

- **Recommendation:** Review of work permit applications for Chef's, particularly those trained in world cuisine specialities

**5. Freezing of the National Minimum Wage** until 2021 in the interest of competitiveness and growth.

Our **Minimum Wage** rate is the 4th highest net minimum wage in the world. Labour costs account for 30-35% of turnover in a restaurant and 40% in a hotel.

The National Competitiveness Council in April 2015 found that 'labour is the most significant driver of business costs for most firms'.

- **Recommendation:** Freeze National Minimum wage until 2021 and reform of income taxes and pay related social insurance for lower paid workers

**6. Reduction in Employers PRSI contribution**

Restaurateurs are entrepreneurs, when a restaurant opens up or expands, up to 30 new jobs are created. At a time when we should be encouraging more people to take risks and create employment for themselves, through setting up a business or becoming self-employed, it is vital that they have the same welfare safety net as employees.

- **Recommendation:** PRSI relief system to be introduced for those hiring new staff, particularly those who take on long-term unemployed
- **Recommendation:** Equalisation of self-employed tax credit with PAYE tax credits

**7. Reduction in Excise Duty over the life-time of the next Government**

Irish wine excise is the highest in the EU. The total excise payable to the revenue is now €14,640 higher per 1,000 cases in 2012. Excise hinders cash flow and prevents SME's from investing in their business. There has been a 62% increase in excise since 2012. The statistics on excise are alarming. The tax take on a standard bottle of wine is now over 50%. Excise is now 106 times higher in Ireland than France. 1,100 people are employed directly by Irish wine distributors and thousands more in the 13,000 restaurants, pubs and off-licenses that sell wine.

Our Value for money perception from an international point of view continues to be eroded.

- **Recommendation:** Reduce excise duty

**8. Commitment to Non-Introduction of Calories on Menus for "Stand Alone" restaurants**

The RAI recognises the current need to address the area of obesity in Ireland. The Association is firmly of the belief that education on calories and nutrition would be the best policy direction rather than legislation on calories. Should Calories on Menus be implemented, the cost of implementation is estimated between €5,000 to €10,000 depending on the size of the establishment.

- **Recommendation:** Calories on Menus should not be targeted at Stand Alone restaurants.
- **Recommendation:** The RAI would like to see specific subjects introduced at primary and second level focusing on food, healthy eating and cooking
- **Recommendation:** The RAI believe that it should be mandatory for all new school builds to have canteen facilities and built kitchens thus providing students with easily accessible and affordable dining options

**9. Designating 2017 as the Year of Food and Drink**

With our abundance of fresh produce and high quality restaurants, 2017 should be designated as the Year of Food and Drink to celebrate all the local farmers, producers, brewers, distillers and food-service establishments.

**10. Development of action plan for rural tourism**

A balanced economic recovery must be a key objective of the next Government. This requires a greater focus on, and investment in rural Ireland.

Large towns and rural areas have seen little to no sign of recovery. While tourism is on the rise, it is not yet back to 2007 levels. Tourism is seasonal and slow.

- **Recommendation:** A spatial strategy needs to be implemented to help struggling parts of the country. Tourism is the central component to the recovery in rural Ireland



RESTAURANTS  
ASSOCIATION  
OF IRELAND

# 2016 General Election Manifesto

## The Restaurant Vote



*"As one of the largest private sector Employers in Ireland, restaurants provide some 72,000 jobs and can be found at the heart of every community in Ireland. The Restaurant sector plays a vital part in Ireland's tourism industry and in order to continue to provide jobs and service the domestic and tourism market there are certain challenges which must be addressed by any New Government programme.*

*The Restaurants Association of Ireland calls on all candidates in the General Election to commit to putting the food-service and tourism industry at the heart of their programme for Government."*

The Restaurants Association of Ireland would be happy to discuss any of the points contained within our manifesto. Please contact us on 01-6779901 or info@rai.ie Further information is available from www.raii.ie. Many thanks for taking the time to read this material and we'd like to wish you success in your campaign.



**Anthony Gray** President,  
Restaurants Association of Ireland

## The Restaurant Industry

With over 3,500 restaurants in Ireland, the Restaurant sector employs 72,000 people (1 in 4 tourism jobs) and contributes €2 billion to the Irish economy each year. The Restaurant sector encompasses a large number of owner operated SMEs, but is also a crucial supporter of small businesses, local agriculture and food producers throughout the country.

*Throughout the downturn, Restaurateurs adapted reducing costs and menu prices and offering better value for money to customers both domestic and international. Measures like the reduction of VAT to 9% in 2011, played a significant part in assisting with this offering.*

There has been much good news to report from the restaurant industry over the last 3 years, namely;

- Restaurants are creating more jobs and opportunities than ever before
- Consumer demand for dining out is on the rise
- More new and innovative concepts are being developed enhancing our overall tourism offering

The recovery, whilst evident in Dublin and other tourism hotspots, has yet to reach many parts of the country.

The 2015 *Faite Ireland* Tourism Barometer of Tourism Businesses found the following;

- 60% of restaurants have served more customers in 2015 than 2014 with 57% seeing an increase in visitors from outside Ireland
- Strong sterling and dollar rates have seen an influx from Britain and America
- Roots of confidence growing but there is a need to protect the future of tourism – capacity and prices.
- Help the Midlands, area is not growing at the same rate as the rest of country

Ireland is a destination, with a long established reputation for welcoming visitors. International competition is increasingly fierce and as a small country, we need to ensure that Ireland remains attractive, accessible and affordable and offers visitors a consistently high quality experience.

*Over recent months, the Restaurants Association of Ireland have listened to our members through a series of meetings around the country on the priorities for the restaurant industry over the next five years, including;*

- Retention of VAT at 9%
- Reduction of **Commercial Rates** for businesses and implementation of reform of Local Authorities.
- Reduction in the **Cost of doing business** and reform of regulation and regulatory bodies
- Addressing the **Skills Shortage and Hospitality Training** is a matter of urgency. “**Re-establish CERT**, the National Hospitality Training Agency”.
- **Freezing of National Minimum Wage** until 2021 in the interest of competitiveness and growth.
- **Reduction in Employers PRSI Contribution**
- **Reduction in Excise Duty** over the life-time of the next Government.
- Commitment to **non-introduction** of Calories on Menus for “Stand Alone Restaurants”
- Designating **2017 as the Year of Food and Drink**
- Development of **action plan for rural tourism**

## Key Action Points for the Restaurant Industry

### 1. Retention of VAT at 9%

Since the introduction of the reduced Vat rate from 13.5% to 9% in 2011, over 30,000 jobs have been created in the Accommodation and Foodservices sector. Total employment in the sector now stands at 136,700, accounting for almost 7% of total employment in the economy.

While it cannot be claimed that the reduction in the VAT rate has been the only factor driving employment in the sector, it has made a significant contribution and has had a very positive impact on the competitiveness of the tourism product in Ireland. The recent weakness of the euro against sterling and the dollar has also been very beneficial.

Whilst the 9% VAT is significantly rebuilding our economy in the Food and Accommodation sectors county by county, our industry is still experiencing a 3-tier recovery where a divide remains evident between business in the capital, urban areas and rural Ireland.

- **Recommendation:** *The retention of VAT at 9% is crucial in maintaining stability in the food, tourism and hospitality sector*

### 2. Reduction of Commercial Rates and Reform of Local Authorities

Local Authorities in Ireland collected €1.2bn in commercial rates in 2015. In its present state the system and the operation of the system do not reflect ability to pay. The commercial rates system has not responded to the fundamental change in the business and economic environment.

Commercial rates for a restaurant are currently calculated by their rent and not like that of a hotel or public house which is based on turnover. With the advent of upward only rents in Ireland, commercial rates in restaurants have increased throughout Ireland.

- **Recommendation:** *The RAI would like to see a comprehensive review of the commercial rates system with the aim of funding local government on a more equitable and sustainable basis. The system needs to change to recognise turnover and profit when a local authority is calculating rates. Introduction of ‘holiday rate’ for start-ups to allow new owners breathing space when opening*

### 3. Reduction in the cost of doing business

Utility costs, as well as Local Authority rates and charges, are a significant cost burden on SMEs and many have been increasing at a rate above inflation since the recession began. The cost of operating a tourism business in Ireland continues to be higher than the EU average across a range of aspects, putting the sector at a disadvantage internationally.

The majority of restaurants have seen between 30% - 50% increase in their **insurance costs** in the past 12 months. Labour costs account for over 30% of turnover in restaurants. Electricity, Waste, Water, Outdoor Seating Charges, Music Rights Licence, Business Improvement District Levy and Fats, Oils and Grease licence all add very significant costs to the restaurant business.

- **Recommendation:** *Support tourism enterprises in moving towards greener energy sources to combat increasing costs in oil and gas that have been underpinning the rise in electricity costs*
- **Recommendation:** *Reducing the cost of Government imposed red-tape on business, in part by streamlining regulatory enforcement activities out of a merger and rationalisation of existing structures and agencies*

### 4. Addressing the Skills Shortage and Hospitality Training

A very significant challenge for employers in the hospitality sector is the gap between their need for particular skills and the availability of employees who possess those skills.

The main skills shortages are among suitably qualified chefs. Shortages of commis chefs feed into shortages at higher and specialist levels. Among the applicants submitted for chef positions, many are deemed not to be appropriately qualified. This reflects the fact that there is **not enough chef training centres**. Currently 1,800 chefs qualify each year from certified culinary training programmes. There is an immediate **deficit of 5,000 chef trainees annually**. (Source: *Expert Group on Future Skills Needs: Hospitality report November 2015*)

- **Recommendation:** *Creation of a National Hospitality and Training Agency with designated training centres nationwide for new apprenticeships and for continuous professional development courses*