

Economic and Social Impact Assessment of the proposed regulation of the Nightclub Industry in Ireland.



Introduction	4
Executive Summary	5
Section 1: The current licensing framework	7
1.1 Overview	7
1.2 Application Procedures	8
1.3 Cost of Special Exemption Orders	8
1.4 Recent trends in the late night entertainment sector	8
1.5 Source of alcohol & market share	9
1.6 Licensing fees and market share by sales channel	9
1.7 Consumer behaviour	10
1.8 European comparison of licensing regulations	
– national overview	11
1.9 European capital city comparison	13
Section 2: The scope of the proposed reforms	15
2.1 Definition of a nightclub	15
2.2 Nightclub Permit procedures	16
2.3 Extended hours and sequential closing in Dublin	16
2.4 Standard trading hours across the week	17
2.5 Re-introduction of entertainment during drinking up time	17
Section 3: Economic assessment of the proposed reforms	18
3.1 Overview	18
3.2 Revenue base: beyond alcohol consumption	18
3.3 Sales & Employment	19
3.4 Capital Expenditure	20
3.5 The Exchequer impact of reforms	20
3.6 Total impact on the economy	20
3.7 The business case for reforms	21
Section 4: The Social Impacts	23
4.1 Status Quo	23
4.2 Stakeholder engagement	24
4.3 Domestic experience of sequential closing	24
4.4 International experience of sequential closing	26
4.5 Improved safety and order provisions under the nightclub permit	27
4.6 Reducing pre-loading and binge drinking	27

Disclaimer: *This publication is not a legal document and does not purport to be a legal interpretation of the relevant legislation. Published by the INIA, April 2009*

Dr Constantin Gurdgiev
Trinity College, Dublin
GT Consulting, Ltd (USA)

Dublin, Ireland
April 2009

*The Irish Nightclubs Industry Association sponsored this research.
Author does not hold any investment position or other financial interest in the nightclub sector.
All errors and omissions are author's own.

Introduction by Barry O'Sullivan

The Irish Nightclub Industry Association was formed in 1985 and represents nightclub owners and operators across the Republic of Ireland. The Association is responsible for representing, promoting, and protecting the business interests of our members. We represent a heavily regulated group of businesses and we perform a strong advocacy role with local and national government, an Garda Síochána and many other key stakeholders. A 2008 nightclub industry survey shows the industry has net sales of approximately €500m pa, comprising some 330 businesses nationwide, employing some 4,500 full time equivalent jobs. More specifically, the industry directly supports over 2,000 full time employees, and over 10,000 part time employees.

Through our membership we strive to improve standards across a multitude of areas through knowledge, communication, training, and best practice initiatives. We are mindful of assisting legislators with all levels of legislation, which will impact on our industry.

We have and will continue to engage with Government in a positive manner, in the hope that well thought-out legislation can be introduced in an effective and efficient manner. In the earlier part of this decade, we worked closely with the Commission on Liquor Licensing, and more recently with the Government Alcohol Advisory Group. We look forward to working with government and the other stakeholders in the spirit of partnership.

We commissioned economist, Constantin Gurdgiev to assess the current legislative framework, and appraise the economic and social impacts of our proposals for the regulation of the nightclub industry. This is the first time such a significant review of the nightclub industry has taken place, and based on this assessment, we look forward to positive regulatory, social and economic changes.



A handwritten signature in black ink that reads "Barry O'Sullivan". The signature is fluid and cursive, with a small dot at the end.

Barry O'Sullivan
Chief Executive
Irish Nightclub Industry Association, INIA.

Author's Biographical Notes

Dr. Constantin Gurdgiev is the Head of Research with GT Consulting, Ltd and the Adjunct Lecturer in Finance with Trinity College, Dublin.

Dr Gurdgiev also serves as the Head of European Strategy and Research with Heinz & Associates, San Francisco, the Chairman of the Ireland Russia Business Association, a non-Executive Director of Business & Finance Publications, Elevate Ltd, and IREC.

He is an Honorary Fellow of the Copenhagen Institute, Fellow of the International Pharmaceutical Economics Council, member of the Academy of Political Science, the American Economic Association, and the American Finance Association. He is a member of the Editorial Board of nine international academic journals in the fields of Economics, Law, Politics and Business, member of the Advisory Board of the Essential Innovation Forum and a member of the Executive Panel of the McKinsey & Co. He holds PhD in Macroeconomics and Finance from Trinity College, Dublin, MA in Economics from Johns Hopkins University and MA in Pure Mathematics from the University of California, Los Angeles. He was the recipient of the Millennium Scholar Award from the University of Chicago, 1997-1999 and the Johns Hopkins University Award 1998-2000, as well as Whatley Award from the Trinity College, Dublin in 2000-2003.

Dr Gurdgiev's academic articles appeared in a number of international academic journals and books. His latest book on international debt and development, co-edited with Professor Colm Kearney and Sharon Jackson, *Perspectives on International Debt*, was published by Trinity College, Dublin in November 2007.



Introduction

There is no such thing as a nightclub in Irish licensing legislation. Nightclubs in Ireland are currently licensed under the Public Dance Halls Act 1935. Consequently the Irish Nightclub Industry Association [hereinafter, INIA] have long sought reform of the regulation of the nightclub industry in Ireland. The purpose of this research is to look at the current system, and assess the proposals of the INIA both in terms of economic and social impacts.

Since the formation of the Commission on Liquor Licensing in 2000, five Intoxicating Liquor Bills have been introduced to Dail Eireann, four of which have been passed into law. With the exception of the Intoxicating Liquor Bill 2005, which was never enacted, the Bills have been focused on dealing with specific issues, and each described as not being the panacea. The forthcoming Sale of Alcohol Bill is set to review, modernise and streamline licensing in Ireland, in all of its forms, largely based on the recommendations of the Commission on Liquor Licensing [final report in April 2003], and more recently the Government Alcohol Advisory Group [March 2008].

The Department of Justice passed the Intoxicating Liquor Bill 2008 through both houses of the Oireachtas, and passed it into law, effective Wednesday 30th July 2008. This piece of legislation introduced three new requirements for venues seeking Special Exemption Orders; adequate CCTV, licensed security staff, and compliance with the Building Control Act 1990, where applicable. All three of these requirements have been features of the nightclub permit which the INIA have promoted in their various submissions and dealings with the above Commission, Advisory Group, and the Department of Justice.

This research evaluates proposals set out by the INIA for introducing (subject to specific conditions) a nationwide nightclub permit, for standard trading hours across the seven nights of the week, for the re-introduction of entertainment during drinking up time, and for reforming the system of closing times to introduce sequential closing hours and extended operating hours in our capital city, Dublin. Each of these proposals has economic and/or social impacts, which are assessed and documented by the author.

Executive Summary

Introduction to the reforms proposed by the INIA

The INIA are proposing the introduction (subject to specific conditions) of a nationwide nightclub permit, for standard trading hours across the seven nights of the week, for the re-introduction of entertainment during drinking up time, and for reforming the system of closing times in Dublin, resulting in extended operating hours and sequential closing of licensed premises. In relation to closing times, the INIA propose a standard seven day a week closing [i.e. stop service of alcohol] of 2.30am outside of Dublin, and 4am in Dublin. As is the law currently, it is proposed that these hours should be granted, unless there are venue specific reasons on grounds of public order or nuisance, in which case an earlier closing time should be imposed. Drinking-up time should be in addition to the above, as is currently the case.

Objective

The objective of this assessment is to evaluate the economic and social impacts of proposals for reform in the regulation of the nightclub industry, as proposed by the INIA. Firstly, the author reviews the current regulatory and operational system, identifies its inability to meet the operational requirements and needs of the nightclub industry, outlines the bureaucratic and hence exceptional costly nature of the current system, details changing consumer trends and demands, and scrutinises the regime in the light of a European comparison. Secondly, the assessment looks at economic effects of the proposed reforms, including employment, sales, consumption, market shares, licensing costs, capital expenditure, impacts on the exchequer, and total impact on the economy. Finally, the assessment looks at the social impacts of the proposed regulatory reform, reductions in pre-loading and post-loading, binge drinking, public order, and the consequential health issues.

Current Legislative Framework

The author reviews the current licensing regime, specifically the use of the Public Dance Halls Act, 1935 and Special Exemption Orders to license Nightclubs effectively on a monthly basis. The current system of monthly, and in some cases fortnightly applications, puts a heavy burden on the Courts Services, which is then reflected in the €300 per SEO court fee, plus €110 in excise, which results in a €410 nightly licensing cost for nightclubs. The analysis looks at 11 other European countries, and details how sequential closing is employed, in tandem with later terminal trading hours. This European comparison shows how Ireland is placed at a significant disadvantage, in terms of late night entertainment offering, when competing for international leisure tourism and in particular city break tourists. The current regulatory arrangements also place nightclubs at a significant disadvantage to other licensed premises in terms of their maximum effective operating hours.

Proposed reforms for regulation of the Nightclub Industry

Reforms of the current licensing regime, as proposed by the INIA are outlined in detail, including :

- the definition and characteristics of a nightclub
- the conditions and criteria of the nightclub permit
- the licensing procedures and licensing authority
- standardising trading hours across the 7 nights of the week
- the re-introduction of entertainment during the drinking up time
- proposed extended trading hours in Dublin, combined with sequential closing of licensed premises.

The Economic Benefits of the proposed reform
The proposed reforms will generate an additional 1,650 full time equivalent jobs, representing an increase of 37%. The total net Exchequer benefit will be €50.3m pa net of monetisable social costs associated with alcohol abuse, with an added economic value of ca €94.8m pa. It is worth noting that approximately 34% of all nightclub revenues are generated from non-alcohol related sales.

The Social Benefits of the proposed reform
The author establishes local and international evidence to show how sequential closing has a positive impact on public order. The review identifies that the pace of alcohol consumption in nightclubs is slower than that in ordinary licensed premises, or indeed home drinking. The current regulations have led to a rising share of alcohol consumed in places other than licensed premises, ie at home or in public places. These environments are unsupervised and unmanaged, with no control over who consumes the alcohol, where the alcohol is consumed, or how many units are consumed. Consequently a rising volume of alcohol is being consumed in uncontrolled environments, and also increasingly by minors. Resulting losses and costs to society and the exchequer are large, and can be partially recouped / prevented under the INIA proposals.

Conclusions

The current licensing framework in Ireland fails to recognise the difference between nightclubs and other licensed premises, which would be rectified by the introduction of the INIA proposed nightclub permit. The current cost structure of €410 per night for nightclubs, which costs the average nightclub in Ireland over €85,000 per annum is completely disproportionate, and bears no relevance to the market share of alcohol sales of the industry. The nightclub industry sells approximately 5% of all alcohol retailed in Ireland by value, less by volume, yet it shoulders almost 70% of the total annual licensing costs levied at the on and off-trade combined. The annual application process for the nightclub permit, would significantly reduce the

administrative burden for the courts and the Gardai, which would be reflected in the reduced cost of the permit.

This assessment shows that the reforms proposed by the INIA as outlined in section 2, setting out strict and specific conditions for the nightclub permit, for standard trading hours across the seven nights of the week, for the re-introduction of entertainment during drinking up time, and for reforming the system of closing times in our capital city, Dublin, resulting in extended operating hours and sequential closing of licensed premises, achieves significant economic and exchequer revenues growth. Extending the current trading hours in Dublin, and introducing sequential closing of licensed premises, is consistent with regulatory regimes for nightclubs operating in other European capitals.

The analysis shows that the reforms proposed by the INIA, result in the creation of 1,650 full time equivalent jobs, increasing the sector employment from currently 4,500 to 6,150, an increase of 37%. Resulting added tax revenues comprising corporation tax, PAYE and employment taxes, alcohol related VAT and non alcohol related VAT, and allowing for substitution effects and decreased annual licensing costs, are €50.4m per annum. The total added economic value, as a result of the proposed reforms are ca €94.8m pa. These are net additions to the economy and the Exchequer, taking into account possible decreases in revenue due to customers' substitution away from other retailing outlets.

At the same time, the reforms offer significant opportunities to reduce the adverse effects of alcohol misuse, public disorder, binge drinking, pre and post loading, and the resultant health consequences. The author outlines both domestic and international evidence that the introduction of sequential closing of licensed premises has a positive effect on public order. Additionally, the nightclub permit, with inherent improved safety and order controls, will have positive social effects.



Section 1: The current legislative framework

1.1 Overview

There is no such thing as a nightclub in Irish licensing legislation. As a result, current licensing does not differentiate between ordinary licensed premises and the more entertainment focused nightclubs. Nightclubs, and indeed late bars, in Ireland are licensed under the Public Dance Halls Act 1935. Special Exemption Orders [hereinafter, SEO] allow the applicant to an exemption from prohibited hours, ie they can serve alcohol until a later hour, whereby they are holding a special occasion. This special occasion is typically a “dance in a premises, which is licensed for public dancing under the Public Dance Halls Act 1935”.

General hours of trading under a publican’s licence are as follows :

Monday, Tuesday, Wednesday and

Thursday: 10.30am to 11.30pm

Friday and Saturday: 10.30am to 12.30am the following day

Sundays: 12.30pm to 11pm.

Special Exemption Orders expire at 2.30am six nights of the week, and 1am on Sundays. On a Sunday night into Monday morning, where the Monday is a bank holiday, the SEO expires at 2.30am.

The court has an inherent discretion to grant the order for a shorter period. However, it cannot impose a blanket time limit in respect of each and every premises in its district. Each case must be considered on its own facts. If the court considers it expedient to grant the SEO for a shorter period than the time provided by the statute, stated reasons must be given. In reality, there are currently only two counties in Ireland, where the above SEO hours are achieved by applicants. The remaining 24 counties apply the above referenced “blanket” early closure hours, typically 2am, and in some cases 1.30am. This puts exceptional pressure on the effective operating hours of nightclubs in Ireland, and shows a disparity between the letter and spirit of the law, and the application of the law.

The average nightclub in Dublin opens 5 nights a week, with an average of 11.5 effective operating hours per week. This costs over €106,000 in SEO fees per annum.

The average nightclub outside the capital opens 4 nights a week, with an average of 7 effective operating hours per week. This costs over €85,000 in SEO fees per annum.

In the UK and NI, the cost for a comparable late license, which permits longer trading hours, is approximately €2500 per annum.

The proposed annual Nightclub Permit will have a fee of €10,000 per operational night. For the average nightclub in Ireland, this will mean an annual cost of €40,000, approximately half the current SEO cost, reflecting the reduced administrative burden, and the unsustainable fees at present.

1.2 Application Procedures

The Public Dance Licence is renewed annually at the Annual Licensing District Court. The local Fire Officer, Garda Superintendent, Local Authority and District Court Clerk, are notice parties to these renewal applications.

Applicants for SEO's are required to notify the relevant Garda Superintendent 48 hours in advance of each SEO application and furnish the local District Court Clerk with a Statutory Declaration of Service. There is no requirement to notify the Fire Officer.

There is no regulation limiting the number of SEO applications that can be granted at one particular time, by the District Court. In real terms however, the Gardai will not allow applications for a period of more than four weeks, and in some jurisdictions fortnightly. This results in a significant administrative burden on the Courts Services, and is a resource drain for both the Gardai and the Fire Services, as well as having a significant legal cost implications for all SEO applicants, who have to send their solicitors to court every two to four weeks to make the applications.

1.3 Cost of Special Exemption Orders [SEO's]

A Statutory Instrument in September 2008 increased the cost of an SEO, from €210 to €410 per application. This €410 is comprised of a €300 court fee, and €110 in excise duty. The above detailed monthly application process, and resulting burden on the courts and the Gardai, could be significantly reduced by an annual application process. The author is unaware of any industry in any jurisdiction, where the ability to run a business is based on a monthly application. Clearly an employer cannot contract workers on this basis, let alone develop a three, five or ten year business plan. This has clear implications for investment in the industry, which will be covered in section 3.4 Capital Expenditure.

1.4 Recent Trends in the Late Night Entertainment sector

Number of Premises

As shown in Table 1.4, the number of nightclubs (as defined by the INIA) in Ireland has declined by 37% from 2000 to 2008. Over the same period late

Table 1.4 Number of nightclubs and late bars in Ireland.

	NIGHTCLUBS		LATE BARS		SEO'S GRANTEDX Courts Services
	Dublin	Outside Dublin	Dublin	Outside Dublin	
2000	100	422	18	38	74736
2002	75	394	43	74	81933
2004	75	338	70	99	89716
2006	74	356	84	123	91157
2008	66	262	74	152	82041 *

Source: INIA, PPI, Courts Services, and Author Estimates.

*The 2008 Courts Services Annual Report was not published at time of going to print. Indications from the District Courts were that SEO applications were down ca 10%.

bars nationwide have grown by over 300%. Despite the decline in the number of nightclubs in recent years, the number of SEO's being granted has increased by 22%, 2000 – 2006. This has primarily been fuelled by the growth in the late bar sector. The 2008 Courts Services figures, not released yet, are expected to show a 10% drop in SEO's granted, as a result of the increase in fees applied in August 2008, coupled with recessionary pressures.

The reduction in the number of nightclubs operating across the country can be attributed to two main factors :

- (1) Global - significant increase in in-home alcohol consumption, due to several external demand factors and increased competitiveness of the off-licence retailing following the repeal of the Groceries Order. Off-licence sales originating in the Northern Ireland are also a growing drinks retailing channel. This has led to tidal shift in consumption from on-trade to off-trade.
- (2) Sector specific – increase in competition from late bars, exacerbated by short operating hours and higher costs in nightclubs.

Note that (1) should be expected to impact adversely all types of on-trade licensed premises. Thus, the rising number of late bars indicates that the most significant reason for the declining numbers of nightclubs across Ireland is (2).

In 2008 the off-licence channel accounted for 38% of total expenditure on alcohol in Ireland, this represents approximately 52% of alcohol sales by volume. [DIGI 2009]

2008 was the first year ever when the off-trade in Ireland sold more alcohol by volume than the on-trade.

1.5 Source of alcohol and market shares.

The most notable change in the pattern of distribution of alcohol in Ireland in recent years, has been the shift from on-trade [purchased for consumption on premises] to off-trade. In 2000 the off-licence channel accounted for 27.5% of the total money spent on alcohol in Ireland.

1.6 Licensing fees and market share by sales channel

Excise on alcohol sales in Ireland is paid on units of alcohol, regardless of channel or price. Despite this, there are anomalies in annual licensing costs, across the on and off trade, which is now exacerbated by the above change, which is detailed in table 1.5.1.

On trade licences:

In relation to publican's licences and hotel licences, their annual excise duty is calculated on their turnover, ranging from €250 to €3,805 per annum. Holders of wine retailer's on licences and special restaurant licences, pay a flat annual excise fee of €250* (although this is set to increase this year to €500 by the Finance (No. 2) Act 2008).

Off trade licences:

Latest figures show there are approximately 1,170 full off licences in Ireland. These employ a wine retailer's off licence, a spirit retailer's off licence and a beer retailer's off licence, each costing €300 per annum. The 3,485 wine retailer's off licences in Ireland, again pay a flat fee of €300 per annum. [*all increased to €500 by the Finance (No. 2) Act 2008]

Not applying an annual fee linked to sales in the off-trade, is not only inequitable, it is a significant revenue loss in the context of volumes of alcohol sold by sales channel, as shown in table 1.6.

Table 1.6 Licensing Costs by distribution channel, relative to market share.

Channel	Number of Premises	2006 Expenditure On Alcohol €m	Market Share Total alcohol sales %	Annual Licensing Costs	Ave Cost per premises	Annual Licensing Costs as % of Turnover
Off Trade	1170 full off 3485 wine off	2,366	35%	€2,098,500	€451	0.09%
On Trade						
Excl N/Clubs	9,500	3,944	60%	€11,415,693	€1,202	0.29%
Nightclubs	330	330	5%	€29,398,050	€89,085	8.91%

Source : CSO, National Accounts Data, and author estimates.

As the trend of shifting sales from on-trade to off-trade continues, the result of not linking annual licensing fees to sales in the off-trade, in particular as large scale multiples sell significant volumes of alcohol for a flat fee of €900, is resulting in a significant loss in revenue to the exchequer.

Table 1.6 also evidences the disproportionately high annual licensing costs placed on the nightclub industry relative to its market share of alcohol sales.

In 2008 the off-licence channel accounted for 38% of total expenditure on alcohol in Ireland, this represents approximately 52% of alcohol sales by volume. [DIGI 2009]

2008 was the first year ever when the off-trade in Ireland sold more alcohol by volume than the on-trade.

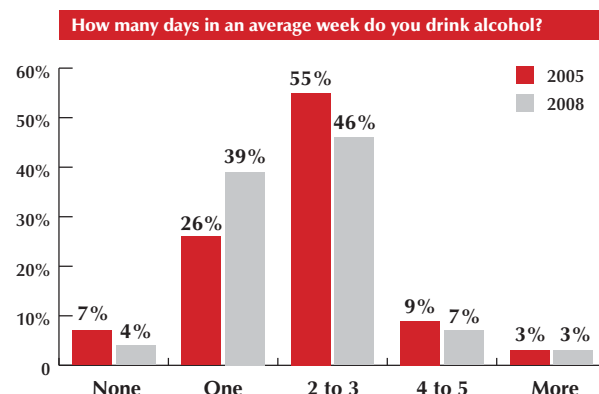
1.7 Consumer behaviour

CGA Strategy, the UK's leading specialist licensed trade research consultancy, in partnership with Galaxy Radio, and the late night trade association in the UK, NOCTIS, carry out an annual survey aimed at young people [typically 18-34] to examine their drinking and nightlife habits. 2008 was the third "CGA Galaxy Night Out Survey", which received over 8,000 responses, from a broad geographical area of the UK.

The trends in Ireland as outlined above, such as the shift from on-trade to off-trade purchasing, below cost selling of alcohol in the multiples, significant increase in at home drinking, pre-loading before leaving home, high tendency for binge-drinking, and post-loading, are similarly happening in the UK. In the absence of any similar Irish research, the results of the UK survey, should give a good indication of what is happening in Ireland, based on identifiable similarities in behaviour and trends.

Figure 1.7.1 shows the popularity for regular drinking both at home and in licensed premises, with all fields excluding "once a week" seeing a decline. This is a probable reflection of the tough economic climate at present. 56% of respondents still choosing to drink alcohol twice a week or more frequently. When taken in the context of figure 1.7.3, which shows 62% of respondents visiting a licensed premises one or no nights a week, this indicates the extent of at home drinking taking place.

Figure 1.7.1



[Figure 1.7.2] When asked where the majority of drinking was done, the shift to unsupervised, domestic drinking continues, with more than 1 in 3, now doing the majority of their drinking away from the on-trade, an increase of 26% from 2005 to 2008.

At home drinking is likely to increase through 2009, and 2010, as belts tighten, and consumers opt for cheaper at home drinking and entertainment. In a 2008 Mintel survey conducted in Ireland, 61% of respondents said that this would be one of the ways they will try to save money in the short term.

Figure 1.7.2

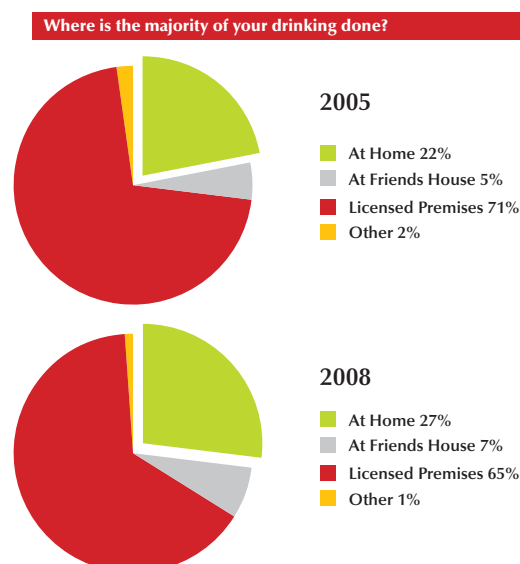


Figure 1.7.3 shows that just 39% of respondents are going out to licensed premises more than once a week, a fall of 22% in just 3 years. Similarly to Ireland, this period saw licensing reform, the effects of the smoking ban, and the proliferation of cheap alcohol in the off-trade.

Figure 1.7.3

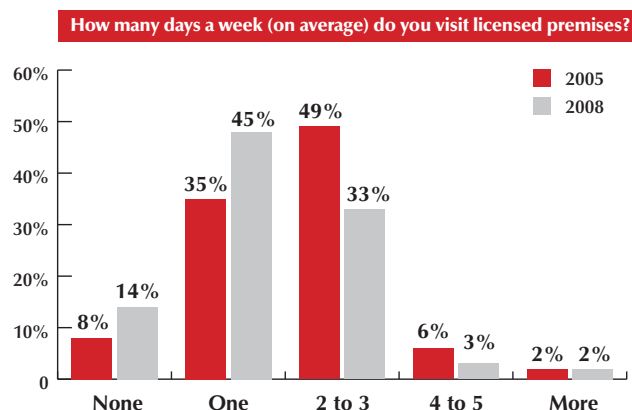
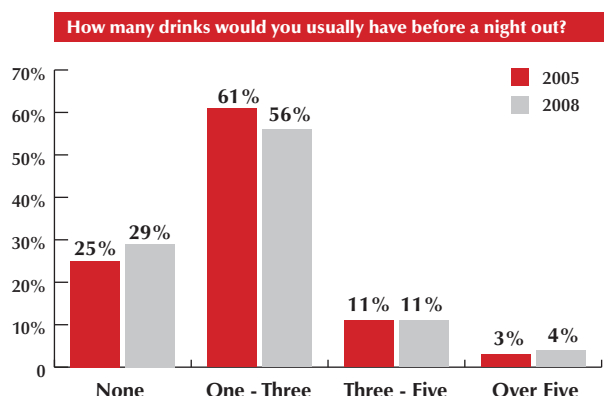


Figure 1.7.4 Home is now established as the first venue of the evening for almost three quarters of respondents.

Figure 1.7.4



1.8 European Comparison: National Licensing Regulations

The current licensing system operating in Ireland does not distinguish between nightclubs and ordinary licensed premises, overlooking differences that are physical, social, operational, and economic in their nature.

In recent years, the development of a diversified retailing & service industry, inclusive of entertainment services has resulted in a situation whereby the existing framework does not recognise the inherent differences between pubs, late bars and the more entertainment-focused nightclubs. Nightclubs facilitate social interactions and recreation within the context of broader entertainment, to a significant extent unrelated to drinking through music, dancing, and

entertainment. This is typified by the fact that the centre of attention in a nightclub is the dancefloor, complete with specialised lighting, sound equipment and the ubiquitous DJ Box.

These differences are explicitly recognised across the EU, but not in Ireland. Although, no country in Europe currently has a specifically designated nightclub licence, as is shown in Table 1.8, many countries have special local permits or conditions that enable extended operating hours for nightclubs. As Table 1.9 indicates, this practice is even more prevalent in the capital cities.

Table 1.8 clearly indicates that to date Ireland has chosen a regulatory path distinct from its closest counterparts within the EU. Based on demographics (population size and age profile), spatial distribution of population (high degree of urbanisation, smaller population densities outside urban areas etc), economic and social proximity, we identify a group of countries that represent a similar market to that found in Ireland. These countries are: Austria, Belgium, Czech Republic, the Netherlands, Slovakia and the United Kingdom. It is evident that Ireland's licensing structures are dramatically different from the reference group.

In particular, several of the reference countries, namely Czech Republic, the Netherlands, Slovakia, United Kingdom, allow operating hours and/or conditions for nightclubs that are distinct from the conditions for the ordinary licensed premises. In addition, all of the countries in the reference group, allow longer operating (serving) hours for nightclubs than Ireland. In fact, operating hours are typically set by regional authorities and extend between 3am and 6am for the reference group as a whole – as opposed to Ireland's one-size-fits-all approach under the national serving hours limit for Special Exemption Orders. Additionally, all countries in the reference group allow for the operation of 24 hour venues – once again contrasting the case of Ireland.

Finally, as shown in the last column of Table 1.8, stricter operating hours provisions are not associated with lower consumption of alcohol. The reference group uniformly has more liberal hours of operation, with an average of 11.1 LPA consumption of alcohol, considerably lower than the 13.5LPA figure for Ireland.

Table 1.8 Existent legal frameworks in select European countries

	National Law	Local/ Regional Law	Distinct Nightclub Licensing	Operating/Closing Times	Consumption of alcohol per adult LPA *
Austria*	No	Yes	No	Varies by state, 4 am is general closing time with 3 states allowing 24 hour operations	11.1
Belgium	No	Yes	No	Varies by region (3 regions)	10.6
Czech Republic	No	Yes	No	Varies by region, allows 24 hour operations subject to annual approval, pubs close around 12 am, while nightclubs are generally allowed to serve until 3-4am.	13.0
France	No	Yes	No	Varies by region, in Paris – alcohol can be served from 5am until 2am (21 hour operating time), similar to other departments. Longer hours available subject to local authority approval.	11.4
Germany	Yes	Yes	No	Varies by state, the system allows high variability of operating hours and additional operating requirements, including issuance of 24 hour licenses.	12.0
Italy	Yes	Yes	No	Varies by state, late licenses are available to all licensed establishments, subject to local approval. 24 hour premises are allowed, subject to local approval	8.0
Netherlands	Yes	Yes	Categorised	Varies by local authority, In Rotterdam, licenses have predefined opening hours according to the type of licenses standard 7am-up to 2am at the weekend; Night Permit 7am-6am seven days a week. In Utrecht a bar/nightclub can be open 24 hours.	9.7
Poland	No	Yes	No	Varies by region, hours not restricted in bigger cities, especially in tourist locations.	8.1
Slovakia	No	Yes	No	Varies by region. Pubs/clubs/café can be open 24 hours although each license must be approved by the local authorities. Generally pubs close at 12am and nightclubs are open until 4am.	10.4
United Kingdom	No	Yes	Specific Conditions In Scotland	High variability of operating hours, decided by local council / local licensing boards. Limited number of 24 hour venues.	11.8
Average comparable country	No	Yes	No	Operating hours are set by regional (as opposed to local) authorities and extend between 3am and 6am. With exception of Sweden, all countries allow operation of some 24 hours venues.	11.1
Ireland	Yes	No	No	Defined by national law. Bars can serve alcohol until 12:30am, while Special Exemption Order premises are allowed to serve up until 2.30 am, 1am on Sundays	13.4

Source: Horwarth Bastow Charleton (2008), WHO Global Alcohol Database 2006, and the author

* Countries in bold that are similar to Ireland in demographics and markets structure.

1.9 European Comparison: Capital City regulation

Dublin: Unique Demand and Status

The Nightclub Industry in Dublin consists of 66 businesses, supporting over 1,400 full time equivalent jobs, raising net revenues of €170m per annum, and entertaining approximately 8 million adults each year.

The current licensing system ensures that Dublin, Ireland's capital city, of highest population density in the country, and number one tourism destination on the island – differs significantly from its peers across Europe.

In addition to the arguments put forward in relation to Ireland's national licensing strategy, it is important to consider Dublin's special status within the country as the centre of the highest residential and business activity, rapid population growth, tourism services concentration and higher income. Currently, Dublin accounts for over 40% of the entire country's output, over 30% of its population and is the only urban centre with population density, comparable to other European cities. There is proven demand in Dublin, for entertainment beyond the current trading hours. It is on these grounds that the

2008 : Dublin has retained its position in the top 10 most visited cities in Europe. It remained at sixth in the list of European cities visited by overseas tourists, according to 2007 collated by Tourmis, and Austrian-based tourism research institute.

Dublin Tourism chief executive Frank Magee, who is the current president of European Cities Marketing, says Dublin attracted 4.4million overseas visitors in 2007, which was a 3% increase on 2006. He also commented that 2008 figures will also show a 3% growth in overseas visitors.

Frank Magee recently commented "visitors have many reasons for visiting Dublin, our capital city. A vibrant nightlife plays a significant part of the city's attraction. We see from our European counterparts, that vibrant evening and night time economies are nurtured not restricted. We support the INIA proposals, that promote responsible and safe socialising, will improve the customer experience, and further boost the vibrancy of our capital city."

nightclub industry is seeking extended trading hours for the capital city.

Dublin represents the main destination for tourism in Ireland. Per Failte Ireland, Dublin experienced an increase in tourism from 3.445 million in 2003 to 4.449 million in 2007 with visitors (short-term stay) spending some 21 million nights, while longer-term holidaymakers spending 8.3 million nights in the city. Of these, 81% were in the ABC1 category and 90% were staying in Dublin in a non-family type group, suggesting significant demand amongst tourists for entertainment services. 84% of these visitors did not travel outside Dublin.

Considering other capital cities in Europe, Dublin remains an outlier with respect to licensing laws and operating provisions for nightclubs. Table 1.9 shows that in general, virtually all European capital cities have more liberal operating hours and better differentiating between different types of venues (bars, late bars, nightclubs) in terms of operating hours. In addition, all cities in the table currently practice some form of a de facto sequential closing times, similar to the proposals in Section 2.

Indeed, there are strong demographic, social and economic reasons for serving the existing demand for nightclub services in Dublin – a demand that is being underserved and undermined by the current regulatory environment.

These include:

- (1) Strong population growth in the key age cohorts of 18-35 year old;
- (2) Increasing numbers of city-break visitors to Dublin;
- (3) Significant positive social impact of nightclubs, providing entertainment in a controlled environment, with lower alcohol consumption and consumption pace;
- (5) Reduction in the outflow of alcohol expenditure to the Northern Ireland primarily through the reduction of post-loading;
- (6) Improved public safety and order due to introduction of a sequential closing system;
- (7) Availability of resources such as Gardai, ER, food outlets, taxi and public transport.

These and other features of the proposed reform show that the nightclub permit and sequential closing hours will be able to address the growing demand for late night entertainment services, while simultaneously reducing harmful effects of alcohol abuse.

Table 1.6 Existing licensing frameworks in selected European capital cities

Capital City	National / Local Law	Distinct Nightclub Permits	Capital city exemptions and special Provisions	Operating/Closing Times	Sequential closing **
Vienna*	Local	No	Yes	24 hour operations allowed. Standard operating hours for bars through 3 am, nightclubs – through 5am.	Yes
Brussels	Local	No	Yes	24 hour operation allowed, with no special permit required for operations up to 5 am for nightclubs	Yes
Prague	Local	No	Yes	Nightclubs are generally allowed to serve until 3-4am, 24 hour operations allowed subject to annual approval	Yes
Paris	Local	No	Yes	In Paris – alcohol can be served from 5am until 2am (21 hour operating time). Longer hours available subject to local authority approval with 4am closing time relatively standard for the night clubs. (there is no compulsion to close)	Yes
Berlin	Both	No	Yes	Allows issuance of 24 hour licenses for nightclubs and late night licenses for bars. 7am closing time is relatively standard for the nightclubs.	Yes
Rome	Both	No	Yes	24 hour premises are allowed only in specially designated areas, subject to local approval. General operating hours – 2am closing time for bars and clubs, dance clubs and nightclubs are permitted to serve alcohol until 4:30am.	Yes
Amsterdam	Both	Categorised by closing hours extensions	Yes	Standard license operations up to 4am on the weekdays and 5am on the weekends; Night Permit 7am-6am seven days a week can be granted. 24 hours operations not allowed.	Yes
Copenhagen	Both	Categorised	Yes	24 hour operations permitted for nightclubs, general closing hours for other venues and late bars is 5am.	Yes
Warsaw	Local	No	Yes	24 hours operations allowed. General operating hours for nightclubs range (for closing hours) between 4am and 6am.	Yes
Bratislava	Local	No	Yes	24 hours operations allowed but require local permit. Generally pubs close at 12am and nightclubs at 4-5am, allowing for some staggering.	Yes
London	Local	No	Yes	Typically 3am-6am closing, with limited 24 hour licenses granted.	Yes
Average comparable capital city	Local	No	Yes	24 hour operations for nightclubs are perceived as being a regular practice. Average country has serving hours past 4:30 am for nightclubs.	Yes
Dublin: Current	National	No	No	Bars can serve alcohol up until 12:30am, while Special Exemption Order premises are allowed to serve up until 2:30 am.	No, all late night venues close at the same time
As proposed	Both (local in relation to Permit	Yes	Yes	As proposed: ordinary license premises will continue operating under existent closing times; Late Bars at 2.30 am; Nightclubs at 4:00 am.	Yes, 3 tier

Source: Horwarth Bastow Charleton (2008) and the author

** Although sequential closing hours are not specifically set in national law in any of the countries represented above, a de facto sequencing of closing hours – due to a set of diversified licensing rules – is in place in these countries.



Section 2 : The scope of Reform

The following is based on proposals by the INIA for the reform of regulation of the Nightclub Industry in Ireland.

2.1 Definition of a Nightclub

A nightclub is a premises, or part of a premises (hereinafter the “nightclub”), the primary purpose of which is for the provision of music, dancing and entertainment. The sale of intoxicating liquor for consumption on the premises is the secondary purpose.

The premises must satisfy the following criteria and conditions :

- (1) The premises already benefits from an Ordinary Publican’s Licence (OPL)
- (2) The nightclub permit will set out fixed operating hours of between 10pm and 2.30am outside Dublin and 10pm to 4:00am in Dublin, standard across the week.
- (3) The nightclub will be required to charge an admission fee upon entry using a ticketing system accessible for inspection by the Fire Services, Gardai and the Revenue Commissioners;
- (4) The nightclub will be required to set aside a designated dancing/entertainment area covering no less than 20% of the enclosed gross public area (excluding outdoor facilities) of the premises;
- (5) The nightclub will provide for a minimum capacity of 400 patrons;
- (6) The nightclub permit will be subject to the operating company holding a public liability insurance cover that is relevant to turnover and capacity;

- (7) The nightclub will be required to provide at least two licensed security staff at the front door and a total of 1 licensed security person per 100 patrons in attendance.
- (8) The Nightclub Permit will be granted subject to the premises satisfying all Local Authority statutory requirements;
- (9) All requirements as set out in the Intoxicating Liquor Acts, such as the CCTV, licensed security, Building Control Act compliance, and noise and nuisance provisions, must be complied with in addition to the above.
- (10) The premises will already be licensed under the Public Dance Halls Act 1935, which will then be superseded by the Nightclub Permit, for nightclub licensing.
- (11) The premises or part of the premises for which the nightclub permit is being sought will be clearly described in the permit application. Nightclub trading hours as detailed above, will only be applicable in the defined area.

The INIA propose that “adequate CCTV” should be defined as 1 CCTV camera for every 30 persons of the nightclubs licensed capacity. Included in this figure, at least two cameras will cover the entrance / outside of the venue. There would be adequate recording equipment for these cameras, and suitable secure storage for no less than 1 month worth of data. All cameras would record during the normal opening hours of the venue, plus for 1 hour before and after the hours of operation. CCTV would be made available to the Gardai as necessary.

2.2 Permit Procedures

The Nightclub Permit will be issued in addition to the Ordinary Publican’s Licence.

The Permit will be valid for a period of 1 year and renewable annually at the Annual Licensing Courts.

The District Court will be the single authority responsible for licensing, registration, renewal and sanctioning of the nightclub permit.

The permit will cover music, dancing and entertainment services provided by the nightclub. These are currently covered by the licence for Public Music and Singing Licence, and the Public

Dancing Licence, and it is envisaged that both licences be superseded by the Nightclub Permit .

2.3 Extended hours and sequential closing in Dublin:

By extending the operating hours for nightclubs in Dublin to 4:00 am, the reform will be able to put into effect a basic 3 tier structure of sequential closing. This will help reduce flash points and the resulting public order offences and minimise social costs associated with alcohol abuse. This sequential closing in Dublin will operate as follows:

- Ordinary Licensed premises will stop serving alcohol as currently specified;
- Late Bars will stop serving alcohol at 2.30 am to close completely at 3 am;
- Nightclubs will stop serving alcohol at 4:00 am, close completely at 4:30 am.

The social benefits of sequential closing will be evaluated in depth in section 4.

The proposal for extended trading hours and sequential closing in Dublin, has the full support of the Irish Hotels Federation, the Licensed Vintners Association, Dublin Tourism, and the National Taxi Drivers Union.

**The Irish Times, Kitty Holland
December 2008.**

Supt Joe Gannon, of Pearse Street Garda Station in Dublin, who oversees policing in the busiest nightlife district in the State, says he has seen no reduction in levels of disorder since the new Intoxicating Liquor Act 2008 came into force.

“The difference is the streets are cleared earlier,” he says. “When we had the theatre licences one lot were coming out of bars at 2.30am and another lot coming out of the late clubs at 3.30am, so there were people on the streets until about 5am.

“Now they are all coming out together at 2.30am. The fast-food places don’t have the capacity for them all. If it is staggered, there is less volume at once, which is easier to deal with. There is less potential for volatility on the streets.”

Since the enactment of the Intoxicating Liquor Act 2008 in September 2008, for the first time in over a decade, every nightclub, late bar and theatre venue in Dublin closes at the same time. The following is a quote from a Senior Garda in relation to sequential closing.

The concept of sequential closing venues, promoting a more gradual and controlled dispersal from late night venues must form the cornerstone of the pending licensing reform. Here is recommendation 27 of the Dublin City Council Alcohol and Public Order Working Group, in their submission to the Government Alcohol Advisory Group in January 2008:

“The possible advantages of sequential closing for pubs/clubs should be considered in relation to numbers (a) on the streets (b) in fast food premises (c) looking for public transport at the same time.”

2.4 Standard trading hours across the week:

Under the current licensing regime, ordinary licensed premises close 30 minutes earlier on a Sunday, than the four midweek nights. On Sunday nights special exemption orders, expire 90 minutes earlier than every other night of the week. This national licensing policy of treating Sunday differently from any other day of the week is unique in Europe.

25% of Ireland's workforce is now employed within the hospitality and tourism sector. Work patterns across many sectors have moved away from the standard 9 to 5, towards more shift type work covering 24X7. A significant and increasing number of people in Ireland work weekends, resulting in days off falling on Sundays and Mondays.

This artificially early Sunday closing time, is punitive to the night time economy, and is not reflective of a modern society and current work patterns. It also completely neglects to account for overseas visitors, their expectations and demands.

2.5 Re-introduction of entertainment during drinking up time :

Nightclub customers choose to pay significant admission fees to gain entry to nightclubs, not to just drink alcohol, but to be entertained through music and dancing. In fact, the nightclub industry is unique in alcohol retailing sector in that it derives significant revenue, approximately 34% of total revenue, from non-alcohol related sales, including admissions and cloakroom charges.

In return for this admission fee, they deserve to be entertained. Prior to the Intoxicating Liquor Act 2003, nightclubs could entertain their customers, up to 30 minutes after the SEO expired, ie during the drinking up time. This gave nightclub customers better value for money, which is an even more significant issue in the current economic climate. It also allowed for a more gradual dispersal over the 30 minute drinking up time. As is proven by the slow pace of alcohol consumption in nightclubs, in section 4.1, entertainment provides a positive distraction from alcohol consumption. Additionally dancing by its nature, is a sobering and pleasing activity, and arguably more conducive to customers leaving nightclubs in a better frame of mind.

Outside of Dublin, the current system of a single closing time for nightclubs and late bars is set to continue. The provision of entertainment until 3am, will result in a more gradual dispersal of customers from nightclubs, reducing flash points, and public disorder.



Section 3 : Economic assessment of the proposed reforms

3.1 Overview

The nightclub sector in Ireland is a non-negligible economic activity, accounting for over 328 premises (66 in Dublin) with ca €500 million turnover as of 2007 (INIA, 2008), covering some 4,500 full-time equivalent employees (ca 1,400 in Dublin), who provide services to more than 25 million adults per annum (ca 8 million in Dublin). Nightclubs account for 7% of the overall employment in the drinks retailing sector and provide employment to roughly the same number of workers as the entire drinks manufacturing sector (ASI, 2008). In addition, nightclubs provide significant exporting revenue to the economy as many of the city based and border county nightclubs are frequented by foreign visitors. While the exact value of this cannot be quantified directly due to lack of data, a significant share of tourists visiting Ireland – ca 60% are short-stay tourists on city breaks. These tourists are more likely to avail of the nightclubs services and represent the only growing segment of tourism in Ireland.

The nightclub industry in Ireland entertains over 25 million adults per annum. The top ten fee charging visitor attractions in Ireland : The Guinness Storehouse, Cliffs of Moher Visitor Experience, Dublin Zoo, Book of Kells, National Aquatic Centre, Blarney Castle, St Patrick's Cathedral, Fota Wildlife Park, Bunratty Castle, and Waterford Crystal visitor centre, all combined together, received 5.7 million visitors in 2007.

3.2 Revenue Base: Beyond Alcohol Consumption

While ca 90% of the revenue for traditional pubs arises from direct sales of alcohol, nightclubs are distinct from the ordinary licensed premises in that out of the estimated revenue of ca €500mln pa in 2006-2007 (INIA industry survey), only ca 66% is alcohol-related. Thus roughly 34% of revenue is

Table 3.2 Share of expenditure on alcohol for on trade, and nightclub industry.

	On-Licence Share of total Expenditure %	Nightclubs share of total expenditure on alcohol %	
		Pre-reform	Post-reform
2000	72.5	4.9	-
2002	70.7	4.4	-
2004	68.4	4.8	-
2006	63.6	4.9	-
2008	62.9	4.2	-
2009 (Est)	62	4.0	6.7

Source: DIGI (2008), INIA and author estimates

derived from admissions, cloakroom receipts, special events and auxiliary (non-alcohol) sales. Expenditure on alcohol in 2006 stood at €6,628m (DIGI, 2008), nightclubs-related sales of alcohol in that year was ca €330m representing 4.9% of total expenditure.

Extended operating hours for nightclubs are likely to lead to three main revenue-enhancing effects:

- 1) An increase in the overall sales of alcohol within the on-licence retail sector, while decreasing the sales of alcohol through off-licence channels; and
- 2) An increase in the relative share of the nightclubs in alcohol on-licence retailing.
- 3) An increase in non-alcohol related sales in nightclubs.

This shows that the expected impact of the reform will have a stronger economic effect than an equivalent increase in alcohol consumption alone. In other words, due to stronger revenue streams derived from non-alcohol related sales, extending operating hours for nightclubs will lead to an added economic activity the value of which will be independent of alcohol consumption.

3.3 Sales & Employment

In 2001, the on-trade in Ireland accounted for 70% of the entire alcohol sales by volume. By 2008, this figure declined to 48% with the share of off-trade consumption growing from 30% to 52% over the same period. Equally dramatic trends are present in terms of alcohol-related expenditure figures (column 2 Table 3.2). These trends are likely to accelerate in 2009 and by 2010 we project that on-

trade sales of alcohol in Ireland will fall to ca 40-42% by volume. In part, these trends are driven by deep discounting of alcohol sold in major multiple retailers. However, we believe that a significant share of this decline in on-trade is driven by the factors outside the structure of the retail markets, and in particular by the lack of alternatives to at home drinking in later hours.

The increase in volume of alcohol being sold by the off-trade, has a significant impact on VAT returns for the exchequer. It is estimated that a 10% shift in sales by volume from on-trade to off-trade costs the exchequer €35m per annum in Vat. Additionally the practice of below cost retailing of alcohol in the multiples has vat refund implications for the exchequer. Off-trade retailing of alcohol is

The latest figures from the Annual Services Inquiry show that bars turnover in 2006 has reached €3.266 bn (ex VAT), while VAT payments have totalled €598.5mln (ASI, 2008: Table 1) with Gross Value Added (GVA) standing at €1.11bn. The numbers employed in the [on-trade] sector were 38,356 full-time equivalent employees, earning €603mln in wages and salaries, or €15,721 per employee. GVA per employee in the [on-trade] was €28,939 in 2006.

For comparison, section H (Hotels and Restaurants classification) employment was 131,836 full-time equivalent workers with earnings per employee of €16,151. These are national figures, which do not give us a breakdown for the nightclubs sub-sector, or a geographical distribution across various parts of the country, although they do provide a comparative basis for our estimations in Section 3.6.

less service orientated and as a result is less labour intensive than the on-trade. The increasing trend of purchasing alcohol across the border, has even starker consequences for the exchequer.

The INIA proposals have positive VAT, both alcohol and non-alcohol related, Corporation Tax, PAYE and employment taxes benefits, as outlined in table 3.5.

3.4 Capital Expenditure

Primarily through music, dancing and entertainment offerings, typical nightclubs fall into a category of licensed premises referred to as young people's venues (YPV's) predominately attracting adults aged 18-35. This age demographic have high expectations of entertainment services. This impacts capital expenditure costs for nightclubs in two distinct ways, cost of refurbishment and life span. General refurbishment of nightclubs (inclusive of lighting and music wiring, soundproofing and electrical work) is approximately €370 per sq ft with a probable life span of 5 years, compared to €200 per sq.ft general refurbishment investment for bars and late bars with a probable life-span of 10 - 15 years. This, in part, reflects different capacity utilisation in different types of venues, with nightclubs capacity of 5-8 sq.ft per patron (standing/seated), and 3-5 sq.ft per patron in bars.

The net result of capacity underutilisation and investment disincentives has been a gradual decline in the number of nightclubs in the country despite existing and growing demand for nightclub services.

Under the proposed reform, an increase in permitted operating hours under a nightclub permit, and an introduction of sequential closing times in Dublin, are expected to correct the existing imbalances in capacity utilisation between the late bars and nightclubs.

A 2003 survey showed that 98% of the nightclubs in Ireland had CCTV systems. The Intoxicating Liquor Act removed this capital expenditure imbalance, requiring all venues applying for SEO's to have "adequate" CCTV, amongst other provisions.

3.5 The Exchequer Impact of Reforms

Appendix 1 details our estimation of the Exchequer impact of reforms. Table 3.5 provides a summary of the results.

Table 3.5
Summary of the Exchequer impact

(in 1,000 Euro)	Increase	%
(1) Corporate tax returns:	4,943	99%
(2) PAYE and employment taxes	9,161	153%
(3) Alcohol-related revenue gains	61,634	37%
(4) Less substitution effect	-18,934	
(5) Non-alcohol related VAT	8,625	24%
(6) Excise duty on premises & court fee	-29,550	-100%
(7) Annual License Fee	14,520	+100%
Total net Exchequer impact	50,399	21%

Sources: Author own calculations

Thus, as shown in Table 3.5, the reforms are revenue-enhancing from the point of view of the Exchequer. Furthermore, as discussed in Appendix 1, these positive effects accrue net of the associated costs and account for the substitution effect in alcohol consumption away from the off-licence retailing toward on-licence retailing (with higher VAT, Excise and other taxes yields). Appendices 2 and 3 detail these benefits separately for Dublin and the rest of the country.

The above estimates do not include some of the returns accruing to the local authorities. However, given the significant increase in economic and employment activities due to the reforms, it is expected that local authorities returns will also benefit from the introduction of the designated Nightclub Permit as outlined in the current proposal (through existing structure of charges and levies).

3.6 Total Impact on the Economy

In addition, considering the introduction of the sequencing reform, the actual social cost of alcohol consumption in all licensed premises, including the nightclubs, will decline (due to improved policing, transport utilisation and social monitoring of the activities). However, due to longer operating hours introduction under the Nightclub Permit, we estimate that the social cost of alcohol abuse will increase marginally by ca €20 million pa.

This would suggest that the net economic gains following the introduction of sequential closing and extended opening hours to the economy will be in

excess of €94.7m pa. This figure is net of the monetisable social costs associated with alcohol abuse. In addition, we expect an increase of 1650 jobs – or 0.6% of the entire drinks sector employment (including manufacturing and retailing). The summary of economic benefits of reforms is provided in Table 3.6.

Table 3.6 Summary of economic impact

(in 1,000 Euro)	2007	Post-reform	Increase
Total revenue	500,000	662,842	166,842K
66% alcohol related	330,000	451,770	121,770
34% non-alcohol related	170,000	211,072	41,072
Number of employees	4,422	6,072	1,650
Economic Impact:			
Value added (VA) attributable to labour (pa)	15,586	40,415	24,829
VA per Exchequer	243,274	293,673	50,399
VA attributable to capital and plant equipment	40,000	79,541	39,541
Total VA increase			
per reform	298,860	413,629	114,770
Less Social Cost differential			-19,989
Total VA increase net of social costs			94,781

Sources: Author own calculations

3.7 The Business Case for Reforms

The current regulatory/licensing regime causes nightclubs to be placed at a significant disadvantage to other licensed premises in terms of operating hours.

Outside of Dublin the average nightclub currently operates 4 days a week, with 7 effective trading hours per week. Proposed reforms will increase this to 10 effective trading hours per week, a 43% increase, resulting in a 21% increase in total revenue. This is comprised of a 25% increase in alcohol related sales, and a 16% increase in non-alcohol related sales.

In Dublin the average nightclub currently operates an average of 5 days per week, giving them 11.5 effective trading hours per week. Prior to the Intoxicating Liquor Act, the average nightclub in

Dublin operated 6 nights per week. Proposed reforms, which aim to increase operational nights from 5 to 6, will bring effective trading hours for Dublin nightclubs to 25, an increase of 117%. This will result in a 51% increase in total revenue, made up of a 60% increase in alcohol related sales, and a 40% increase in non-alcohol related sales.

Table 3.7 Effective Trading Hours

	Average Dublin Nightclub	Average Nightclub Outside Dublin	Ordinary Licensed Premises	Late Bars
Effective Trading Hours Per week	11.5	7	90	108.5

Due to such short trading hours, the earning potential in nightclubs is restricted by their licensed capacity. This is simply because they can only potentially fill the nightclub once in a night. This is unlike other licensed premises, where over a 14 – 16 hour period, the number of customers received can be a multiple of the venues capacity.

A combination of the restricted effective trading hours, the significant cost of a nightly SEO, and the intensive labour demands, means that the number of operational nights per week for nightclubs is under significant threat. According to the IHF (2000), capacity utilisation in the sub-sector was 29% for the rural nightclubs and 43% for the case of urban clubs. More specifically, utilisation of potential capacity for the nightclubs ranged from 19% to 90% with the weighted mean of 49%.

Capacity utilisation is not an issue for pubs or late bars. They benefit from

- presence of the customers over longer periods
- potential customers received not limited by venue size / capacity
- lower staffing and capital costs (lack of designated dance floor, absence of dedicated entertainment and facilities costs and lower staff requirements associated with security and safety).

Table 3.7 Comparative business models: Nightclubs and Ordinary License Premises

	Nightclubs	Ordinary Licensed Premises	Safety Impact*	Revenue Impact*	Cost Impact*	Staffing level requirements**
Fully licensed	Yes	Yes	Neutral	Neutral	Neutral	4-8 bar, 7-8 auxiliary & management staff
Designated dance floor	Yes	No	Positive	Neutral	Negative	-
Designated and equipped DJ Box	Yes	No	Positive	Neutral	Negative	1-2 DJs
Lighting and Sound systems	Yes	No	Positive	Neutral	Negative	-
Seating areas	Yes	Yes	Neutral	Neutral	Neutral	2-3 glass collectors
Admissions/Cashiers desk	Yes	No	Positive	Positive	Negative	1 cashier
Cloakroom with ticketing facility	Yes	No	Positive	Positive	Negative	1 attendant
Heating/ventilation system	Yes	Yes	Neutral	Neutral	Neutral	-
Security system	Yes	No	Positive	Neutral	Negative	-
Designated security staff	Yes	No	Positive	Neutral	Negative	5-7 security staff

Sources: INIA, DIGI (2008), IHF (2000)

*Columns 4 through 6 refer to the relative advantage (positive) or disadvantage (negative) of specific features and systems on nightclubs operations and impact relative to the ordinary licensed premises. For example, maintaining designated DJ areas implies higher public safety (as opposed to the scenario where makeshift venues offer DJ services with no proper separation of equipment and DJs from the general public), while providing no direct revenue stream. Hiring DJs incurs added cost to the nightclub (negative rating on the cost impact).

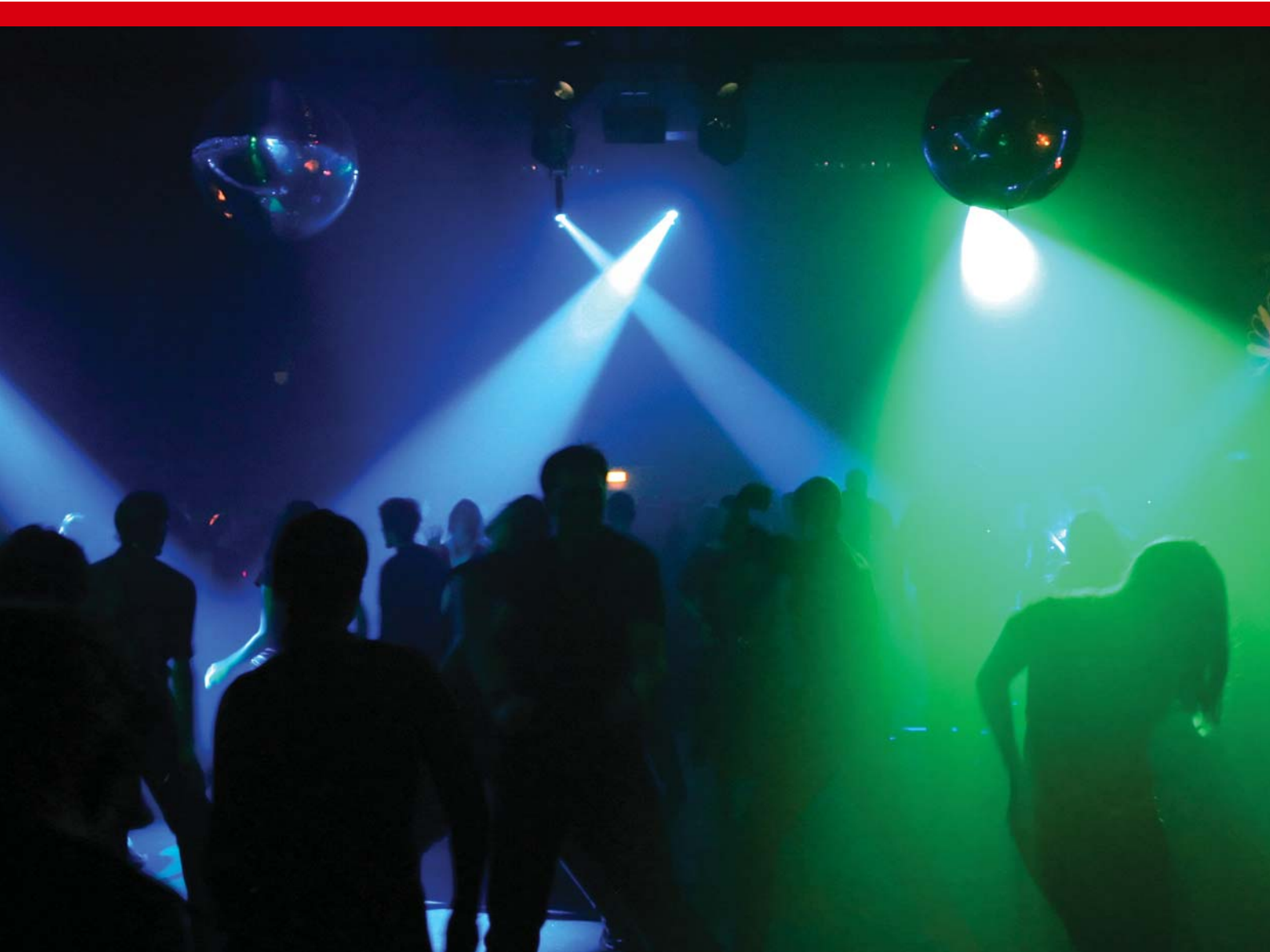
** Staffing levels correspond to an average operation defined as having between 16 and 25 staff (full-time equivalent) by the IHF (2000), allowing for growth of 3% pa in revenue/attendance through 2007. Average employment per club – ca 21 full-time equivalent (which corresponds to roughly 10 employees per fulltime day, given that the clubs operating hours are ca 62% of the full 8-hour day).

Nightclubs operate under more strict security and safety regimes than the ordinary licensed premises, implying lower tolerance for excessive and late-night alcohol consumption in nightclubs. In other words, as international evidence suggests, alcohol consumption in the nightclubs per person hour is lower than in the ordinary licensed premises or at home drinking.(see section 4.1 for details).

Based on DIGI (2008) figures, we can estimate an underlying distribution of revenues pre- and post-reforms for the nightclubs, assuming that the overall number of venues remains constant. The latter assumption is taken to err on the conservative side, as improved operating conditions are likely to lead to new entries over time and conversion of some existing late night bars to nightclubs. When the distribution of working days is taken into account (see Appendix 1), the reforms will add increase operating hours per week and capacity utilisation of the nightclub, causing (along with increased sales and

patronage) an addition of an equivalent of 5 full-time employees per club, an increase of 37% on the current staffing levels. Additional staff will be hired to comply with expanded mandatory operational requirements as outlined in the proposed nightclub permit reform in Section 2. This suggests that our estimate of the effects of reforms on the economy and the exchequer reflects conservative assumptions and faces uncertainty to the upside.

As mentioned earlier, the status quo arrangement fails to address existing and inalterable differences between the ordinary licensed premises (bars and late bars) and the nightclubs that are economic and social in their nature. These differences are also found in the respective business models, translating into a more intensive use of physical capital and labour in the case of nightclubs. Some of these differences are shown in Table 3.7. As clearly identified in the table, the majority of the operating features of nightclubs distinguish them as being more safety-focused than ordinary licensed premises at an overall net cost disadvantage of running these features.



Section 4 : The Social Impacts

Section 4.1 discusses anticipated social and public order effects of the proposed reform. To focus on the issues of social impact of the proposed reforms, we first consider the experience with Theatre Licence regime in operation in Ireland between Q1 2006 and Q3 2008, as well as the effectiveness of the Dublin City Centre sequential closing times arrangements. Section 4.2 argues the case that proposed reforms will enhance already extensive stakeholder positioning of the nightclubs sub-sector in helping to alleviate adverse effects of alcohol abuse on public order. Section 4.3 provides an outline of several international studies of sequential closing times reforms and general reforms aimed at reducing the costs of public offences due to alcohol abuse. We place this international evidence into the context of proposed Dublin-based reform, i.e. nightclub permit scheme and sequential closing time reform.

4.1 Status Quo: Social Hazard and Economic Inefficiencies

The fallout from the rising share of alcohol purchased from off-licensed premises is that a growing proportion of alcohol consumption is out of the control of the retailer and the authorities, with a corresponding increase in alcohol being consumed by minors, greater pre-loading and post-loading and the domestication of alcohol associated anti-social behaviour. Thus, the deterioration in alcohol consumption controls, implicit under the current regulatory regime, leads to larger social and economic risks to safety and public health.

Another non-trivial issue is the expanding role of black markets for alcohol retailing. Restricted services differentiation, leading to a push of alcohol consumption into private homes (off-trade) as well as after-hours post-loading, facilitates increased demand for black market sales of alcohol.

Finally, a switch away from consumption in on-trade premises is also responsible for increased abuse of alcohol by:

- (1) driving forward a new phenomena of pre-loading, whereby consumers undertake consumption of large quantities of alcohol prior to going out for the night, and
- (2) increasing alcohol consumption per hour of recreation as less time is being allocated to entertainment (e.g music, dancing, other non-drinking activities).

On the first point, INIA (2008) indicates that there is anecdotal evidence from members, of increased numbers of people being refused admission to nightclubs, due to them being intoxicated upon arrival. This evidence is further collaborated internationally, including from the UK studies.

On the second point, alcohol consumption has been increasing steadily since the mid 1990s, rising from 1.1 drink per hour (dph) in 1994 to 2.3 drinks per hour in 2006 for the population at large. This breaks down to a rise from 0.5 dph to 2.7 dph for at home consumption, and from 1.2 dph to 2.1 dph for ordinary licensed premises (these figures are based on author own estimate derived from DIGI (2008) sales data). At the same time, INIA figures for retail sales and patronage suggest that nightclubs drink consumption averages around 1.2-1.4 dph – well below both the in-home and OLP consumption.

The Strategic Task Force on Alcohol (STFA) 2004 report has found that alcohol abuse in the country accounts for associated economic and socio-economic costs of ca €2.65bn in 2003. A review of the SFTA report by Foley (2006) puts this number at around €1.7bn. Regardless of the number chosen, we can safely assume that:

- the recent trend of increasing off-trade sales is contributing to rising overall monetisable socio-economic and economic costs of alcohol consumption, and
- to the rising iceberg costs of alcohol consumption – i.e. invisible costs associated with consumption on private households' premises, including black market sales.

4.2 Stakeholder Engagement

The nightclubs industry is a key stakeholder in the Government-led attempts to reduce adverse social and health effects of excessive drinking (binge drinking, post- and pre-loading, under-age drinking and antisocial behaviour) and is sympathetic to the social needs of our diverse population, including the need for orderly management of entertainment venues respective of the local community and the need for providing valuable entertainment-centred services to tourists and locals. Thus, the nightclub industry, as exemplified by its representative body, the Irish Nightclub Industry Association (INIA), is committed to assisting the Government and its agencies in a partnership approach to tackling various social issues arising from the operations of the nightclubs in the country.

It is important to note that nightclub operations inherently involve more security and social order monitoring than those of the traditional bars and pubs. In fact, the nightclubs are already distinguished by the presence of the requisite security personnel at the doors and higher security personnel to patrons ratios. The current proposal envisions a statutory minimal limit on such personnel as a condition for granting the nightclub permit.

If these provisions are implemented, the stakeholder position of the nightclubs sub-sector will be further enhanced. In addition, the scheme can act as a precursor to an introduction of similar reforms (in terms of extended hours and sequential closing) in other cities and major urban centres.

4.3 Domestic experience of sequential closing – improved public order.

In the context of assessing the expected impact of extended operating hours, it is important to consider the public order experience gained in Ireland, specifically in Dublin under the Theatre Licence. Theatre Licences permitted venues in Dublin for over a decade to serve alcohol until 3.30am. In 2006, the Theatre Licence became a viable solution to nightclubs, and resulted in an increase in applications. 2006, 2007 and 2008 saw a significant number of theatre venues, nightclubs and late bar operating in Dublin until the later hour of 3.30am, available 7 nights a week.

Despite numerous assertions to the contrary, both direct and indirect evidence points to the fact that



the extended operating hours implemented under the Theatre Licence arrangements had positive, and not negative impact on public order offences in the District.

The Garda B District in the South Central Division of Dublin has the highest density of licensed premises and nightclubs in the country.

It also had the highest density of venues operating under Theatre Licenses, resulting in extended trading hours, and sequential closing. The B District over the period 2005 to 2008 has shown a net effect of a decrease of 4.8% in public order offences, and the national figures show an increase of 25%. According to CCNT (2008), public order prosecution figures from Pearse Street Garda Station (District B) were as follows;

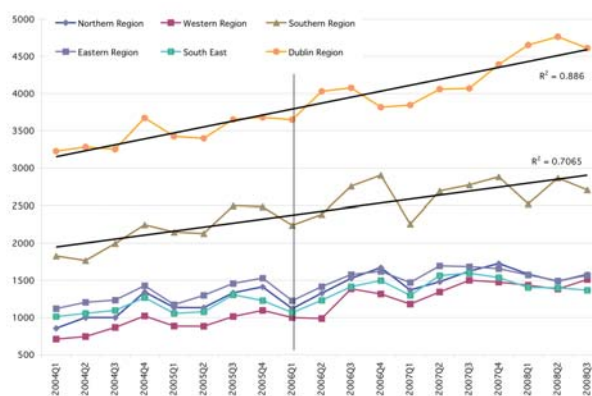
	Change in B District	National Change
2005 – 2745		
2006 – 2602	down 5.2%	up 11.3%
2007 – 2542	down 2.3%	up 8.3%
2008 – 2614	up 2.8%	up 3.7%
Net Effect 2005 – 2008	down 4.8%	up 25%
2008 Figures from CSO are “provisional”		

This is the only area in the country, which has had Sequential Closing [i.e a three tier closing system, or 12.30, 2.30 and 3.30am]. This was terminated in August 2008, with the introduction of the Intoxicating Liquor Act 2008. Prior to 2006 for several years, there were about 8 “venues” in Dublin who benefited from the 4am closing, while starting with 2006 until August 2008, the number of venues applying and being granted Theatre Licences (allowing alcohol to be served until 3.30am 7 nights a week) increased significantly. This was particularly true of the area covered by the Pearse Street Garda Station. Yet, the statistics show, sequential closing had a positive, not a negative impact on public order.

In the national context figures from the CSO also reflect the effects of both the introduction of the Theatre Licence and the September 2008 implementation of the Intoxicating Liquor Act. As Figure 4.3 and Figures 6.1 and 6.2 in Appendix 6 clearly indicate, any attempts to link public order offences with availability of late hours licences are too simplistic to explain the variation in the public order incidents both in time and across various regions.

Figure 4.3 shows changes in public order incidents numbers in the Dublin Region and other regions of the country. The first pronounced trend in these figures is that both nationally and in Dublin, public order offences are closely driven by a persistent upward trend, with Dublin trend being slightly stronger. In both cases, public order offences numbers revert to the mean, although national figures show slightly more volatility than those for Dublin. In addition, the number of periods in which the number of incidents was below trend is exactly the same for the periods prior to and in the duration of the Theatre Licence regime. This is true for both Dublin and the country, suggesting that availability of Theatre Licences, taken up more actively in Dublin than in the rest of the country, had no significant impact on social order offences in the city, relative to the rest of the country.

Figure 4.3. Public order offences in Dublin and the rest of the country



Sources: CSO, 2008 and author own analysis.

Figure 6.1 in Appendix 6 shows the proportion of the national cases accounted for by Dublin. This proportion has declined between 2006 and Q3 2008 – during the time of Theatre Licence operation and extended hours for late night licence holders. Since Q1 2004 the proportion of public order offences accounted for by Dublin Region has fallen from 36.9% to 35.7% in Q1 2006 and 34.5% in Q3 2008. As indicated by the trend line, time trend explains only ca 9% of the total variation in the actual proportion of Dublin public order incidents in the national statistics. At the same time, as Figure 4.3 above indicated, the actual numbers trend is almost 89%. This implies that during the time of the Theatre Licence provision, Dublin experienced a secular decline in its share of the national public order offences. Such a decline can be explained by the policy change

(i.e introduction of extended late night hours and Theatre Licences) that took place in 2006. The same view is supported by the average shares of Dublin in the total number of national public disorder cases, which has fallen from 34.2% in 2004-2005 to 33.2% in 2006-2008.

Lastly, consider the plot in Figure 6.2 Appendix 6 that relates the number of Dublin Region public order cases to the national figure.

This figure gives a clear indication of incident growth in Dublin versus the rest of the country, showing Dublin to be in line with the rest of the country. This is contrary to the belief that later hours mean more incidents. In fact, over 82 of all variation in Dublin's public order statistics is explained by national trends. The black line represents a population-weighted one-to-one mapping of the national and Dublin figures. In other words, any observation to the right of the line (or below the line) corresponds to the case where national figures exceed population-weighted figures for Dublin. The converse occurs above the line. We assume that it took at least 2 quarters since enactment of the Theatre Licence provision until there was a significant number of late-night licensed venues.

With the blue points denoting pre-Theatre Licence period, while pink points representing the Theatre Licence period, it is clear that:

- Prior to the introduction of the Theatre Licence, Dublin public disorder figures were more often (8 out of 10 times) above the long-term parity line, suggesting that Dublin figures were pulling national figures up more often than down in a 4:1 ratio;
- Following introduction of the Theatre Licence, Dublin public order figures were more often (5 out of 9 times) below the long-term parity line, suggesting that Dublin figures were pulling the national number of offences down more often than up in a 5:4 ratio.

To conclude, the brief time during which the longer operating hours were in existence shows no evidence of a link between the closing hours extension and the deterioration in the public order offences. At the same time, sequential closing times in the Garda B District of Dublin City Centre have been relatively successful in bucking the nationwide trend of rising social cost of alcohol abuse. In addition, the current proposal offers

It is important to note that the Theatre Licence was issued by the Revenue Commissioners, with no input by Gardai or Fire Services, implying no public safety enforcement/enhancement and no focus on minimising harmful effects of alcohol abuse. In contrast, the Nightclub Permit, as outlined in Section 2, encourages direct Gardai participation in setting the standards for operating safer and socially less costly nightclub facilities. In addition, Theatre Licences had no added direct revenue dimension, while the Nightclubs Permit will yield a €10,000 per operational night. This is a unique stream of revenue (no other drinks retailing venues carry such a significant fee) that can aid the task of minimising the adverse effects of alcohol abuse on society and public order.

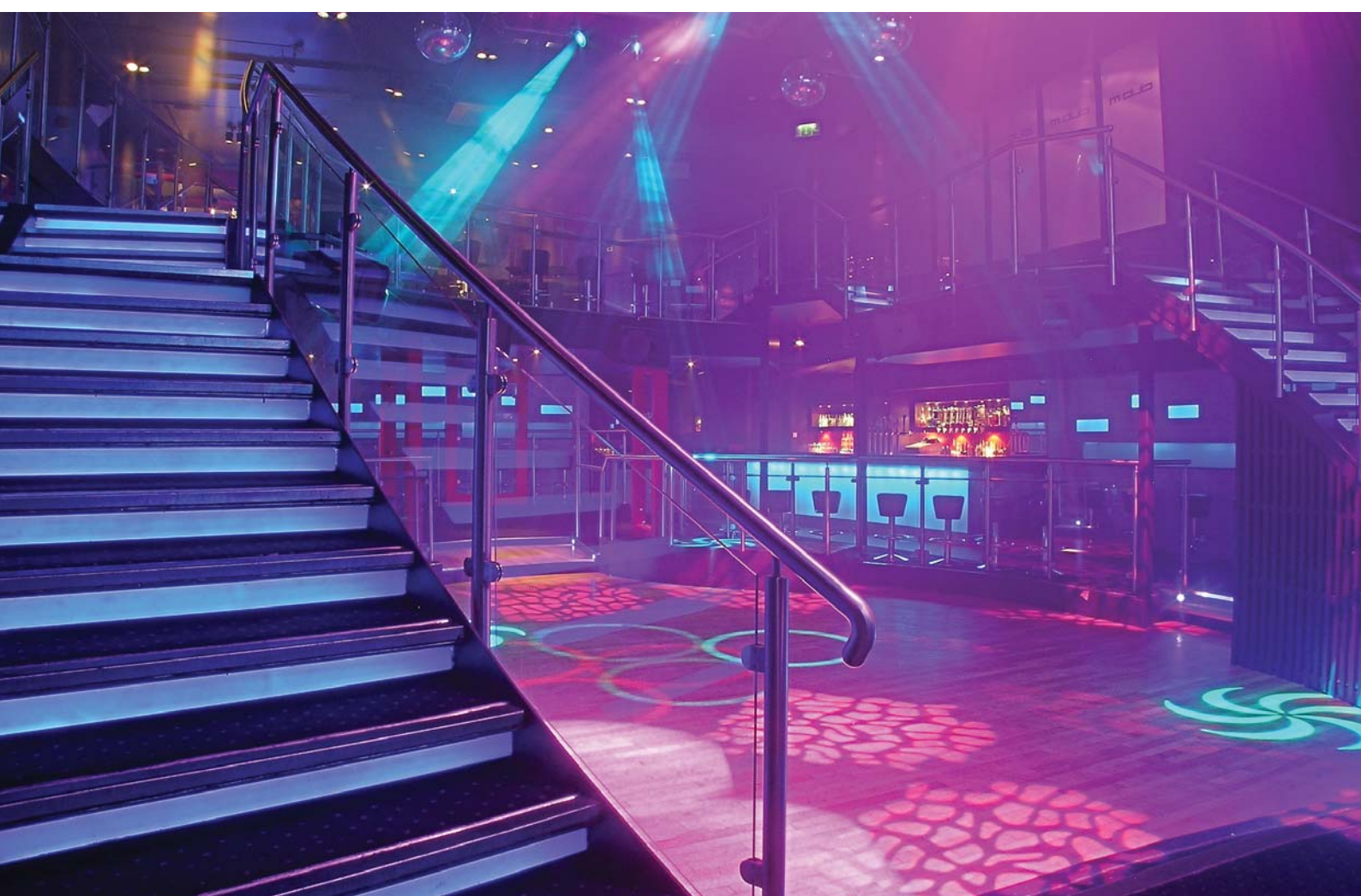
significantly stronger levels of social order protection than the Theatre Licences.

4.4 International experience of sequential closing.

Sequential closing of licensed premises is a simple and logical process. Sections 1.8 and 1.9 showed extensive use of sequential closing around Europe, and here we look in more detail at some research into its use.

According to O'Donnell (2007) the prime purpose of the Scottish National Plan for Action on Alcohol Problems (SNPAAP) was "to reduce alcohol-related harm in Scotland through prevention and education, protection and control, and the provision of services bound in the need to change the local drinking culture and attitudes." Based on working practice, partnership initiatives that aim to reduce harm within communities, "the new legislation incorporates the five new licensing principles: the prevention of crime and disorder; the promotion of public safety; the prevention of public nuisance; the promotion of public health; and the protection of children from harm." O'Donnell (2007) identifies staggered closing time provision as one of the major tools for achieving the SNPAAP goals.

NSRA (2004: Q10) provides strong support for introduction of the staggered (sequential) closing time system. According to the survey data, sequential closing times are believed to be the



second most effective non-penal means for preventing drunkenness in public places (8%) and the most preferred way of combating public drunkenness without resorting to direct restrictions on alcohol consumption. NSRA (2004:Q11) gives some indication as to the perceived importance of the staggered closing time reform in controlling drunk behaviour and minimising public disorder. When taken in conjunction with provision of adequate public transport, staggered timing yields 27% recognition as the most effective means for minimising public disorder – the second highest measure overall and the highest non-punitive measure. The socio-economic status of respondents was not a significant determinant of public perceptions of the effectiveness of staggered timing in reducing the adverse impact of drunkenness on public order.

Article 5.7 of the TMBC (2005) recognises the core aim of introducing a staggered closing times reform to licensing laws as the means “to prevent the mass exodus of patrons at standardised closing times that could happen under the inflexible licensing hours of the previous liquor licensing arrangements. Fixed licensing hours have been abolished in favour of hours tailored to individual premises. In areas containing a number of licensed premises the policy of the Council will be to encourage licensees to stagger their closing times... The aim of this policy is to minimise disturbance and strain on transport systems.”

4.5 Improved safety and order provisions under the nightclub permit

The introduction of a nightclub permit will improve capital expenditure, increase employment and increase sales in the nightclub industry as outlined earlier. The industry already achieves or in most cases exceeds any regulatory requirement with regards safety and order controls. These improvements will enable them to further enhance these controls.

Scott and Dedel (2006) supply a set of general guidelines relating operations and licensing laws structuring to safety, public order and minimisation of the adverse effects of alcohol consumption. These guidelines include, amongst others:

1. **Implementing multifaceted, comprehensive strategies**
an objective enhanced by developing a more

restrictive and better tailored licensing recognising the differences between the bars, late bars and the nightclubs;

2. **Establishing responsible beverage service programs, to provide “responsible beverage service training [that] can be effective in reducing intoxication and assaults...”**
The Nightclubs Permit system can deliver significant gains in efficiency of such training programs. These include monitoring drinking to prevent drunkenness, promoting slower drinking rates, prohibiting underage drinking. All of these are positively impacted by the presence of the required door security staff, higher security staff ratios in the nightclubs and by the incentives created by the mandatory minimal liability insurance cover. Providing reduced-alcohol or nonalcoholic beverages and discouraging alcohol price discounts are also amongst the objectives positively enhanced by the Nightclubs Licensing reform as the nightclubs in general offer greater focus on entertainment and dancing as opposed to alcohol consumption.
3. **Establishing and enforcing server liability laws**
4. **Establishing adequate transportation** is also linked directly by Scott and Dedel (2006) to the objective of sequential closing.
5. **Controlling entrances and exits** – another positive effect of higher security and monitoring of the patrons’ behaviour that are enhanced under the current nightclubs permit proposal.
6. **Maintaining an attractive, comfortable, entertaining atmosphere:** the minimum floor area requirement, along with the generally more diversified floor-space use in the nightclubs make the current proposal more effective in delivering enhanced customer experience in the nightclubs relative to the bars and late bars.

Relaxing or staggering bar closing times is identified in Scott and Dedel (2006) as a separate and fully independent objective. According to the guidelines, “allowing bars to determine their own closing times or staggering the mandatory closing times results in fewer drunken people on the streets competing for food, transportation, and attention.

In addition, more people are on the streets, though in lower concentrations, for longer periods—a factor that improves natural surveillance and makes people feel safer.”

4.6 Reducing pre-loading and binge drinking

One of the more recent and rapidly growing trends underpinning the growth in social and economic costs associated with alcohol abuse is related to the pre-loading behaviour, whereby patrons engage in heavy drinking at home prior to going out. According to www.aim-digest.com (2008), a new study from Liverpool John Moores University shows that women who pre-load consume over a third of their total amount of alcohol for the entire evening before leaving for the night out. For men, this figure is roughly 25%.

Hughes et al (2008) show that in the urban setting of North-Eastern England, pre-loading behaviour was found to be significantly and positively correlated with higher alcohol consumption during the entire night out than for those customers who did not engage in pre-loading. “Over a quarter (26.5%) of female and 15.4% of male alcohol consumption over a night out occurred prior to attending nightlife. Individuals who drink before going out were over four times more likely to report >20 units on a usual night out and 2.5 times more likely to have been involved in a fight in the city’s nightlife during the previous 12 months.”

A 2006 study conducted by the Queen Margaret University in Edinburgh, into the alcohol content of self poured drinks, in-home drinking, highlighted through a practical pouring test, that the average drink poured by participants, contained 2.05 units of alcohol instead of 1. Additionally drinking at home “often” or “occasionally” was reported by 97.5% of men and 93.6% of women. The impact of pre-loading cannot be underestimated.

These trends are also evident in early stages of development in Ireland (INIA, 2008, Delaney et al, 2007) and require pro-active policy change to reduce their harmful effects on health and public order. The proposed reform aids such efforts by offering a less alcohol-focused form of late night entertainment in conjunction with sequential closing hours. Additionally the introduction of a nightclub permit is expected to significantly enhance safety and public order provisions, security staffing, cctv, premises specialisation and investment, and provision of less drink-focused entertainment. Unique to the nightclub industry, every patron that enters a nightclub must do so under the supervision of a licensed, trained security person. This will deter binge drinking in advance of going to nightclubs, either in other licensed premises, or pre-loading at home. The server intervention training, the responsible service of alcohol, along with improved security measures, will help to reduce harm from binge drinking, both in advance of attending nightclubs, and while on the premises.



Conclusions

The current licensing framework in Ireland fails to recognise the difference between nightclubs and other licensed premises, which would be rectified by the introduction of the nightclub permit. The cost structure of €410 per night for nightclubs, which costs the average nightclub in Ireland over €85,000 per annum is completely disproportionate, and bears no relevance to the market share of alcohol sales of the industry. The nightclub industry sells approximately 5% of all alcohol sold in Ireland by value, less by volume, yet it shoulders almost 70% of the total annual licensing costs levied at the on and off-trade combined. The annual application process for the nightclub permit, would significantly reduce the administrative burden for the courts and the Gardai, which would be reflected in the reduced cost of the permit.

This assessment shows that the reforms proposed by the INIA as outlined in section 2, setting out strict and specific conditions for the nightclub permit, for standard trading hours across the seven nights of the week, for the re-introduction of entertainment during drinking up time, and for reforming the system of closing times in our capital city, Dublin, resulting in extended operating hours and sequential closing of licensed premises, achieves significant economic and exchequer

revenues growth. Extending the current trading hours in Dublin, and introducing sequential closing of licensed premises, is consistent with regulatory regimes for nightclubs operating in other European capitals.

The analysis shows that the reforms proposed by the INIA, result in the creation of 1,650 full time equivalent jobs, increasing the sector employment from currently 4,500 to 6,150, an increase of 37%. Resulting added tax revenues comprising corporation tax, PAYE and employment taxes, alcohol related VAT and non alcohol related VAT, and allowing for substitution effects and decreased annual licensing costs, are €50.4m per annum. The total added economic value, as a result of the proposed reforms are ca €94.8m pa.

At the same time, the reforms offer significant opportunities to reduce the adverse effects of alcohol misuse, public disorder, binge drinking, pre and post loading, and the resultant health consequences. The author outlines both domestic and international evidence that the introduction of sequential closing of licensed premises has a positive effect on public order. Additionally, the nightclub permit, with inherent improved safety and order controls, will have positive social effects.

References

- www.aim-digest.com (2008) Study examines problems associated 'preloading' alcohol before going out to bars and clubs, www.aim-digest.com/gateway/pages/S&P%20Drinking%20Pattern/articles/preloading.htm?TabID=2420
- ASI (2008) Annual Services Inquiry 2006, www.cso.ie/releases
- Briscoe, S., and N. Donnelly (2001a). Temporal and Regional Aspects of Alcohol-Related Violence and Disorder. Alcohol Studies Bulletin, No. 1. Sydney (Australia): New South Wales Bureau of Crime Statistics and Research and the National Drug Research Institute of Curtin University.
- Briscoe, S., and N. Donnelly (2001b). Assaults on Licensed Premises in Inner-Urban Areas. Alcohol Studies Bulletin, No. 2. Sydney (Australia): New South Wales Bureau of Crime Statistics.
- CCNT (2008) Minutes of the City Centre Night Time Initiative 4th Meeting, 5th June 2008
- Chikritz, T., and T. Stockwell (2002). "The Impact of Later Trading Hours for Australian Public Houses (Hotels) on Levels of Violence." Journal of Studies on Alcohol 63(5):591–599.
- CIP (2008) Census of Industrial Production, www.cso.ie/releasepublications/documents/industry/cip_2004/entirecip_2004.pdf
- CSO (2008) Annual Services Inquiry, 2006, Central Statistics Office, Dublin, December 2008.
- Deehan, A. (2004). "The Prevention of Alcohol-Related Crime: Operationalising Situational and Environmental Strategies." Crime Prevention and Community Safety: An International Journal 6(1):43–52.
- Delaney, L., C. Harmon, C. Milner, L. Sweeney and P. Wall (2007) "Perception of Excessive Drinking Among Irish College Students", UCD Geary Institute, Discussion Paper WP/12/2007, May 2007.
- DIGI (2008) The Economic Contribution of the Drinks Industry, Drinks Industry Group of Ireland, July 2008.
- Foley, A. (2006) The economic cost of alcohol abuse. An assessment of the estimates in the Strategic Task Force on Alcohol, DIGI, 2006.
- Harmon, C. (2007) "Behavioural Economics and Drinking Behaviour" IZA Discussion Paper 2883, June 2007.
- Horwath Bastow Charleton (2008) European Licensing Laws – Draft Report, September 2008.
- Hughes, K, Anderson Z., Morleo M. and Bellis MA (2008) "Alcohol, nightlife and violence", Addiction, January 2008, Vol 103 Issue 1, pages 78-79.
- Humphreys, D. (2008) "Last (Dis)Orders? : The Implications of the Licensing Act (2003) on Violent Crime" Paper presented at the annual meeting of the American Society of Criminology, Atlanta Marriott Marquis, Atlanta, Georgia, http://www.allacademic.com/meta/p228548_index.html
- INIA (2008) Submission to the Government Alcohol Advisory Group, January 2008.
- Isle of Man Constabulary (2005). "Project Centurion: Reducing Crime and Disorder on Douglas Promenade." Submission to the Herman Goldstein Award for Excellence in Problem-Oriented Policing.
- NSRA (2004) Northern Ireland Omnibus Survey, October 2004, Northern Ireland Statistics and Research Agency, Liquor Review Team Module.
- O'Donnell, B. (2007) Reducing harm and changing culture: Scotland's national Plan for Action on Alcohol Problems. International Journal of Drug Policy, Volume 17, Issue 4, Pages 367 - 372
- Plant, E., and M. Plant (2005). "A 'Leap in the Dark?' Lessons for the United Kingdom From Past Extensions of Bar Opening Hours." International Journal of Drug Policy 16(6):363–368.
- RCAP (2007) Annual Report, 2007, The Revenue Commissioners, www.revenue.ie/annualreport/annualreport_2007/downloads.html
- Roberts, M., C. Turner, S. Greenfield, G. Osborn, N. Bailey, and T. Edmundson (2002). Licensing Reform: A Cross-Cultural Comparison of Rights, Responsibilities, and Regulation. London: University of Westminster.
- Scott and Dedel (2006) Assaults in and around bars, US Department of Justice, Office of Community Policing, 2nd edition, August 2006. www.cops.usdoj.gov
- STFA (2004) Strategic Task Force on Alcohol. Second Report. Department of Health and Children, 2004.
- TMBC (2005) Tameside Metropolitan Borough Council Licensing Policy, January 2005, www.tameside.gov.uk
- Mintel Oxygen, Irish Lifestyles 2008 Report.

Appendix 1: Economic and Exchequer impact estimates, Consolidated

(1,000 Euro)	2007	Post-reform	Increase	Increase %
Total revenue	500,000	662,842	162,842	32.6%
66% alcohol related	330,000	451,770	121,770	36.9%
34% non-alcohol related	170,000	211,072	41,072	24.2%
Increase in the number of employees	4,422	6,072	1,650	37%
Tax revenue estimates				
(1) Corporate tax returns:				
Pre-reform profit margin of 8%, post-reform, 10%	5,000	9,943	4,943	99%
(2) PAYE and employment taxes	5,995	15,156	9,161	153%
Working hours (annual) sector total	1,903,044	4,392,960	2,489,916	131%
Average wage per hour (inc overtime)	0.0105	0.0115		9.5%
Total wage bill per sector annually	19,982	50,519		
(3) Alcohol-related revenue gains	167,030	228,663	61,634	36.9%
(4) Less substitution effect		-18,934	-18,934	
(5) Non-alcohol related VAT	35,700	44,325	8,625	24.16%
Excise duty on premises & court fee (6)	29,550	0	-29,550	
Annual License Fee	0	14,520	14,520	
Total net Exchequer impact			50,399	21%
Economic Impact (1,000 Euro)				
VA per labour	15,586	40,415	24,829	159%
VA per Exchequer	243,274	293,673	50,399	21%
VA per venue (capital and plant)	40,000	79,541	39,541	99%
Total GVA increase per reform	298,860	413,629	114,770	38%
Less Social Cost			-19,989	
Net VA per Reform			94,781	

Appendix 2: Economic and Exchequer impact estimates, Dublin Nightclubs

(1,000 Euro)	2007	Post-reform	Increase	Increase %
Total revenue	170,000	260,440	90,440K	53.2%
66% alcohol related	112,200	179,520	57,120	60%
34% non-alcohol related	57,800	80,920	23,120	40%
Hours effective per week	11.5	25	13.5	117.4%
Increase in the number of employees	1,254	1,584	330	26%
Tax revenue estimates				
(1) Corporate tax returns:				
Pre-reform profit margin of 8%, post-reform, 10%	1,700	3,906.6	2206.6	129.8%
(2) PAYE and employment taxes	2,362.2	7,104.2	4742.1	200.8%
Working hours (annual) sector total	749,892	2,059,200	1,309,308	174.6%
Average wage per hour (inc overtime)	0.0105	0.0115		9.52%
Total wage bill per sector annually	7,873.87	23,680.8		
(3) Alcohol-related revenue gains	56,790.03	90,864.048	34,074	60%
(4) Less substitution effect	0	-10,467.538	-10467	
(5) Non-alcohol related VAT	12,138	16,993.2	4855.2	40%
Excise duty on premises & court fee (6)	7,035.6	0	-7035.6	
Annual Licence Fee		3960	3960	
Total net Exchequer impact			32,334.8	40.4%
Economic Impact (1,000 Euro)				
VA per labour	6,141.6	18,944.6	12,803.02	208.5%
VA per Exchequer	80025.79	112,360.55	32,334.76	40.4%
VA per venue (capital and plant)	13,600	31,252.8	17652.8	129.8%
Total GVA increase per reform	99,767	162,558	62,791	62.9%
Less Social Cost			-11,051	
Net VA per Reform			51,740	

The figures must be controlled for the potential reduction in revenue due to the substitution in demand away from off-licence after hours consumption in favour of consumption in the nightclubs. To estimate this, assume that 12% of sales of the after-hours consumed alcohol is accounted for in the grey market (OECD estimates that the grey markets in Ireland account for 20-24% of the entire consumption expenditure, so our assumption is conservative). The net (of growth trend) expenditure elasticity of off-licence consumption relative to on-licence consumption of alcohol is estimated from Appendix 1 to be -2.854% decline in off-licence expenditure per each 1% increase in on-licence expenditure net of overall increase in expenditure with probability of 85%. Gross elasticity is however a positive 1.817% (with probability of 94%). Hence, adjusting for probabilities, the net substitution effect away from off-licence sales will be 1% increase in sales on-licence will lead to a 0.72% decrease in off-licence sales. This translates into a decline in off-licence sales to the amount of €1,800K, yielding a decrease in tax revenue of ca €0.455mIn.



Appendix 3: Economic and Exchequer impact estimates, Nightclubs Outside Dublin

(1,000 Euro)	2007	Post-reform	Increase	Increase %
Total revenue	330,000	402,402	72,402	21.9%
66% alcohol related	217,800	272,250	54,450	25%
34% non-alcohol related	112,200	130,152	17,952	16%
Hours effective per week	7	10	3	43%
Increase in the number of employees	3168	4488	1320	42%
Tax revenue estimates				
(1) Corporate tax returns:	3300	6036.03	2736.03	82.91%
Pre-reform profit margin of 8%, post-reform, 10%				
(2) PAYE and employment taxes	3632.4288	8051.472	4419.04	121.7%
Working hours (annual) sector total	1153152	2333760	1180608	102%
Average wage per hour (inc overtime)	0.0105	0.0115		9.5%
Total wage bill per sector annually	12,108.096	26,838.24		
(3) Alcohol-related revenue gains	110,239.47	137,799.34	27,559.9	25%
(4) Less substitution effect		-8,466.4	-8,466.4	
(5) Non-alcohol related VAT	23,562	27,331.92	3,769.92	16%
Excise duty on premises & court fee (6)	22,513.92	0	-22,514	
Annual Licence Fee	0	10,560	10,560	
Total net Exchequer impact			18,064.5	11.1%
Economic Impact (1,000 Euro)				
VA per labour	9444.3149	21470.592	12,026.28	127%
VA per Exchequer	163,247.82	181,312.368	18,064.55	11.1%
VA per venue (capital and plant)	26400	48,288.24	21,888.24	83%
Less social cost			-8938.1	
Total GVA increase per reform			43,041	

Appendix 4: Estimation of elasticities

Table A4.1
Expenditure on Alcohol (Current Prices) in Retail Outlets (Million Euro)

Year	OFF-LICENCES			Total	ON-LICENCES			Total
	Beer	Spirits	Wine, Cider and Perry		Beer	Spirits	Wine, Cider and Perry	
1995	165.1	249.1	277.9	692.1	1,987.40	358.3	92.6	2,438.30
2000	224.6	453	696.8	1374.4	2,737.20	651.8	232.3	3,621.30
2002	240	574.4	934.2	1748.6	3,085.70	826.6	311.4	4,223.70
2004	344.9	553.5	1041.7	1940.1	3,047.30	796.6	347.2	4,191.10
2006	494.5	628.6	1353.7	2476.8	2,970.00	904.6	451.2	4,325.80
2007	587.2	648.2	1403.9	2639.3	3,072.20	932.7	467.9	4,472.80

Source : CSO, National Accounts Section.

Table A4.2

	% Change in off-license consumption per 1% increase in on-license consumption				
	Off-license	On-license	Total	Net % change on-license	net % change off-license
1995	68.90	30.06	37.03	-6.97	31.89
2000	98.60	48.52	59.59	-11.07	39.00
2002	27.20	16.63	19.55	-2.91	7.68
2004	10.95	-0.77	2.66	-3.43	8.29
2006	27.66	3.21	10.95	-7.74	16.71
2007	6.56	3.40	4.55	-1.15	2.01

Appendix 5:

Figure A5.1 Aggregate demand changes, 1990-2007

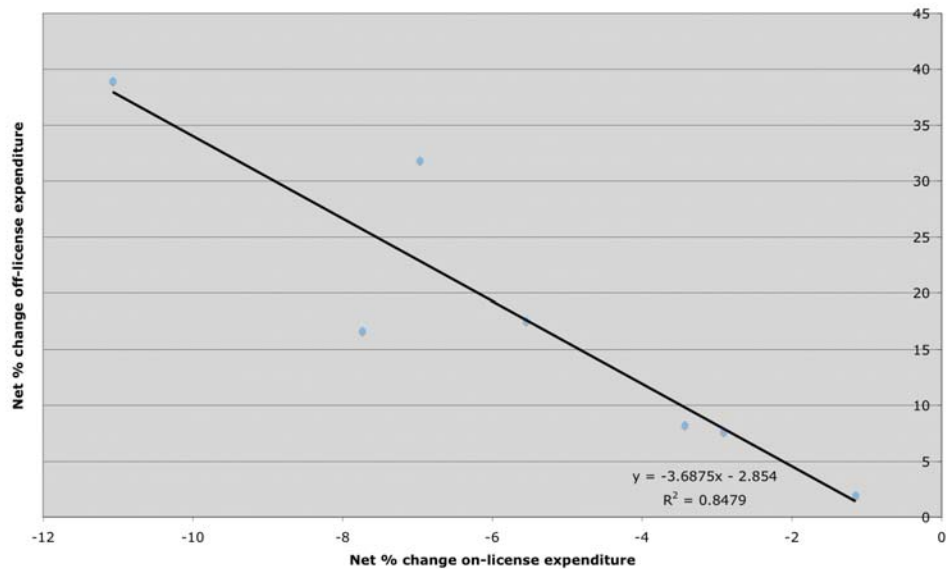
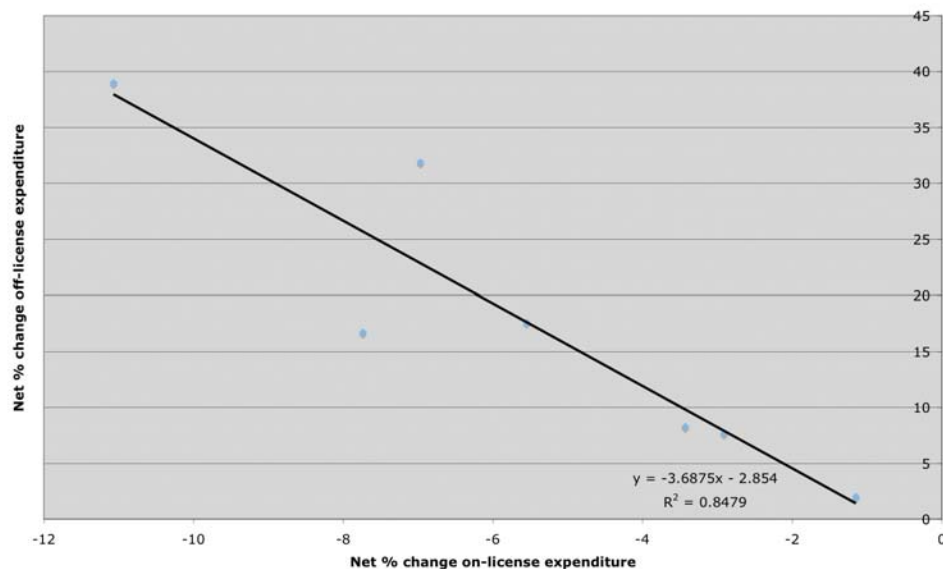


Figure A5.2 Net substitution effect, 1990-2007



National expenditure on alcohol

Total expenditure on alcohol in 2006 stood at €6,628 mln (DIGI, 2008), of which 4.9% was accounted for by the nightclubs, implying the nightclubs-related sales of alcohol of ca €330m in 2006 or 66% of total revenue of the nightclubs sub-sector.

Appendix 6:

Figure 6.1 Dublin public order prosecutions as a proportion of national figures.

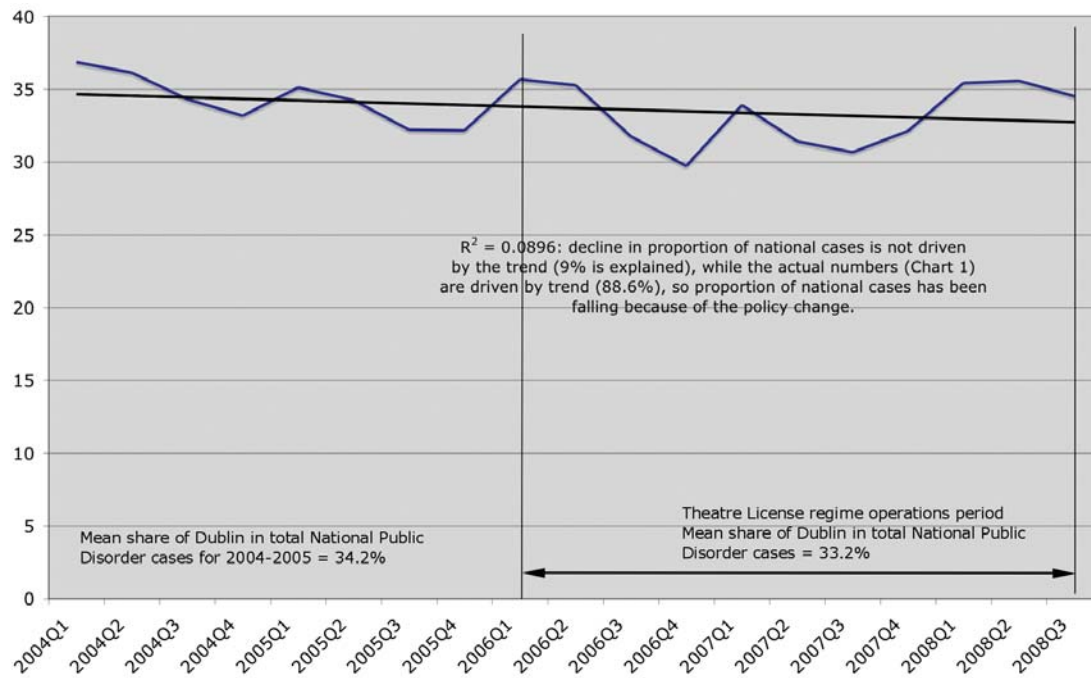
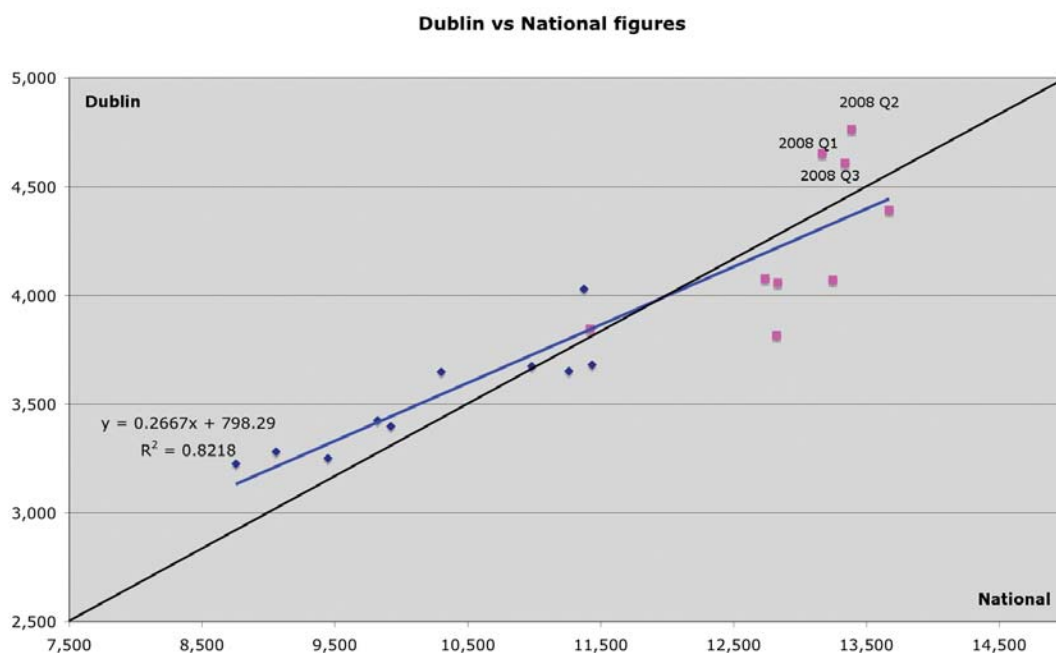


Figure 6.2 Dublin v National figures [public order]



Sources: CSO, 2008

Economic and Social Impact Assessment
of the proposed regulation of the
Nightclub Industry in Ireland.

INIA

Irish Nightclub
Industry Association

35 Harcourt Street
Dublin 2.

E: info@inia.ie

T: 01 4788000 F: 01 4759176