I am an unashamed supporter of publicans and pubs. We are endangered species in this place at present because they are being blamed for all the social ills. The irresponsible behaviour of some people in regard to alcohol, particularly from a road traffic point of view, is something that nobody would condone. That being said, there has been an orchestrated and successful campaign at demonising everything to do with the licensed trade in this country over many years and that is something with which those in the licensed trade, with members here, will have to contend.

Governments do not get everything right but when they get something right, it is nice to acknowledge it. This year there was no increase in excise duty on alcohol. That was important. It was in no small way due to the lobbying by the licensed trade.

I recall the time the Government introduced the reduced rate of VAT on the hospitality and tourism sectors. It was funded as part of a particular initiative, the Jobs Initiative, that the Government launched at the time. The Opposition railed against it, especially the VAT reduction, although now it thinks it is the best thing since sliced bread. When governments get things wrong, which happens a bit, representative organisations are very quick out of the blocks to criticise, but when the Opposition comes out with some clangers - and by God, it has come out with some right ones - the shoe never goes onto the other foot. These organisations are

not inclined to kick the Opposition for some of the clangers it has proposed and the criticism it has made of the industry. Some people on the Opposition benches thought, for instance, that reducing the travel tax to 0% was a bad idea. In my region it is not a bad idea, because in the mid-western region, close proximity to Shannon Airport is hugely important.

The Opposition parties opposed the Jobs Initiative, but I did not hear any of the representative organisations, which ultimately were beneficiaries of the initiative, criticise the Opposition for being short-sighted and playing party politics. The Opposition parties are very good at that and get a great deal of soundbites out of it, but the proof of it is that there are 35,000 to 40,000 more people at work in the hospitality industry. As the organisations analyse pre-budget submissions - I say this to farmers, employers, unions, and others - they have a responsibility to their members and the people who support them and their industry and the people who work for them to criticise in a constructive way Opposition proposals regarding pre-budget submissions, because some of the Opposition's proposals are so off the wall that they would destroy the industry. It is talking about wealth taxes, increases in employer's PRSI and jacking up service charges and commercial rates because they do not want people paying for domestic water. In the pre-budget submissions of the main Opposition parties, there is a clatter of landmines, which would go off in the faces of these organisations. There is a responsibility on them, certainly in the next budget, to critique in a constructive manner some of the ludicrous suggestions some people in this place come up with.

Could the representatives of the hotels industry elaborate on their relationship with NAMA? There are many unfortunate people who built hotels and ran into difficulties through no fault of their own, and whose hotels are now under different legal ownership. Could they elaborate on how they are getting on with them in terms of the viability of those hotels?

We would be failing in our job if we did not relay some of the criticisms that are levelled at us. Senator Terry Brennan is right. There is a temptation to go back to the pre-collapse days, certainly in Dublin. At the first whiff of a quick buck, hotels put up their prices. It is happening every week. Whether it is the Web Summit or whoever is in town, a concert or whatever, hotels in Dublin are back at it - dragging up the prices, realising that there is a limited number of beds, realising that there is a shortage of supply and fleecing people again. Perhaps the Irish Hotels Federation should telephone hotels to check on availability and charges from time to time? What suggestions do the witnesses have as to how they can treat their members who do that to consumers, particularly, Deputy Griffin said-----

Chairman: If the Deputy wants to elaborate-----

Deputy Patrick O'Donovan: -----in regard to the Irish consumer.

Deputy Griffin made a good point, that we have a poor record on bringing people back into Ireland from overseas. I wonder whether the two are related.

Another issue that was relayed to us, and we would be failing in our job if we did not bring it up here, is proficiency in English. An issue was raised a while ago about training. People like to have a taste of Ireland from the point of view of food, culture and so on. I am not suggesting that these jobs should be the preserve of Irish people only, but there have been instances, as has been reported in the media recently, when one very high-profile publican raised this issue. Somebody coming to Ireland to get a flavour of the Irish tourism industry does not expect staff, especially in Dublin and places like that, to be fluent in Irish, but they should be able to converse in English.

With regard to publicans, Mr. O’Keeffe mentioned the increases in excise duty, and there is none for this year. To contrast the drinks industry and how it relates to its suppliers with the farmers and the way they have engaged with the meat industry, what is the industry’s engagement with the brewers? I do not see any of the brewers on the breadline or returning massive losses year on year. With their advertising revenue, none of them is on the breadline. They are all very formidable organisations, but the Drinks Industry Group is formidable as well, in the sense that it has a considerable number of members who have a considerable amount of buying power and are giving the product on to a considerable number of people. What are the brewers doing? The Government will rightly be challenged by the Drinks Industry Group on excise duty but what is it doing to get the brewers to bring down their prices? It must be a two-way street.

I have a family connection to the public house trade and one of the things that irks me is that it has been demonised. The name of the public house has been associated with all of the social ills. Nearly everything that is wrong with Ireland can be found inside the counter of the pub, if one believes some people in the media.

Deputy McEntee asked what the witnesses are doing in terms of promoting the industry and Mr. Cribben referred to Fáilte Ireland. In regard to changing the image of the public house to somewhere it is safe to drink in that one’s alcohol consumption is monitored, unlike what happens at home, where it is in an uncontrolled environment, have the witnesses any plans to promote that message of the social element as well as the cultural element, the safety aspect and the control element? For younger people especially, the amount of spirits that is consumed - especially among young women - in an uncontrolled environment is very worrying and I would like to get the witnesses’ views on that.

Chairman: There is a great deal of food for thought in that.

Mr. Stephen McNally: I thank Deputy Griffin for his comments. We were delighted to be in Kerry, it was a great event. As the Deputy said, what is important is that it showed the confidence in the industry and the confidence the sector has at the moment. His point on our rate of return versus Scotland is a good one and it is something we measure quite a lot. Given that we are an island, it is harder to get to us. That is the first thing we must remember. Air and ferry access is a big issue. Scotland probably has a bigger advantage in that it has 60-odd million people at its doorstep, from Britain. Much of its return custom comes from that sector and its airports in Glasgow and Edinburgh are well connected with the rest of the UK. In terms of airline numbers, Shannon has been very positive this year and has brought many more people into the country. It has been great and I have seen the spread of business right around the country. Dublin was very good again. Having spoken to Tourism Ireland and Fáilte Ireland, the number of new initiatives even for next year, and the number of new flights coming into both those airports is excellent and it will improve.

If the access does not happen, we all have a problem, because we can do all the selling we like but we cannot get them in. We do benchmark ourselves. The golf industry, for example, measures itself very much against Scotland and that is an area in which we have made good recovery again this year. The Irish Open and the fact that Mr. McIlroy and others are doing so well in golf are helping our product, so that is something we are conscious of.

Leading into the second question, I agreed with Deputy Griffin’s remarks about the west-east divide. Ultimately, we are finding that our American tourist numbers are up very strongly and when American tourists visit they tend to spend much more time in the country than other

visitors because it is a long way to come. As a consequence, they do not spend as much time in the east as they do in the west and the south, which spreads out tourism much better. Initiatives like the Wild Atlantic Way will stretch the seasons, because the Deputy is right, it is difficult in the depths of winter to convince somebody that they should be going somewhere. We went to the International Trade Fair in Berlin and the Wild Atlantic Way map was in German. There is a very good YouTube video on how they were selling it to their own people. Germany is landlocked - essentially it has little or no coastline - and they were amazed at what we were offering. The hairs stand on the back of one's neck when one realises how well we were producing the maps for the country. I was delighted to see that and members around the country, both in the west and north west, were delighted with the increase in the numbers this year, so it is something we must do.

The winter season is all about offers and the hotel industry has been excellent at doing that. We see hotels this year opening for an extra couple of weeks in winter compared to the year before. Some hotels that do the seasonal close have managed to stay open a bit longer and intend to open up earlier. That is the start of what was said there. It is to stretch the season out and get more people using the hotels. We as an industry have a responsibility there as we can generate that business. There are lots of people in the country who are time rich. They have time on their hands if we can offer the right product. I think we are much better at it. Our own product is very good. The hotels are warm and comfortable, there is a good Irish welcome and guests are well looked after. We get a great deal of repeat business from that. We are very conscious of the fact that seven out of every ten bed nights on this island come from the island itself. If we are not competitive and offering the right deal, we will simply not do the business. It is really important.

The statement today on VAT is very measured. We have been very measured in anything we do or send out on that. We mention constantly that the recovery in tourism is because of the 9% VAT rate. I will read a short part of our statement today which states:

The recovery in tourism has been supported by a number of important measures such as the 9% tourism VAT rate and this has brought us more closely in line with tourism VAT rates in countries that we compete with right across the rest of Europe making us more competitive when marketing Ireland internationally as a tourism destination. As a result, the tourism and hospitality industry has created over 33,000 jobs since 2011.

In anything we send out, we say that constantly. I agree with the Deputy that when those situations occur, we will not be found wanting.

Deputy Patrick O'Donovan: The next time someone says employers' PRSI should go up, the federation will issue a statement saying "not".

Mr. Stephen McNally: Absolutely, we have no issue with that. We have shown that this year on a couple of occasions where there have been initiatives where someone has decided the minimum wage should-----

Deputy Patrick O'Donovan: Deputy Dessie Ellis had better watch out.

Mr. Stephen McNally: Going back to the language thing, it is generally the case that in the hotel industry the unemployment rate has come down dramatically. Again, the initiatives have helped to do that. As a result, many more Irish people are applying for jobs again. We lost the run of ourselves during the Celtic tiger and they were not, perhaps, prepared to do certain work. That has changed and I am delighted. At the end of the day, our business is about people and

we have some great people in our industry right around the country, including great Irish people and great foreign national people. They have all bought into the culture and picture of selling the country and selling our hotels. We have all sorts of tools that tell us if we are not doing a good job. The members will know some of them. We watch those carefully and in particular we watch what Fáilte Ireland tells us, which is that we must be good with the customers to ensure they come back. We must give them no reason not to revisit our country again.

On training, what has been really good with the 9% VAT has been that the hotels have done a little bit better this year and are investing in training again. We have run courses as a federation this year for our members but they have invested in training for their staff in particular. That is really about dealing with the customer, selling rooms, HR and the various aspects we have perhaps forgotten about for a couple of years as we simply could not afford it. We simply did not have the money. Local authority rates and all the other bills had to be paid. We realise that if we are going to grow and are serious about growing and do not invest in training and our people, we are at nothing. It is as simple as that.

Mr. Donall O’Keeffe: I will take on two points Deputy O’Donovan raised, one on engagement with brewers and the role of brewers within the pub sector. I would make a number of points in that regard. Clearly, it is a highly profitable industry in Ireland - there is no debate about that. In fairness to the brewers, they have suffered the same decline in volumes as we have. The on-trade in Ireland is 35% smaller than it was in 2007 and it is under fairly serious financial pressure to manage smaller volumes. Within that, there have been redundancies in most of the brewing groups in Ireland. We recognise that there has been only one brewers’ increase since 2008. We are now on the cusp of 2015 and they have shown a large degree of price restraint.

The other thing that is positive for us in the medium term looking forward is the emergence of the craft beer sector. We are seeing the market fragment a great deal and seeing consumers looking for different things. That increases competition between large brewers and craft brewers and among publicans. That is in the consumer’s interest and in the industry’s interest. It will be good for us in the longer term.

The final point to make - and we have our scars from the High Court on it - is that from a trade association point of view, we are prohibited from engaging in price discussions with the brewers. It always occurs at individual pub level. One of the realities of the structure in Ireland is that one has three or four large brewers with an enormous market share dealing with 8,000 publicans, each of whom has a tiny market share. The emergence of craft in particular will be good for us in terms of greater competition, which is what suits everyone best. Ultimately, it suits the customer best.

The second point on the pub trade being demonised and the image of the pub sector as the source of a lot of problems is one in respect of which I would make a couple of points. First, I have ten years’ experience representing publicans and there has been a dramatic change in how the industry is viewed by media, politicians and consumers over those ten years. Ten years ago, the drinks industry was about the pub trade full stop. Nobody saw any other actors in it or paid attention to any other players in the sector. Today, there is clear recognition that there are three parties at play in the drinks industry in Ireland. There is the supply sector, including the large brewers and distillers, which are an integral part of the industry. We see a lot of attention politically and media-wise on those for their marketing practices in particular. Over the space of a decade and emerging from nowhere really, the multiple retailers have become huge players in the drinks industry. There is also a large, well-established traditional pub sector. It is

my view that most of the media, political and genuine public concern today is around the role of multiple retailers. If one talks to parents or the public or does consumer research, as we do, it appears time and again that cheap alcohol from the multiple retailers is the source of a great deal of concern around underage drinking and associated public order problems from access to cheap alcohol.

We think that is a failure of regulation. The abolition of the groceries order was a disaster as is the liberalisation of the off-licence regime. A hard-hitting, strict and firm regulatory approach is required to the sale of alcohol in the multiple retail sector in particular. We have called repeatedly for the introduction of a minimum unit price and structural separation for the mandatory codes around the merchandising of alcohol and a ban on price-based promotion. Those are regulatory initiatives that need to be taken by the Government to establish a greater degree of control.

Mr. Pdraig Cribben: To add a couple of things in relation to the comments made by Deputy Griffin and the whole question of dispersal, the latest figures I have seen show that 35% of foreign tourists do not move outside Dublin. That creates a massive challenge. That challenge is being addressed, initially through the Wild Atlantic Way, but even if one looks at the figures for that, my understanding is that while it was very successful last year, two thirds of all visitors to the Wild Atlantic Way were domestic visitors. There is still a great deal of scope there and it will pay more dividends over time. There is an initiative due to happen in 2015 which is being broadly termed “south and east” and involves a trail from the Boyne Valley through to the heritage centres in the south east. In 2016 or thereabouts, a whole waterways section will relate to the Shannon and the canals to increase the dispersal.

They are important initiatives and one of the keys to them is that the agencies continue to have the funding to advertise, support and market them as there is no point in having the amenities if one does not have the funding to market them. They have seen their budgets reduced significantly in recent years. Another factor, which only recently came to hand and is very worrying, is that if one looks at the Office of Public Works, which has significant responsibility for tourist attractions in Ireland, its capital allowance for this year is almost nil. From a multiple of millions of euro, the figure I have heard mentioned for this year is €360,000. A lot of the attractions that are in State ownership are going to need refurbishment and investment, and investment will not be possible. If it is not possible, that will hamper the possibility of getting one’s dispersal.

Winter is an opportunity. I lived in Kerry for many years. I have been that soldier at Sleah Head in January and June and I can say I would prefer to be there in June than in January. It is a big challenge and it will revolve around very significant offerings.

I have two points to make on the issue raised by Deputy Patrick O’Donovan. As Mr. O’Keeffe said, the commentary has changed significantly and primarily because of the input, much of it behind the scenes. The issue is not about alcohol misuse, it is about cheap alcohol. That is very significant. What we saw for a long period is what I would call lazy journalism. I do not wish to talk about any particular media outlet but when one looks at the news if there is an incident that happened, which was clearly due to alcohol that was not bought in a pub, what one sees on the screen is a shot of a barman pulling a pint. That can only be described as lazy journalism. The situation has changed significantly. The point Mr. O’Keeffe made about competition law and our dealings with breweries is well made.

I am pleased to see that almost all members are in favour of the one thing we would all like

to see, namely, the need to establish a forum on the Irish pub that has a broad base and cross-party support so that we can look at issues that will feed into supporting the continuation and viability of the trade that will, in turn, support the viability and growth of a good tourism sector.

Deputy Brendan Griffin: I just wanted to ask about the lid levy that has been proposed. What is the situation in that regard? Are both sectors supportive of the home gathering?

Mr. Pdraig Cribben: On the lid levy, for those who might not be aware, about three years ago the LVA and ourselves made a joint proposal to the Department of Finance. We engaged Arthur Cox solicitors to tease out the legalities on European VAT and excise law in terms of a proposal to have a levy on alcohol sold unopened. It would have and could have generated approximately €240 million in revenue for the State. We have been told that despite having some of the best legal brains in the country the Attorney General is of the view that it might not stand up to European inspection. Sometimes one has to break eggs to make omelettes. They were eggs that were worth breaking and it was an omelette that was worth making. Our understanding right now is that the measure is not on the radar of the Department of Finance.

The home gathering has a lot of potential for 2016 and it is something we would significantly support.

Deputy Patrick O'Donovan: What would an increase in employer's PRSI to 15.75% have meant to the industry?

Mr. Tim Fenn: Devastation.

Mr. Stephen McNally: Forget about it.

Chairman: I wish to finish up on two quick points. Mr. McNally mentioned the location of hotels and hotels that are in difficulty. He referred to the tax break. Many hotels were built adjacent to apartments and houses. In some cases the developers tried to run the hotel and it was obvious to us as customers that they did not have the skills evident in well-run hotels. Did it cost the country to give tax breaks in that regard?

We share the frustration of the drinks industry about below cost selling. Many committee members raised the lid tax and related issues in the Dáil and at parliamentary party meetings. The matter must be addressed. The UK chain, Wetherspoons, is coming into the market and buying up pubs. It suggests that it will be able to sell drink at cheaper prices in Dublin city, which is mainly affected. How will that impact the existing trade?

Mr. Stephen McNally: You are correct, Chairman, about the point on developers. There is no doubt many hotels were built for tax reasons. Developers were not terribly worried about the hotels as the other businesses were still running well at the time. Suddenly, when everything came to a halt they had to reverse position and become hoteliers. You are right that many of them have not succeeded.

Chairman: Some of the hotels could succeed because hotels are needed in some areas but the businesses did not seem to flourish.

Mr. Stephen McNally: You are absolutely right, Chairman. In many cases hotel management companies were brought in by the banks to re-set the hotels and run them. Many hotels were sold last year and this year and will continue to be sold next year. The hotels are performing quite well because they are run well. People think anyone can run a hotel but it is very dif-

ficult. Long hours and a huge commitment are required. It is a very different game. It would be like me trying to build a house. I probably would not be very good at it. Good science is needed.

Many hotels around the country have recovered at this stage. Some are not recoverable, but that is less and less the case if we can keep increasing tourism numbers and keep employment going. We need to get everyone to put their shoulder to the wheel. To take up a point made by Deputy Griffin, it is important from the perspective of Tourism Ireland and Fáilte Ireland to expand the season and expand tourism products to other regions. If we withdraw the money from the agencies they will not have the ability to get the business and they will focus on existing markets rather than new markets. The new markets are the most effective. We are in recovery mode. We have come a long way in two years. In two years' time we will have come further again.

Mr. Donall O'Keeffe: It is an unprecedented development that we have a UK chain such as Wetherspoons entering the Irish market in the pub sector. Wetherspoons is opening its second premises in Dublin this week and it has publicly stated it has plans to build a chain of 30 pubs in Ireland over the next three years. We suspect the bulk of those will be in Dublin and some of the bigger urban centres around the country. It is a very different model. It does not intend to stock the main Irish brands and the level of service is very different. Our overview is that if it is good for the consumer and stimulates competition then it is good for the industry. We have not had enough experience with how the offer has been received. The first pub has only been open for around three months. It is certainly generating a high level of food business, which reflects well on its offer. In terms of the drinks business, it seems to be recruiting a lot of younger consumers and students and is focusing on a different part of the market than traditional pubs. We need to see how the situation plays out.

The other point on which we remain very unsure is whether other UK chains will follow Wetherspoons into the Dublin and Irish market. If that turns out to be the case, it could have a very dramatic impact over a three year or five year period.

Mr. Pdraig Cribben: The other point to make is that the Irish pub is unique. It is not just unique here, it has been replicated around the world. Good publicans will stand the test of time. In a lot of cases the Irish consumer wants to see the publican or landlord there and while it will create a different dynamic to an extent, the good Irish publican has little to fear from the arrival of companies such as Wetherspoons.

Chairman: I thank the witnesses for attending this morning. The meeting allowed them to forcefully put their challenges and to raise certain issues. Similarly, it allowed members to ask questions they felt needed to be asked. It will be very useful for us as a committee and, hopefully, it will highlight the issues the representatives wanted to raise as well.

The joint committee adjourned at 12 noon until 10 a.m. on Wednesday, 21 January 2015.