



RESTAURANTS
ASSOCIATION

OF IRELAND

REOPENING & SUSTAINING THE IRISH RESTAURANT SECTOR

April 2020

*Ní neart go cur le chéile.
There is no strength without unity.*

Introduction

The Restaurants Association of Ireland (RAI) represents over 3,000 members in the Republic of Ireland, including full-service restaurants, hotel restaurants, gastro pubs, coffee shops and cafes, industry suppliers, golf clubs and cookery schools. It also has 100 trade partners, businesses that are its approved suppliers of products and services for restaurants. Established in 1970, the main aim of the association is to develop the restaurant industry in a professional and high-quality manner by providing strong support and representation to its membership.

The Accommodation and Food Services Sector is a very important component of the Irish economy.

Employment in the sector stood at 179,800 on a seasonally adjusted basis in the final quarter of 2019, which is equivalent to 7.6% of total employment in the economy. Since the second quarter of 2011, just before the special VAT rate of 9% was introduced in July 2011, employment in the sector increased by 62,500 or 53.3%. The increase in the VAT rate in Budget 2019 was already proving very challenging for the sector.

The Restaurant sector is a key component of the Accommodation and Food Services sector. ***Pre COVID it is estimated that the sector contributed over €2.2 billion per annum to the Irish economy in terms of wages and purchases of inputs,*** and it employed over 72,000 people.



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The Restaurant sector has a broad geographical footprint and provides valuable fulltime and part-time employment in every county around the country. It also supports local businesses through the purchasing of produce and services. By taking measures now to cut outgoings for businesses and supporting through grants, we would be supporting one of the hardest hit sectors in the economy during this crisis and enabling them to reopen their doors again. Each local restaurant and food business reopening its door helps local employment, suppliers, and communities. A small independent business is more than just the people contained within.

Economist Jim Power reported back in February 2020 that the Irish Restaurant Sector was already experiencing a downturn as a result of COVID 19. This was in advance of restrictions, closures and indeed even the first case of COVID 19 being diagnosed in Ireland.

Since the initial decline in restaurant customers in late February the Restaurants Association of Ireland has engaged at local level with its 3000 strong membership of Restaurants, Gastropubs, Cafés and eateries and listened to their asks. The asks of this recovery plan have been communicated to various governmental departments, TDs, Senators and Fáilte Ireland over the last number of weeks as we all seek to ensure the Irish Restaurant and Hospitality Industry recovers and strengthens in the coming months ahead, which will not be without their challenges.



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European Solution

The Restaurants Association of Ireland (RAI) is a member of Hospitality Europe (HOTREC) which is the umbrella association of Hotels, Restaurants, Cafés & similar establishments in Europe. HOTREC brings together 45 Member associations in 33 countries and is the voice of the European hospitality industry.

Engagement at a European level is also vital and the Restaurants Association of Ireland and its counterparts in Europe have sought a unified approach to the recovery of the restaurant and hospitality sector at a European level. Such engagement will further strengthen the case for *European led grant aid support through the Irish Government to the devastated Restaurant and Hospitality Sector.*



Immediate supports needed for Tourism & Hospitality due to impact of COVID 19

1. VAT:

0% VAT Rate for Tourism & Hospitality for period of crisis & for 12 months thereafter & then revert to 9% for period of 5 years

2. Rents:

Legislation to protect commercial lease holders & any mortgage holiday or write offs to be passed on to the lease holder. A scheme like France called the 60/20/20. Government supplements Rent by 60%, Landlord reduces rent by 20% & Commercial Tenant pays 20% for 12 months of the crisis

3. Banks:

No banking fees for hospitality until a vaccine is found. ECB interest rates on loans & a moratorium on existing loan repayments

4. Insurance:

Pay-outs under business interruption & notifiable disease clauses. Forbearance, in either rebates or extensions to policies for period of closure, & no suspension of cover whilst businesses are closed

5. Wage Supports:

Continued supports for Restaurants & Hospitality until vaccine is found. Support for people over the age of 66 & seasonal workers in the PUP & Wage Subsidy Schemes

6. Liquidity / Grants:

A DBEI package of grants for businesses to cover outgoings in the first six months following the return of normal trading

7. Commercial Rates:

Rates write off for Restaurants & Hospitality for the full crisis period until a vaccine is found

8. Utilities:

Ban on utility providers cutting off services & demanding payments when business are closed. Review of standing charges for closure period.

9. Outdoor Seating:

Waiver of licences for outdoor tables and chairs for 1 year to enable businesses to reopen and adapt to social distancing using outdoor spaces

Future Recovery Supports Needed

1. An interest free working capital fund of €500m with allocations of circa €20,000 for SME's with pre COVID turnover of under €2m, €30,000 for SME's with pre COVID turnover of €3m and so on to allow the sector to restock and re-roster their business with essential working capital.
2. The industry will need further supports via the Wage Subsidy Scheme as it re-engages its workforce. Possibility of a 50% of basic net pay for 12 weeks so long as the employee is re-engaged at pre COVID earnings.
3. New suite of measures to give consumers confidence on cleanliness of the hospitality product led by Fáilte Ireland with robust guidelines on best international practice in hygiene, sector by sector.
4. A tourism recovery taskforce Mark 2 which the Restaurants Association of Ireland will be part of, with an independent chair supported by both agencies; Failte Ireland and Tourism Ireland
5. Re introduction of Entertainment as an allowable corporate expense would be very attractive to the local multinationals and benefit tourism and hospitality businesses
6. In the case of Seasonal business an employment grant would assist in keeping places open