

# RAI Pre-Budget Submission 2022

SUSTAINING & REVIVING IRELAND'S RESTAURANT  
& HOSPITALITY SECTOR



RESTAURANTS  
ASSOCIATION  

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OF IRELAND





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# INTRODUCTION

## ABOUT THE RESTAURANTS ASSOCIATION OF IRELAND

The Restaurants Association of Ireland is the representative body for restaurants, cafés and gastropubs in Ireland. With over 2,700 business owners nationwide, we represent fine dining, casual dining, ethnic, family, gastropubs, and hotel restaurants. Established by restaurateurs in 1970 to represent the sector at governmental level and promote and improve the industry, the Restaurants Association of Ireland continues with that mandate to this day.

## THE RESTAURANT INDUSTRY IN IRELAND

“The Restaurant and hospitality sector, including; gastropubs, cafes, canteens, and caterers has been impacted the longest by COVID restrictions and is a sector which will take the longest to recover. With restrictions set to ease at the end of October 2021 it cannot be discounted that a pre-pandemic level of trading including international tourism will take at least 18 months to return. What must be ensured is that this vital economic contributor, employer and element of Ireland’s tourist offering is facilitated to survive and enabled to recover, so that when trade returns the offering domestically and to an international client is of an exceptional standard. A plan to support and re-invigorate the sector is needed as the slow return to normality begins. As the August ESRI Social Activity Measure notes, “ The frequency of visits to the majority of locations fell slightly. Although indoor dining and drinking had been possible for the increasing proportion of vaccinated individuals for over two weeks, visits to cafés, pubs and restaurants did not increase.”. For continued survival of the sector and to ensure that this vital element of the Tourism Industry is maintained, which pre-pandemic was a sector that employed over 265,000 people & contributed €9.3 Billion to the economy, a comprehensive and targeted package of supports including continued EWSS, debt warehousing and tourism development budgets are needed.

Economist Jim Power has stated “As well as the direct contribution that restaurants make to the overall economy, they are a crucial component of the tourism product. Tourism is vital to the well-being of the Irish economy. In 2019, 10.8 million overseas visitors came to Ireland and the tourism sector is estimated to have been worth €9.3 Billion to the economy. It employs in total around 260,000 workers, which is equivalent to 11% of total employment in the economy. The restaurant sector is a crucial element of Ireland’s tourism offering. Having a high-quality and affordable restaurant offering is of vital importance to the success of tourism in Ireland. Restaurants will have to play a key role in re-building tourism in the aftermath of COVID-19.” To contribute in this rebuilding the restaurant and hospitality sector must be equipped with survival supports in the Budget for the coming year.”



# 1) TOURISM & HOSPITALITY SECTOR SUPPORTS FOR COVID RECOVERY

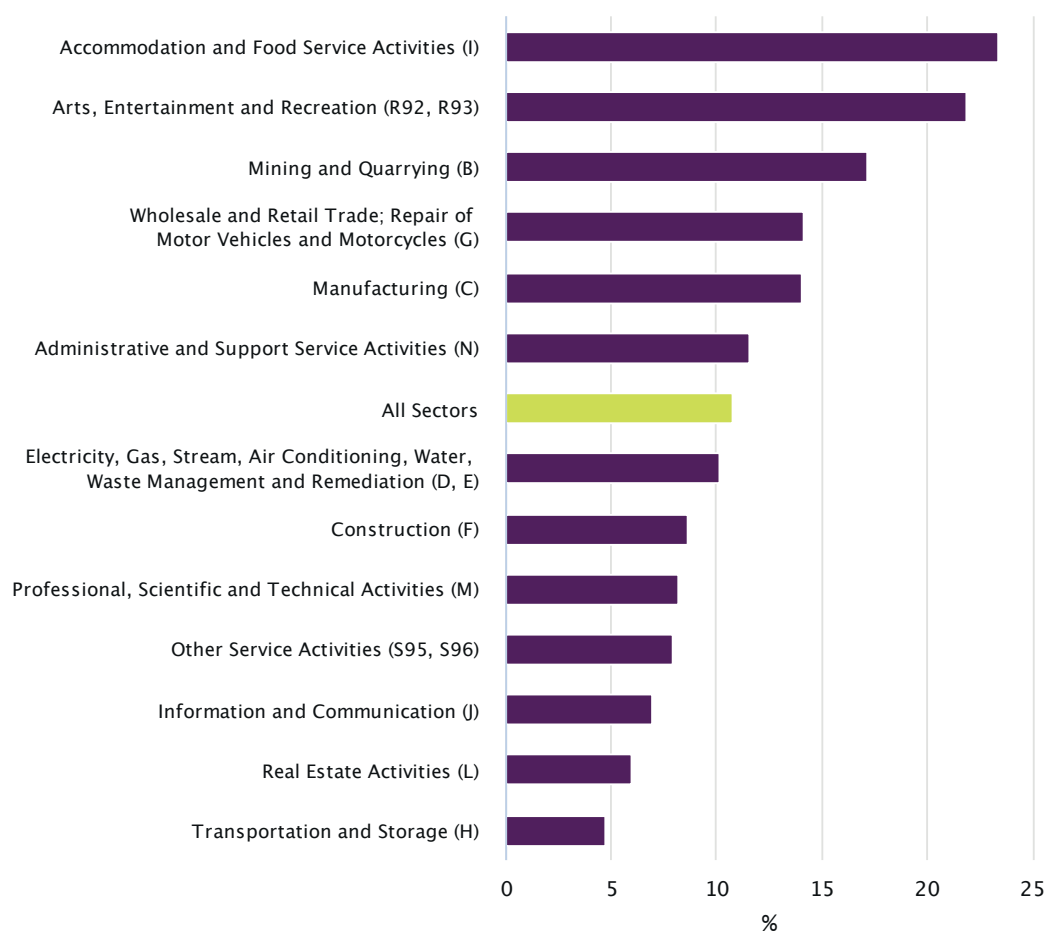
## a) Wage Supports

40% of Accommodation & Foodservice Businesses had staff on either the Temporary Wage Subsidy Scheme (TWSS) or the Employment Wage Subsidy Scheme (EWSS) between March 2020 & January 2021, the highest of any sector in the country as per CSO. This included the period of permitted indoor training during the Summer months of 2020 and Christmas 2020, demonstrating that despite permitted trade during those seasons businesses were still eligible for due to a drop in income and in need of wage supports. It is vital for the restaurants & hospitality sector that wage support continue into 2022 as international tourism will take some time to return to pre-pandemic levels.

### ACTION:

- Extension of EWSS for Hospitality Sector for 2022.

Figure 2.7: Percentage of enterprises with personnel which availed of Wage Subsidy Scheme by sector, January 2021



Source: CSO Ireland

### Almost a quarter of Accommodation and Food Services businesses availed of WSS in January 2021

Almost four in ten (39.2%) enterprises in the Accommodation and Food Service Activities sector had personnel which received a payment via the Wage Subsidy Scheme (TWSS/EWSS) at some point between March 2020 and January 2021. In January 2021, 23.4% of enterprises in this sector were availing of the WSS compared to the peak of 31.3% in August 2020.

Source: CSO Signs of Life Series One State Supports <https://www.cso.ie/en/releasesandpublications/fp/fp-bslss/businesssignsoflifeseriesonestatesupportmarch2020tojanuary2021/statesupport/>

## b) Increased Tourism Budget

The budget for Tourism needs to be increased from the current €186 Million budget to €300 Million in October considering the significant and inevitable long-term recovery for the tourism sector as a result of COVID 19. Once travel restrictions ease and in advance of that for sectors such as conferencing, events and trade shows (who require advance booking) a significant overseas marketing campaign is needed to promote Ireland once again.

The Irish Tourism Industry Confederation (ITIC) in its pre-budget submission estimated the scale of the damage the pandemic and the ongoing restrictions that followed have had on Irish Tourism which includes hospitality. They have also proposed measures to ensure a quick and sustainable recovery of such a valuable sector to the Irish economy.

**Damage:** Projected value of tourism economy in 2021: €2.4bn. Reduction of 74% vs 2019

**Recovery:** Recovery to 2019 levels possible by 2026 given right policies. 2019 value of tourism economy: €9.3 billion

It is anticipated that Government will spend €180 million in 2021 on its current tourism budget.

- ITIC is proposing that this be increased to €300 million in 2021 to fund Fáilte Ireland and Tourism Ireland and allow for:
- increased business continuity funding,
- industry supports and
- a doubling of international marketing budgets.

The Government's own Tourism Recovery Taskforce last year called for a step-change in tourism funding. Investment now can ensure recovery of a €9 billion industry.

## c) Local Authority Charges

*Commercial Rates/Water/Wastewater/Street Furniture Charges.*

The Commercial Rates Waiver extended to September 2021 must be extended specifically for businesses subject to trading restrictions as part of public health measures including social distancing and restricted trading hours. Once those restrictions are eased the waiver should be extended for 2022 until a return of pre-pandemic trading levels.

Irish Water is set to implement new national water and wastewater business charges to come into effect on 1st October 2021. The Commissioner for the Regulation of Utilities recommended a deferral of this in 2020 when it was due to come into place in May 2020 a move which could be argued demonstrates that a sector so severely impacted by the COVID pandemic could not accommodate an increase in utility costs.

Minister for Housing, Local Government and Heritage Darragh O'Brien made three regulations to facilitate outdoor dining and the need for ongoing innovative approaches to dining given restrictions and the lack of tourism. The decisions below are welcome but must be extended into 2022 until a level of trading without pandemic restrictions can recommence and international tourism returns.

- Restaurants to operate as takeaways - planning permission exemption extended to the end of 2021
- Street furniture license fees waived for 2021
- Awnings and coverings - no longer require planning application & will be treated as street furniture - street furniture licence application will apply

## 2) TOURISM & HOSPITALITY VAT RATE

The extension of the 9% Tourism and Hospitality VAT rate until September 2022 is welcome but provides no certainty of recovery for a sector that requires supports to return to pre-pandemic levels and compete with other tourism destinations with a lower VAT rate.

11 EU / EEA Member states below have a lower VAT rate for hospitality than Ireland's current reduced rate for tourism and hospitality in light of COVID 19, which is currently 9%. It should also be noted that whilst other EU member states have sought, like Ireland, to temporarily further reduce the VAT rate for Tourism and Hospitality in light of the pandemic, their ordinary VAT rate is lower than Ireland's. In order to remain competitive and offer a sustainable recovery of the Tourism industry in Ireland, which pre-pandemic employed over 265,000 people and contributed €9.2 Billion to the economy, the reduced VAT rate of 9% must be extended until 2025 at a minimum and permanently reduced to remain competitive.

### EU / EEA Permanent reduced VAT rates for Hospitality Sector

Country	Applies to:	VAT Rate	Temporary Reduced VAT Rate due to COVID
Austria	<b>Hospitality</b>	10%*	5% until 31/12/2021
Belgium	Restaurants and catering - food on-site	12%*	6%** until 30/09/2021
Bulgaria	Hotel accommodation	20%	9% until 31/12/2021
Croatia	Hotel accommodation Restaurants and catering - food	13%	
Cyprus	<b>Hospitality</b>	9%**	
Czech Republic	<b>Hospitality</b>	10%**	
Finland	Hotel accommodation Restaurants and catering	10% 14%**	
France	<b>Hospitality</b>	10%**	
Germany	Hotel accommodation Restaurant and catering food - take-away	19%	7% until 31/12/2022
Greece	Hotel accommodation Restaurants and catering - food	13%	13% until 30/09/21
Hungary	Hotel accommodation Restaurants and catering - food	5%	
Iceland	<b>Hospitality</b>	11%	
Ireland	Hotel accommodation Restaurants and catering - food	13.5%*	9% until 1/9/2022
Italy	<b>Hospitality</b>	10%	
Luxembourg	<b>Hospitality</b>	3%**	
Netherlands	<b>Hospitality</b>	9%**	
Norway	Hotel accommodation Restaurants & catering - take-away & delivery	12% 15%**	
Poland	<b>Hospitality</b>	8%**	



Portugal	Hotel accommodation Restaurants and catering	6% 13%	
Romania	<b>Hospitality</b>	5%**	
Slovenia	Hotel accommodation Restaurants and catering - food	9.5%	
Spain	<b>Hospitality</b>	10%	
Sweden	<b>Hospitality</b>	12%**	

\* Reduced VAT rate which has been further reduced as part of temporary measures

\*\* Not applicable to alcoholic drinks (Note: reduced rate applied to draft beer in Czech Rep. and Romania)

#### **ACTION:**

- ACTION: Retain 9% VAT Rate until 2025

## 3) STAY & SPEND SCHEME

The Stay and Spend Scheme did not succeed in driving business to the restaurant and hospitality sector. Its introduction in October 2020 was too late for the sector as urban centres struggled since reopening in June 2020 and regional and then nationwide lockdown restrictions followed thereafter limiting hospitality to trade as takeaway and delivery only until December 2020. The operation of the scheme, it being a tax credit to be claimed at a later date was far less of an incentive than the Eat out to Help Out real time voucher scheme that operated in the UK. A real time discount is what would see a boost in consumer spend and staycations. A voucher scheme is also more inclusive as the stay and spend scheme sees a significant section of society who do not pay tax excluded, be they retirees etc.

#### **How the Eat Out to Help Out Scheme worked for the consumer in the UK:**

- Get a 50% discount on food or non-alcoholic drinks to eat or drink in (up to a maximum of £10 discount per diner)
- Every Monday, Tuesday and Wednesday between 3 and 31 August
- As many times as you like
- You do not need a voucher to use this scheme and you can use it at the same time as other offers and discounts.
- There is no minimum spend.
- The discount will be automatically available to you at participating establishments. Establishments will then claim a reimbursement from the government for the discount they've given you.

Similarly in July 2021 Northern Ireland announced that a high street voucher scheme will open in September 2021. The Scheme will mean that up to 1.4 million people in Northern Ireland will have an extra £100 each to spend in high streets including hospitality as the card will be issued to all adults. Such an initiative for hospitality must be considered for the Republic of Ireland to support the sector once the staycation season ends in September.

The cost of implementing an Eat out to Help Out Scheme or similar High Street Voucher Scheme for Hospitality in Ireland would cost €34 Million per month.

#### **ACTION:**

- Implement a voucher scheme similar to the Eat Out to Help Out Scheme



## 4) EXCISE DUTY

The Restaurants Association of Ireland is a member of the Drinks Industry Group Ireland (DIGI) which is the umbrella organisation for the drinks industry. It is composed of manufacturers, distributors and both on-trade retailers (pubs, hotels and restaurants) and off-trade retailers (independent off-licences) including: Alcohol Beverage Federation of Ireland, Irish Hotels Federation, Licensed Vintners Association, National Off-Licence Association, and Vintners Federation of Ireland.

- DIGI recommends that Budget 2022 should reduce alcohol excise by 7.5%. This should be the start of a programme of annual excise reductions to gradually bring Irish alcohol excise into line with the much lower EU levels.
- Irish alcohol excise is significantly higher than most other EU economies. In 2020, Ireland had the highest wine excise in the EU 27 plus the UK. Ireland had the second-highest beer excise in the EU 27 plus the UK behind Finland. Ireland had the third-highest spirits excise in the EU 27 plus the UK after Sweden and Finland. Fifteen EU economies do not impose any excise on wine. In addition, France and Malta had very low wine excise tax.
- The magnitude of the differences in alcohol excise between Ireland and other EU economies is large. For example, Ireland's beer excise is 11.4 times that of Germany. Irish spirits excise is 4.4 times that of Spain.
- Germany's composite alcohol excise per HPLA is €500 or 14.5% of the Irish level. France's composite level of €861 is 24.9% of the Irish level. Spain's composite rate is €386 or 11.2% of the Irish level.
- If the German composite rate was applied to Ireland, Irish excise revenue would total about €179m instead of €1,233m. Irish drinks enterprises pay about €1,054m more annually than German rates would imply.
- These very high Irish alcohol excise rates generate a large alcohol excise tax wedge, which we define as the difference between what the consumer pays for a beverage and the amount that the industry receives because of excise tax and VAT. The 2019 total consumer expenditure on alcohol is estimated at €7,392 million. Excise and VAT are estimated at €2,586 million, which is 35.0% of the expenditure total.
- Lower excise rates would significantly improve the commercial model and viability of drinks enterprises, enabling them to retain a larger share of customer receipts which will support investment and sustainability. This is important both for the medium and long-terms and in the immediate aftermath of the Covid emergency.

### **ACTION:**

- Reduce alcohol excise by 7.5%



## 5) HOSPITALITY SKILLS AND RECRUITMENT

### a) Hospitality Skills at an EU Level

HOTREC White Paper – was presented by HOTREC to the EU Parliament in February 2019, and includes a 2019-2024 EU Mandate of 5 Priorities for EU Policy and Decision-Makers, one of those 5 priorities is:

“Social Affairs - Skills: Make the fight against skills shortage a truly EU case:

Despite the fact of representing 2 million businesses, 90% of which are micro- enterprises, and 11.9 million jobs, the hospitality sector strives to attract and retain workers. Technological changes have created new needs for digital skills to respond to customers’ demands and to be more visible online.

Societal change also drives new demands, for instance in food services, where qualified chefs are missing. In fact, while the average job vacancy rate is of 1.7% in the EU, in the accommodation and food service sector, it reaches 3% in Belgium, 4.4% in Germany, 7.4% in Greece. A strong EU policy should be set-up to help the tourism industry to innovate, attract, train and retain the workforce. Solutions pass through EU funding able to finance massive trainings (e.g. on digital, interpersonal skills, languages); the promotion of quality, cost-effective and attractive apprenticeship schemes and vocational education and training (VET); advertising existing tools (e.g. European Hospitality Skills Passport, which enables employers and job seekers match on the labour market); facilitating the transition from education to work to meet the labour market demand; anticipating and detecting emerging skills needs.

At the same time, the EU should secure the possibility of using flexible working arrangements, to help the industry face the challenge of seasonality and the fact that customers expect hospitality business to be open outside normal working time, weekends included. All in all, the EU Institutions should support the launch of multi- stakeholder campaigns to improve the image of the hospitality and tourism sectors.”

### b) Work Permits & Visas

As an Association and a Sector, we acknowledge that Work Permits are one avenue of many to alleviate the current skills shortage in the restaurant and hospitality sector as a whole. As such we are involved with and have co-developed a number of initiatives for recruitment, retention, and education within the sector. As detailed below:

- We co-developed several chef apprenticeships; Commis Chef, Chef de Partie, Sous Chef and Head Chef, all of which offer degree qualifications as well as on the job training, through an earn and learn model.
- We operate the Restaurant & Hospitality Skillnet which aims to upskill existing employees. Established in 2017 it has trained 1192 employees to date.
- We are also part of the Tourism & Hospitality Careers Oversight Group, Chaired by Fáilte Ireland, the objective of which is to support sustainable employment in the tourism and hospitality sector.
- Apprentice Chef Initiative – aims to create a positive and pro-active approach and introduction to culinary arts profession for second level students

- Tourism Insights – online portal for transition year students to promote careers in tourism and hospitality. Over 240 schools have participated to date.
- We included skills in our submission to the Tourism Recover Taskforce
- We are members of the Tourism & Hospitality Forum
- We have called for the establishment of a Recovery Oversight Group for Hospitality to focus on the hospitality sectors issues, including addressing the skills shortage that existed before COVID 19 and has seen an increase following.

Despite these measures most of which are medium and long term in nature currently there still exists an acute skills shortage in hospitality which pre-dates the pandemic as evidenced further below:

### **Pre-COVID 2019**

An independent survey of RAI members conducted by BDO in 2019 saw 82% of respondents indicate that they were finding it difficult to recruit staff, for all roles within the sector. A number of businesses were taking the steps of opening for fewer days during the week, so that the few members of staff that they do have, can cover the days which they will remain open for.

### **December 2020**

As of December 2020, a short survey of RAI members in advance of the reopening of restaurants and hospitality on 4th December indicated that 70% of members were recruiting for both Kitchen and Front of House staff to furnish their businesses who had a reduced trading capacity but could still not make full staffing.

### **Currently**

Restaurants Association of Ireland members contributed to a recent Fáilte Ireland Tourism & Hospitality Careers Oversight Group Recruitment Survey with the below results made available in August 2021:

“Fáilte Ireland has been receiving feedback from various industry sectors that recruitment is a significant issue. A short survey was executed in July 2021 with, 599 responses, to measure the extent of the problem.

While we are currently analyzing the data by sector, initial *overall findings* highlight that the main barriers to recruitment called out by industry are linked to COVID and/or have been exacerbated by the pandemic

Can't get the staff:

- 88% of businesses trying to recruit new staff are experiencing difficulties in doing so
- 68% of businesses trying to rehire pre-existing staff are experiencing difficulties

*For those businesses experiencing difficulties, 57% describe the loss of international workers as significant.”*

A Dublin based Recruitment Company with a specialist Hospitality Recruitment Division stated in August 2021: “75% of all vacancies are going unfilled due to the lack of applicants”



## EEA Recruitment

Anecdotally businesses in Hospitality are advising that staff members from within the EEA who returned home during the pandemic have not returned and will not do so given the social welfare supports available to them in their own country and also the current vacancies for positions that they can fill there. As part of our membership of HOTREC<sup>1</sup> which has membership in 34 European countries we are aware that currently all 34 countries are experiencing acute skills shortages within Hospitality.

### ACTION:

- Commitment by the Permits Section in the Department of Enterprise, Trade and Employment to Continue to prioritise chef work permit applications and any further hospitality permits that may come available for the foreseeable to help alleviate the skills shortage in the sector
- Removal of the following occupations from the Ineligible Occupations List making them applicable for work permits:
  - » 1221 Hotel and accommodation managers
  - » 1223 Restaurant and catering establishment managers (Food & Beverage Manager & Restaurant Supervisor Applicable)
  - » 1224 Publicans and managers of licensed premises
  - » 5436 Catering and Bar Managers (Food & Beverage Manager & Restaurant Supervisor Applicable)
- Extension of existing Work Permits and Visa currently in place permitting both employers and employees to recoup lost time during the 15 month closure of Hospitality.



<sup>1</sup> \*HOTREC is the umbrella Association of Hotels, Restaurants, Pubs and Cafes and similar establishments in Europe bringing together 45 member associations from 34 European countries.



## c) Apprenticeships

We welcomed Minister for Further and Higher Education, Research, Innovation and Science Simon Harris' launch of the Apprenticeship Incentivisation Scheme for employers considering the economic impact of COVID 19. The scheme saw apprenticeship employer eligible for a €3,000 payment for each new apprentice who is registered between the period 01 March and extended until 31 December 2021. However, given that indoor dining (which is only the only viable sit down dining option for approximately 80% of the hospitality sector) only reopened in July 2021 we would encourage the Department to extend this scheme for sectors such as hospitality into 2022 as restrictions will ease and will provide the sector with more trading hours and capacity enabling greater engagement for employers with apprenticeships and to recruit trainee employees.

The Joint Committee on Business, Enterprise and Innovation Report on: "The Role of Apprenticeships and Work Permits in Addressing Ireland's Skills Needs" published in May 2019 observed and recommended the following regarding apprenticeships: "The Committee notes that post-2016 apprenticeship programmes do not receive the same level of financial support from the State for off-site training as the pre-2016 apprenticeship programmes. The Committee notes that block release apprenticeships can be particularly problematic for SMEs. The Committee recommends that the Government examine avenues to reduce the financial burden on employers taking on apprentices, particularly SMEs."

We welcome the three actions identified in the recently published Action Plan for Apprenticeship 2021-2025. However all three have a target of Q1 2022 and given the impact upon the Hospitality Sector and the acute skills shortage we are calling on a fast track of these actions to encourage engagement in the apprenticeship model and to ensure that it can become the best in class form of culinary education once it seeks to include participants of all socio - economic background and is not cost prohibitive to employers compared to employers in the current craft apprenticeships.

- An apprentice bursary/support scheme will be established to fund up to 100 apprentices per year who are experiencing severe socioeconomic disadvantage and who are from target groups, including lone parents, people with disabilities, Travellers and Roma.
- The existing employer bursary available to employers of women in craft apprenticeships will be extended to all apprenticeships with a greater than 80% representation of a single gender in order to encourage gender balance across the apprenticeship system.
- Introduce annual employer base grant per registered apprentice in programmes not subject to direct payment of Training Allowance by ETBs.

### **ACTION:**

- To address the inequality between traditional (pre-2016) apprenticeships and new (post 2016) apprenticeships.
- Support for industry employers of new apprenticeships by ensuring they are not taking on all the financial burden of an apprenticeship. Calculations for the cost incurred to a Commis Chef Apprenticeship employer show that it currently costs approx. €7,000 a year.

### **How:**

- Take immediate action to implement the recommendations outlined above by the Action Plan for Apprenticeship 2021-2025



## d) Establishment of a National Tourism and Hospitality Training Authority

Since the publication of the EGFSN report, a National Oversight and Advisory Group 'Hospitality Skills Oversight Group' was developed. This forum met 6 times per year and consisted of the following members;

- SOLAS
- Industry Bodies (RAI, IHF, LVA, IHI, VFI)
- Fáilte Ireland
- Educational Bodies (IOT's, QQI, HEA, ETBI)
- Dept. Social Protection
- Dept. Education
- Dept. Jobs, Enterprise & Innovation
- Regional Skills Dublin

The Hospitality Skills Oversight Group published their 2017 interim report (August 2017) and one of the findings of the report was that hospitality is a diverse industry that would benefit from further co-ordination. Subsequent to this the Tourism and Hospitality Skills Tourism and Hospitality Careers Oversight Group was formed involving the stakeholders above.

What is it? The Tourism and Hospitality Careers Oversight Group was established to coordinate the relevant bodies to agree and implement a work programme to address current and future labour supply and skills requirements in the tourism and hospitality sector.

Why? It is recognised that the best approach to support sustainable employment in the Tourism and Hospitality sector requires a coordinated and collaborative approach by industry, education, training providers, and other relevant stakeholders.

How? Members of the Tourism and Hospitality Careers Oversight Group have developed a two-year work plan for 2019/20 that focuses on delivery of five targeted objectives. Initially chaired by Fáilte Ireland, the group will oversee the implementation of key activities to deliver on agreed KPIs.

Key Objectives: Career Promotion, Employment Connections, Recruitment and Retention, Curriculum Alignment and Mapping Existing Provisions.

### **CERT**

The Council for Education, Recruitment and Training (CERT) was held in very high regard during its operational years. It was funded by Bord Fáilte, the Department of Labour and the industry and run by a board including hoteliers and restaurant owners. The board undertook to promote a career in tourism to young people and provided direct skills training at its network of training centres and in developing tourism and culinary orientated education in VECs and other colleges.

The RAI would like to see a National Tourism and Hospitality Training Authority established based upon the format of the Credit Review Office, to do the following:

- Oversee policy development in hospitality training needs and the development of national training structures and programmes.
- Be a one stop shop for information regarding all training locations and programmes related to the tourism and hospitality industry.
- Deliver a National Hospitality Careers Roadshow.
- Develop a training charter and an official National Code of Practice.
- Engage with secondary schools for the recruitment, training and formal education of young school-leavers, preparing and incentivising them for careers in the Industry.

### **ACTION:**

- Establish a National Tourism and Hospitality Training Authority



## 6) NATIONAL TOURISM POLICY

### a) Review of Tourism State Agencies

Irish Tourism needs organisation and leadership – a single voice is needed for the organisation of tourism in Ireland, particularly training and skills. The national marketing and development functions are divided between two organisations and regionally between multiple bodies causing confusion and lack of direction and leadership. There are a number of groups established, including the aforementioned Tourism and Hospitality Careers Oversight Group which serve important functions in their own right, however a single voice is needed to steer all stakeholders in a common goal. For this reason we are calling for a review of State Agencies responsible for the development and promotion of tourism to ensure that current state agencies are fit for purpose and tasked with work that prioritises the industry's needs. Also important in this time of economic uncertainty is to ensure no duplication of work or campaigns across agencies.

#### **ACTION:**

- Review of State Agencies tasked with development and promotion of Tourism

### b) Restaurant & Hospitality Forum

Under the Department of Business, Enterprise and Innovation now led by Minister for Enterprise, Trade and Employment and Tanaiste Leo Varadkar there is a Retail Consultation Forum. This forum was established under the Action Plan for Jobs 2014 to provide a platform for structured engagement between the retail sector and relevant Government Departments with the intended purpose to allow key issues of relevance to the retail sector to be discussed, with a view to identifying practical actions which could be taken by Government, or by industry itself.

A Restaurant and Hospitality Forum needs to be established in order to identify practical actions for the sector, particularly with restaurants and hospitality being one of the most significantly and negatively impacted upon by COVID 19 with continued trading restrictions remaining in place. The temporary establishment of the Indoor Hospitality Working Group was welcome but recovery is ongoing and in order to ensure a successful and sustained restaurant and hospitality sector a permanent forum under the Department of Enterprise, Trade and Employment must be established.

#### **ACTION:**

- Establishment of a Restaurant & Hospitality Forum

### c) Industry Developed Tourism Policy

COVID 19 has and continues to have a significant impact on the Tourism and Hospitality Sector. The sector will take significant time to recover and the progression of any recovery and to ensure it is sustainable requires a roundtable of the various and broad tourism sub sectors to develop a policy for the sector developed by the sector. Utilising the collective knowledge and years of experience that businesses and tourism professionals have will be invaluable for the recovery. The Government's Tourism Policy Statement: People, Place and Policy – Growing Tourism to 2025 and indeed the Tourism Leadership Group as formed in 2019, are, in light of COVID in need of broader contributions, skillsets and subsectors of the Tourism industry, to best inform a plan for the sector's long recovery period ahead.

#### **ACTION:**

- Industry Developed Tourism Policy



### d) Tourism Satellite Account (TSA)

Tourism Satellite Accounts are the international standard statistical framework used to compute the economic value of tourism by merging data coming from National Accounts with tourism expenditure data coming from tourism surveys.

According to a recent report by CAST – Centre for Advanced Studies in Tourism for the European Union: The economic impact of tourism in the European Union - Final report, February 2019: “There is a real data shortage for tourism in Europe that is not in national accounting but instead in the field of tourism accounting. One of the main problems identified is listed as follows:

Some countries are not working on building their own national TSA. This is mainly the result of TSA not being included in the legal framework of Eurostat, hence National State Organisations (NSOs) are investing only marginal and residual time and human resources in their development. The improvement in IT and in statistical tools certainly will be making the collection and organization of information more efficient in many other sectors of the economic system. Hence, NSOs might soon release human and financial resources to dedicate to TSA Development.

There are 9 such countries (Croatia, Cyprus, Greece, Hungary, Ireland, Latvia, Luxembourg, Netherlands, Slovakia) with Ireland included on the list.” Ireland needs a Tourism Satellite Account.

#### **ACTION:**

- Establish a Tourism Satellite Account to enable transparent and accurate recording of tourism data





## 7) THE COST OF DOING BUSINESS

### a) Insurance

The Restaurants Association of Ireland is a member of The Alliance for Insurance Reform which brings together 28 civic and business organisations from across Ireland, representing 36,000 members with 640,000 employees to demand action to end crippling insurance premiums.

It is a response to countless stories from small organisations where services and jobs are being damaged by excessive insurance costs.

#### Insurance Reform

The cost of insurance continues to have a negative impact on our sector (detail as necessary) and will act as a significant barrier to recover post-Covid, unless it is materially resolved. We need insurance reforms that will quickly reduce liability and motor insurance premiums to affordable levels and keep them that way. We urge the Department/Minister to ensure that sufficient funding is in place to allow:

- Meaningful reform of the Personal Injuries Assessment Board
- Enactment of new legislation to rebalance the duty of care
- Ensuring that An Garda Síochána has the resources necessary to pursue insurance fraud
- A comprehensive plan of action by the Insurance Competition Office at the Department of Finance to ensure the urgent entry of more underwriters into the Irish liability and motor insurance markets

Since the pandemic there has also been reluctance by over 11 insurance companies to pay businesses under their business interruption clauses of their insurance policies. Intervention by the Central Bank to ensure such insurance providers are honouring contracts with policy holders would be welcome rather than the courts being tied up with such matters.

### b) Labour Costs

#### The Minimum Wage

The Restaurant sector is very sensitive to wage costs and it is essential that increases in the minimum wage do not impact negatively on employment, hours worked, the price of the product and general wage levels in the sector. Consequently, further increases in the minimum wage would need to be considered very carefully, particularly given the competitiveness challenges now facing the Irish economy in general and the tourism sector in particular from Brexit, the increase in the VAT rate in Budget 2019, and intense pressure on a range of input costs, particularly insurance and commercial rates. The closer businesses are to the border, the worse the impact of an increase in the minimum wage due to sterling weakness. The Restaurant sector in Dublin should not be taken as a barometer of the sector countrywide. Trading conditions are very different around the country.

It is important that the minimum wage is not used as the main element of reducing inequality. Getting housing costs down, reducing the personal tax burden, and targeted social welfare would be more prudent from a policy perspective.

Foreign Direct Investment is very important to the Irish economy, but there is a significant concentration risk for Ireland. Multi-national companies account for one third of total income tax, Universal Social Charge (USC) and Employers PRSI paid in the State. In 2018, 10 firms accounted for almost 40% of Corporation Tax receipts, which equates to around €4.1 billion. The identities of



the 10 companies are not known, but the strong likelihood is that they are all foreign-owned. This highlights just how vulnerable Ireland would be to an FDI shock. Consequently, it is imperative that policy towards indigenous business activities is as supportive as possible. Setting the appropriate level for the minimum wage is an important component of this agenda.

As a principle, the National Minimum wage is socially and economically positive and it should increase as economic circumstances improve. However, it is vital that the minimum wage is set at an appropriate level and that it does not undermine employment or damage the competitiveness of the Restaurant sector and the general tourism proposition.

Source: A Report on The National Minimum Wage by Economist Jim Power, February 2019

## The Living Wage

In July 2019 the Living Wage Technical Group announced the new living wage as €12.30, a 40c or 3.4% increase.

Two concerns have been highlighted by the Restaurants Association of Ireland membership regarding this determination by the Living Wage Technical Group.

### 1. The makeup and oversight of the Living Wage Technical Group

The Living Wage Technical Group appears to consist of; Vincentian Partnership, Nevin Economic Research Institute, TASC, Social Justice Ireland, UCD, Unite Trade Union, SIPTU, whilst employee bodies are well represented there is a distinct lack of input from employer representatives. This is in comparison to the Living Wage Foundation in the UK, that is a registered charity and rates are calculated annually by the Resolution Foundation. The Foundation is overseen by the Living Wage Commission which consists of both Trade Unions, University research centres and employers.

Source: <https://www.livingwage.org.uk/living-wage-commission>

### 2. Data

The annual inflation rate in Ireland fell to 1.0 percent in May of 2019 from 1.7 percent in the previous month. It was the lowest inflation rate since February, as prices slowed mostly for housing & utilities, transport and restaurants & hotels. Inflation Rate in Ireland averaged 4.49 percent from 1976 until 2019, reaching an all-time high of 23.15 percent in October of 1981 and a record low of -6.56 percent in October of 2009.

According to research conducted by the Economic and Social Research Institute (ESRI): A minimum wage policy may not be an effective tool in reducing the level of household poverty, the report stated (in reference to the 2018 increase in minimum wage) “while the change had no measurable impact on household incomes, workers directly affected earned an additional €30 a week. Usually, these were casual employees and young people who were not primary family earners and their contributions to household incomes were found to be insignificant. Because of that finding, the use of a minimum wage policy was challenged as being an efficient way to tackle poverty.”

## ACTION:

- No further increase in minimum wage in the short term



## c) Commercial Rates

We recognise that local authorities are striving to maintain the delivery of high-quality local services in the face of increasing strained financial resources. However, as a business representative body we cannot dismiss the fact that businesses are now paying more rates for less services. In recent years costs have increased with the transfer of water and waste services to Irish Water and private commercial waste services.

### How are commercial rates calculated?

Local authorities charge commercial rates on the basis of valuations provided to them by the valuations office.

The valuations office visits a premise to establish the net value of the property, which in a restaurants case would usually be the rent for the year. The valuations office will compare the annual rental value with other similar properties in the area. Each local authority sets an annual rate of valuation (ARV) common to all commercial, industrial and non-domestic properties.

The valuation of a property is multiplied by ARV to calculate the number of commercial rates payable per annum.

For a restaurant the calculation of rates does not take into account;

- the ability to pay
- the size of the premises
- Profitability
- Numbers employed
- Location

However, other licensed premises such as hotels and public houses are valued by reference to the trading data of their property.

By using the valuation system of rents, it does not take into account where a neighbouring property has benefitted from the ban on upward only rent reviews. This is clearly unfair to those restaurateurs whose lease still include an upward only rent review provision and does not reflect the market rent thus ultimately leading to the higher the rent, the higher the commercial rates that are paid.

### ACTION:

- A review of the commercial rates system to reflect a more fair and propositional valuation for all business types

### Planning Permissions

The Instance of COVID 19 highlighted to the public and legislators what the hospitality industry has been highlighting for some time, that there is a need to overhaul planning and licencing for businesses. Specifically as planning permissions and registrations related to hospitality businesses there is now a need to extend provisions permitting the sale of alcohol in outdoor dining and seating areas and also the right to provide for food delivery and takeaway as a restaurant and indoor dining business.



### **Takeaway & Delivery**

S.I. No. 92 of 2020 - Planning and Development Act 2000 (Exempted Development) (No 2) Regulations 2020 sought to exempt hospitality businesses from requirements under Section 28 Guidelines for Planning Authorities from March 2020 until 31st December 2021. This exemption providing for restaurants and other food operators to operate as a takeaway and delivery without needing to apply for planning permission or a change of use to do so. It must now be acknowledged that the recovery of hospitality will be long term and for the survival of hospitality businesses a blended approach of indoor and outdoor dining and takeaway and delivery must be permitted. The legislation must be reviewed to permit the continuation of takeaway and delivery for indoor dining food businesses who operate such services as a percentage of their operation.

### **Outdoor Dining – Sale & Supply of Alcohol**

The Civil Law (Miscellaneous Provisions) Act 2021 enacted in July 2021 sought to temporarily permit the sale of alcohol in outdoor seating and dining areas associated with a licenced premises, extending the licenced area in which alcohol may be sold. This legislation was introduced to facilitate indoor dining allowing diners to limit their access to the indoor premises unnecessarily and indeed when indoor dining was permitted at the end of July it further prevents unnecessary queuing and large congregation within the premises. As has been previously mentioned it must be acknowledged that a blended approach to dining will persist alongside the recovery of the sector and as part of living with COVID. With that in mind this provision must be made permanent to facilitate such an offering.

### **Database & Registration of all Hospitality Businesses**

During 2020 as various sub-sectors of hospitality were given the opportunity to reopen to a certain extent as the phased reopening began it became apparent that for this purpose and indeed for a better understanding of the operation of the wider hospitality sector in the country there is need for a central database. Currently hotels are required to register with Failte Ireland for example so the number of hotels and beds on offer can be determined as can their location. In whilst a restaurant, canteen, takeaway, gastropub or indeed a pub may have an alcohol licence and is required to declare with the local Environmental Health Officer (EHO) there is no true registry or database for such businesses. Indeed during the pandemic it had to be highlighted to senior Government officials that a Restaurant Certificate was a type of alcohol licence and was not a licence to trade as a restaurant or indeed a centrally held database of businesses in the provision of food. We are calling for such a database to be initiated and maintained, and that given businesses must register with the local EHO and that information feeds into the Food Safety Authority of Ireland (FSAI) that the FSAI hold this database categorising the various food businesses in operation in Ireland. Such a solution should provide with ease a point of reference for any further decisions regarding hospitality and should be at no additional cost to the business and given the database already exists a simple consultation period during which a business can log in securely to view their category and clarify it before the database is then manned on an ongoing basis through the FSAI and the EHO inspections.





## d) Other Business Costs

### Outdoor Seating Charges

Whilst many local authorities have taken action to waive fees in the last number of months due to medical advice that outdoor gatherings are safer than indoor, not all authorities have taken this step. As an Association we are conscious that this should not be a temporary one either. In some local authority areas, restaurants must pay for outdoor seating and tables. The following local authority areas would on average charge €125 per table and two or four chairs;

- Dun-Laoghaire Rathdown County Council
- Dublin City Council
- Fingal County Council
- Wexford County Council
- Tipperary County Council
- Louth County Council
- Kerry County Council
- Kilkenny County Council
- Cavan County Council
- Waterford County Council
- Offaly County Council
- Sligo County Council
- Mayo County Council
- Limerick City and County Council

In some areas, restaurants/cafes are also charged for Sandwich Boards outside their premises. This could be a one-off yearly fee that previously cost in the region of €75-€125, it has been announced by Dublin City Council that this charge will now increase to €630 from 1<sup>st</sup> September 2019. This decision was taken without consultation with relevant stakeholder groups, including business representative organisations such as ourselves. It is prohibitive for small independent businesses who wish to promote their establishments within their local communities.

### ACTION:

- A review of local authority charges to provide greater consistency and accountability for rate payers and also to ensure that Local Authorities are supporting businesses to operate within public health guidance and facilitating outdoor seating areas

### Utility Costs

In our submission and subsequent statements to the Joint Committee on Business, Enterprise and Innovation, prior to the publishing of their “Report on the Cost of Doing Business” the RAI indicated that members are subject to almost 28 different licences, regulations and regulatory regimes. The fats, oils and grease charge costs restaurants on average €1000 alone. Also, multiple inspections could be conducted by a single entity such as the Environmental Health Officer to save time and resources for all parties involved.

In the publication of its final report the Joint Committee made the following recommendation: “A review of all regulatory systems that affect businesses be undertaken, with a view to streamlining and combining the inspection and enforcement of the rules to reduce the cost of compliance for business”. The RAI welcomes such a recommendation and two years on from that report calls for action on that recommendation.

### ACTION:

- A review of all regulatory, licencing and utility costs and inspections of hospitality businesses with a view to consolidate and reduce administration and costs associated with same



## 8) NATIONAL FOOD EDUCATION POLICY

There is a lack of nutrition, culinary and general food education in our Primary Schools. Currently, Social, Personal and Health Education (SPHE) and Physical Education are the only areas in the Curriculum and Syllabus for Primary Schools that cover diet and physical well-being. The topics covered under these classes include:

- Healthy eating and the food pyramid
- Healthy lifestyle
- Body care
- Exercise
- Relaxation
- Diet

The Restaurants Association of Ireland (RAI) believe that this is inadequate, and that the onus is currently on individual schools, Education and Training Boards and, in some cases, individual teachers to find the resources to teach about culinary education and nutrition or outsource to local chefs and food ambassadors or programmes like Food Dudes or Agri Aware's Incredible Edibles and Pasture to Plate initiatives.

Food education cannot be solely teacher and industry led. It is crucial that there is comprehensive and cohesive guidance from the Department of Education and Skills. The RAI would like to see the development and implementation of an extensive educational programme on nutrition and culinary skills, to be incorporated as a standalone section on the Curriculum and Syllabus for Primary Schools.

The RAI were disappointed to see that the report from the Joint Committee on Children and Youth Affairs (JCCYA) on tackling childhood obesity failed to consider nutrition and culinary education in primary schools. There are valid concerns that beginning food education at second level is too late, and the RAI are keen to make nutrition and culinary education part of the curriculum at primary level.

The research in the JCCYA report states that home economics is the only subject where children are taught food nutrition and how to cook for themselves, and that this lessons dependence on processed and take-away foods. Despite stating this research, the JCCYA failed to recommend the expansion of home economics into primary schools and also failed to make any other recommendations on teaching children about nutrition.

The JCCYA also recommend that a "whole system" approach should be taken to the prevention of obesity in children. Given this, the RAI are at a loss to understand how teaching children about nutrition and culinary skills from a young age doesn't fit in the "whole system" approach. Many of the recommendations in the JCCYA about school environment only make recommendations about school environment and contain nothing regarding teaching children about nutrition and food skills. It is important to note that this Report is now over 2 and a half years old.

The Healthy Ireland Strategic Action Plan 2021-2025 launched in May 2021 stated a 2021 Priority to "Establish a new Primary School Healthy Eating education programme" which is welcome but simply does not go far enough. The RAI have long lobbied for better food education for children. We welcome the recommendation from the JCCYA that Home Economics should be a compulsory subject for the Junior Cycle. However, we are concerned that this is not enough, and that nutrition and culinary education needs to be developed in primary schools.

### **ACTION:**

- Comprehensive Culinary and Nutritional Education to be a mandatory element of primary and secondary syllabus







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