



RESTAURANTS
ASSOCIATION

OF IRELAND

PRE-BUDGET 2015
SUBMISSION

“A Progressive Plan to retain current effective measures in Government, maintain and grow employment in the restaurant industry, and sustain economic competitiveness in Ireland”

Presented to:

MINISTER FOR FINANCE,

Michael Noonan, T.D.

INTRODUCTION

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. 70% of restaurants have increased purchase of local goods in the last year with 61% sourcing meat used in their restaurant from within their own county. (Source: Bord Bia Survey, 16th July 2012) A vibrant restaurant sector is crucial to a successful tourism “product”.

Restaurateurs have adapted to the downturn, by reducing costs and menu prices. However a further series of urgent actions are now needed as food prices and overheads increase and current consumer confidence is unsustainable. The Restaurants Association of Ireland cannot highlight enough the importance of this budget in restoring consumer confidence in the country.

In order for the Restaurant Industry to continue providing jobs and servicing the domestic and tourism market the following challenges must be addressed:

- Irish restaurateurs pay the highest catering wage rate in Europe
- Ireland has the highest excise duty on wines in Europe
- Irish food cost inputs are 18% above the European average.

(Source: ‘*Cost of food preparation report*’ commissioned by Fáilte Ireland 2010, Eurostat September Survey Consumer Prices 2012)

Tourism contributes a huge amount to the Restaurant Industry and figures this year show an increase in the period from Jan-May 2014. The table below shows the total number of trips to Ireland increased by 9%. Trips by residents from North America travelling to Ireland increased by 8%. Trips by residents of Mainland Europe increased by 4% whilst trips to Ireland from the Rest of The World increased by 16%. Trips by residents living in Great Britain increased by 13%. These figures show that by keeping the VAT at the 9% rate allows the Irish economy to compete alongside other tourist destinations.

Overseas Tourism to Ireland (000s)

Market	2010	2011	2012	2013	% Change '12 v'13	% Increase Jan-May '14v'13
Britain	2,739	2,878	2,774	2,929	5.6	13
North America	936	987	1,017	1,158	13.9	8
USA	848	889	904	1,036	14.5	-
Canada	87	99	113	123	8.7	-
Mainland Europe	2,045	2,283	2,347	2,463	4.9	4
Germany	377	423	448	483	7.7	-
France	342	402	396	434	9.4	-
Benelux	200	235	237	265	11.6	-
Nordics	165	182	191	210	9.7	-
Italy	222	220	252	234	-7	-
Spain	221	245	253	263	3.9	-
Rest of Europe	518	577	570	575	0.9	-
Rest Of World	318	357	379	236	15	16
Total	6,037	6,505	6,518	6,986	7.2	9

Summary Points:

The Restaurants Association of Ireland's Progressive Plan

- 1. Retention of VAT at 9% and an Introduction of a Composite Rate of VAT**
- 2. Reduce Current Rate of Excise Duty**
- 3. Reduction of Overheads & Regulatory Burdens**
- 4. Shortage of Chefs threatens the success of the Tourism Industry Recovery**
- 5. Funding for Fáilte Ireland & Tourism Ireland- Designate 2014 as *Year of Food***

Tourism

- 6. Tackling Obesity in Ireland & the Establishment of a Nutrition and Healthy Eating
in the Primary and Secondary School Syllabi**
- 7. Make Work More Attractive**
- 8. Access to Credit**
- 9. Establishing Events Ireland & Streamlining Tourism Agencies**

1. Retention of VAT at 9% and introduction of composite rate of VAT

The Restaurants Association of Ireland is pleased that the 9% VAT on tourism services was retained in 2013 & 2014, but we need further commitment that the 9% VAT will be retained into 2015 and beyond. This has proven to be a confidence building measure for the sector.

The RAI would also propose an introduction of composite VAT rates on dining out.

- Introduction of a composite system for determining the VAT Rate applicable on a meal i.e. if food represents more than two thirds of the total value of a meal, a VAT rate of 9% should apply to the whole meal.
- Encourage the practice of drinking out and café culture.
- Reverse the trend of people buying discounted alcohol products from off-licence locations and increased home consumption of alcohol.
- Reintroduction of recoverability of VAT on Corporate Dining.
- U.K. companies can reclaim 100% of VAT incurred on corporate dining.
- Any percentage of recoverability of VAT would create a stimulus to the sector, with little loss in tax revenues.
- Recoverability of VAT on Food and Drink for International Corporate Delegates. Ireland has seen a growth in conference delegates to the conference centre. The Restaurants Association of Ireland is urging the Government to introduce a recoverability of VAT scheme for these delegates.
- A realignment of the VAT rates on food.
- VAT on Dining Out.

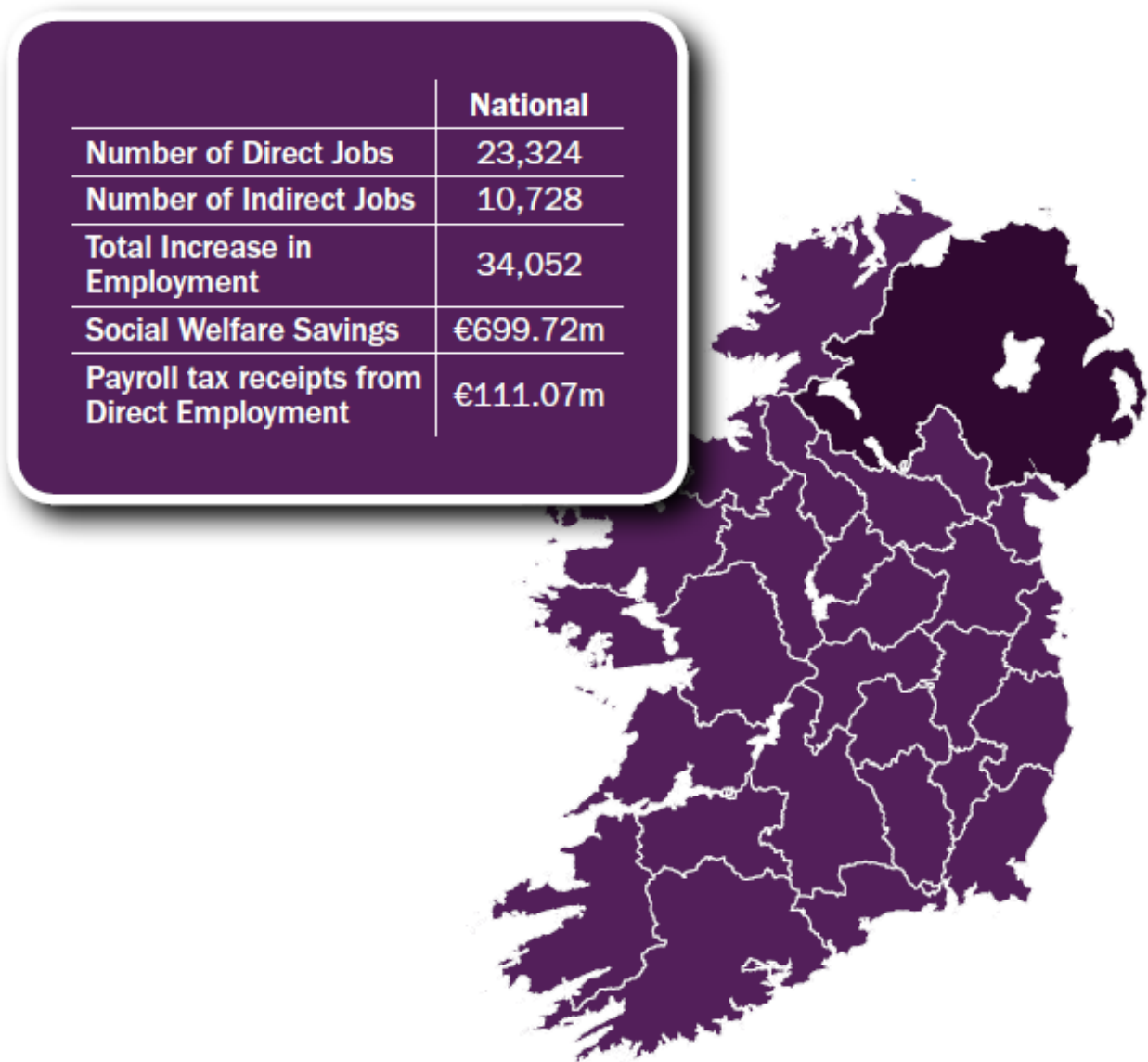
Since the reduction of the VAT rate for the tourism industry in 2011, **34,052 jobs have been created**. Had there have been access to trained chefs to fill the needs of the industry, this number could have been much higher.

The prices of goods and services covered by the lower 9% rate fell by 2.7% on average compared to the sharp contrast to the increase of 2.4% recorded for the overall Consumer Price index. The decision to retain rate of VAT at 9% for tourism services has provided a much needed boost for the sector, allowing further job creation in restaurants and cafés.

The Restaurants Association of Ireland feels that any uncertainty around the retention of 9% into 2015 would become a barrier to sustained growth in visitor numbers. Many overseas tourists and tour operators book trips up to eighteen months in advance, therefore we need to make Ireland look as attractive a destination as possible. The Restaurants Association is calling on Government to retain this measure into 2015 and beyond.

Since the introduction of the reduced 9% VAT rate in 2011, the impact of job creation in the food and accommodation sector has been immense. The Restaurants Association of Ireland have recently published an economic report which outlines this impact.

From Q2 2011 to Q2 2014, 34,052 jobs (direct and indirect combined) have been created in the food and accommodation sector. The breakdown of these figures is outlined in the below graph:



Also outlined in the report from the Restaurants Association of Ireland, is the county by county impact of the introduction of 9% VAT in July 2011. The change in employment between Q2 2011 and Q2 2014 and its contribution to the Exchequer is outlined in the below table:

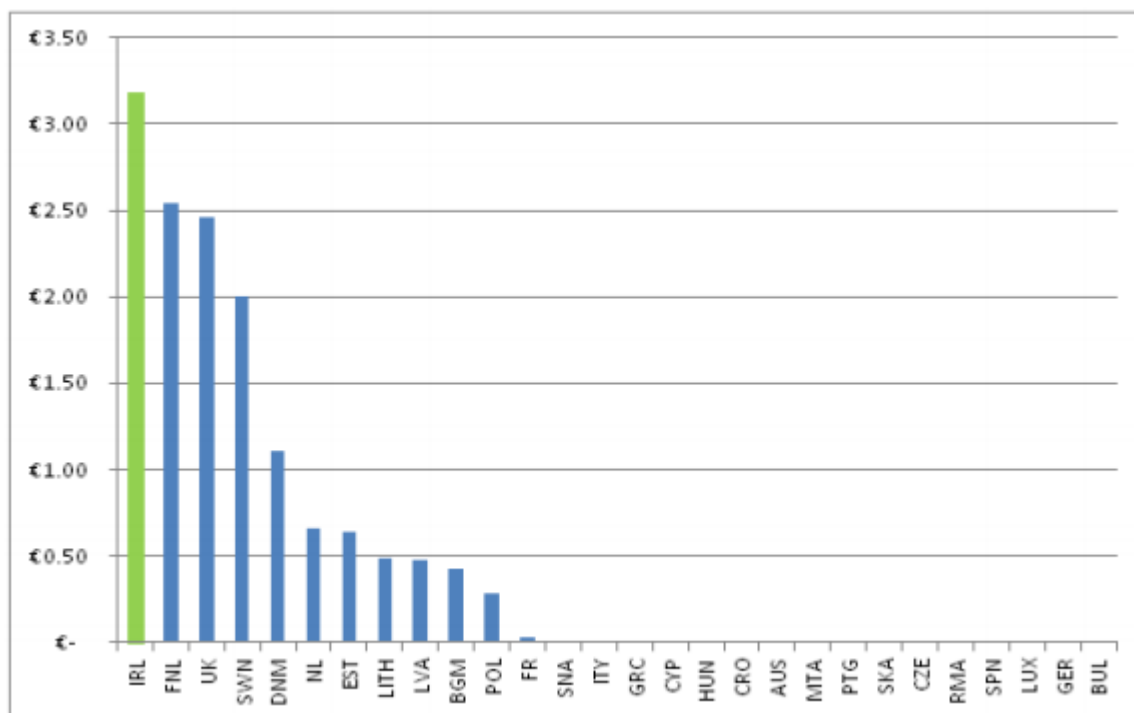
COUNTY	NUMBER OF DIRECT JOBS	NUMBER OF INDIRECT JOBS	TOTAL INCREASE IN EMPLOYMENT	SOCIAL WELFARE SAVINGS	PAYROLL TAX RECEIPTS FROM DIRECT EMPLOYMENT
Carlow	279	128	407	€8.37m	€1.33m
Cavan	373	172	545	€11.19m	€1.78m
Clare	606	279	885	€18.18m	€2.89m
Cork	2,633	1,211	3,844	€78.99m	€12.54m
Donegal	816	375	1,191	€24.48m	€3.89m
Dublin	6,454	2,969	9,423	€193.62m	€30.73m
Galway	1,282	590	1,872	€38.46m	€6.1m
Kerry	745	343	1,088	€22.35m	€3.55m
Kildare	1,072	493	1,565	€32.16m	€5.1m
Kilkenny	490	225	715	€14.70m	€2.33m
Laos	420	193	613	€12.60m	€1.99m
Leitrim	163	75	238	€4.89m	€0.8m
Limerick	978	450	1,428	€29.34m	€4.66m
Longford	187	86	273	€5.61m	€0.9m
Louth	629	289	918	€18.87m	€2.99m
Mayo	653	300	953	€19.59m	€3.1m
Meath	932	429	1,461	€27.96m	€4.44m
Monaghan	303	139	442	€9.09m	€1.44m
Offaly	396	182	578	€11.88m	€1.89m
Roscommon	326	150	476	€9.78m	€1.55m
Sligo	326	150	476	€9.78m	€1.55m
Tipperary	792	364	1,156	€23.76m	€3.77m
Waterford	583	268	851	€17.49m	€2.78m
Westmeath	442	203	645	€13.26m	€2.1m
Wexford	745	343	1,088	€22.35m	€3.55m
Wicklow	699	322	1,021	€20.97m	€3.33m
TOTAL	23,324	10,728	34,052	€899.72M	€111.07M

2. Reduce Current Rate of Excise Duty and tackle cheap alcohol sales

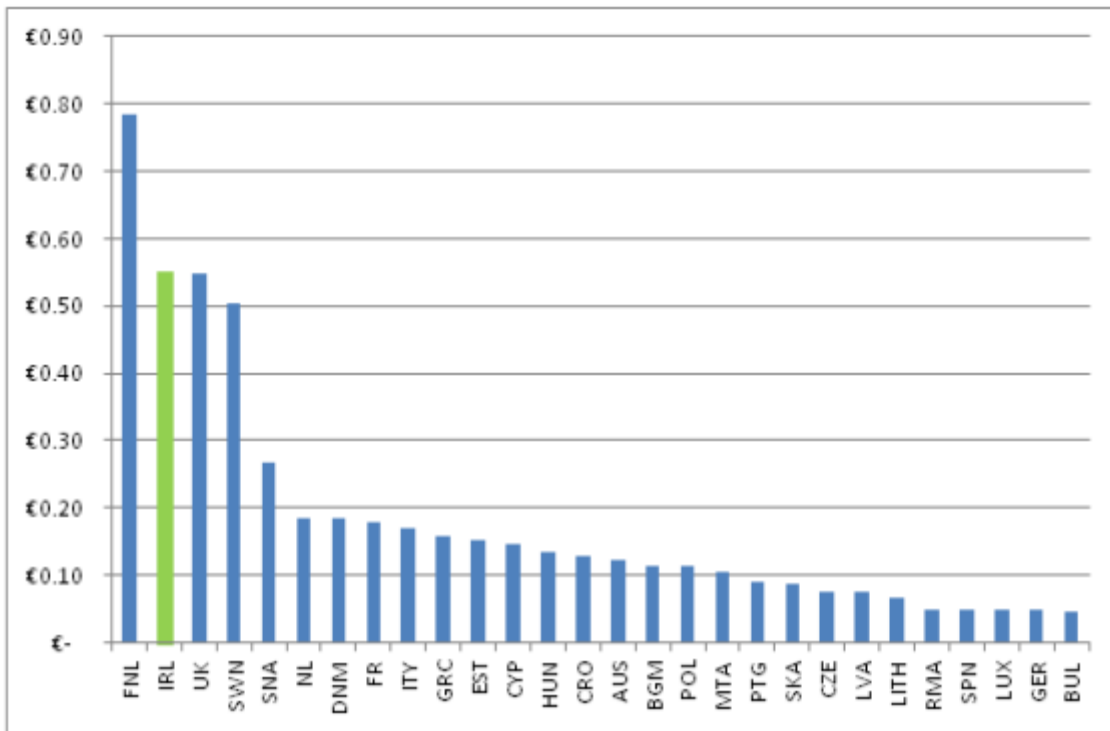
The Restaurants Association of Ireland is calling on the Minister for Finance to reduce the current rate of excise duty on wine served as part of a meal. The Restaurants Association believes that any increase in excise duty should be levied towards below cost selling of alcohol in off licences and supermarkets and feel this reduction would impact on excessive unregulated home drinking as well as encouraging sensible drinking in a regulated environment. The Government should enforce a code of practise in the responsible Sale of Alcohol, and thereby discourage a nation of 'handbag drinkers'.

The Restaurants Association of Ireland is calling for the reduction of excise duty on wine. 2012's 41% excise increase already meant we had the highest wine excise in Europe, and 2013's 15% excise increase widens the gap even more. Following last year's increase, €4.78 of an €8 bottle will now go to the Exchequer (in excise and VAT), or 60% of the total cost. Tourists and Irish consumers compare Irish prices with those in other tourist destinations, e.g. Spain, Italy, Portugal, Greece and France, where there is no duty on wine. Alternatively wine served with a meal in a restaurant should attract the rate of VAT applicable to food in restaurants. Again, this would help to encourage consumer spend. The Restaurants Association of Ireland is calling for VAT on Beverages supplied as part of a meal to be reduced from 23% to 9%. This reduction will impact on excessive home drinking as well as encouraging sensible drinking through dining. Given that our main tourist competitors have the following rates; such a reduction would help make Ireland a less expensive destination.

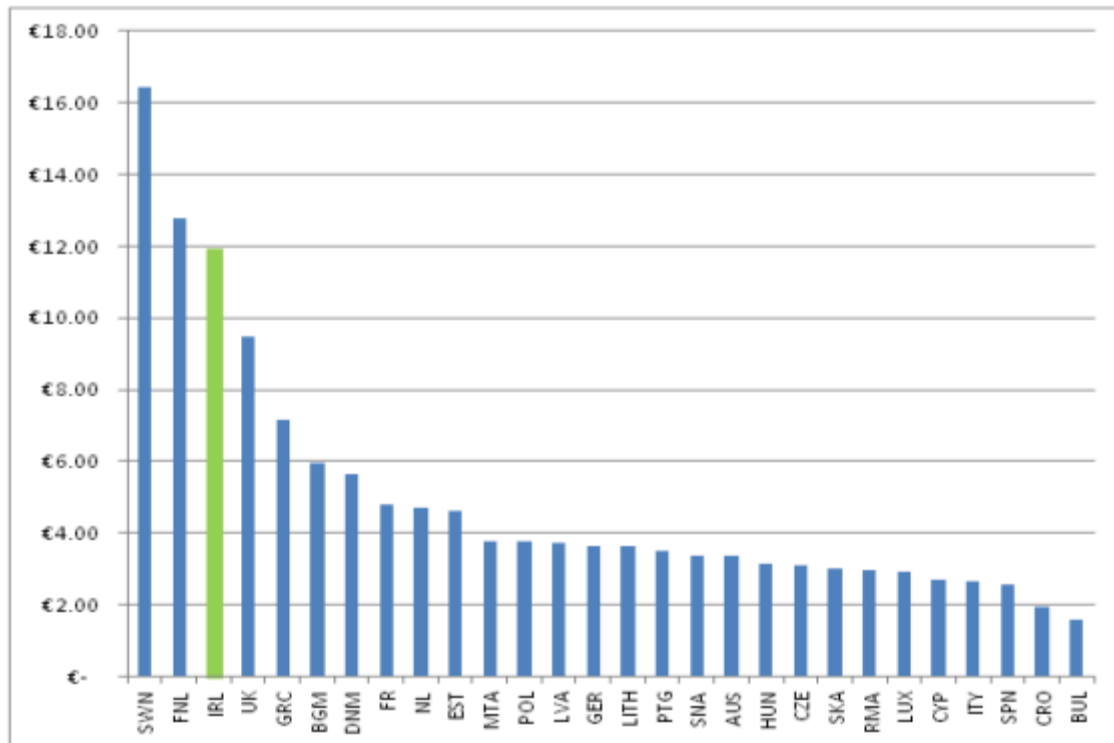
Excise on Standard Bottle of Wine



Excise on Standard Pint of Beer



Excise on Standard Bottle of Spirits



Ireland's High Alcohol Taxation 2014

Category	Position
• Wine	• Highest in EU28
• Beer	• Third Highest in EU28
• Spirits	• Third Highest in EU28
• Composite indicator	• Second Highest in EU28

**EU Alcohol Tax Rates (Excise) (Euro per HLPA), 2014, three beverages,
composite level & rank**

	Spirits	Wine	Beer	Composite level	Rank of composite level	Composite relative to Ireland=100
Austria	1000	0	500	500	20/21	14.5
Belgium	2119	518	462	1033	8	29.9
Bulgaria	562	0	192	251	28	7.3
Croatia	696	96	525	439	24	12.7
Cyprus	957	0	600	519	19	15.0
Czech	1111	0	312	474	23	13.7
Denmark	2011	1342	751	1368	5	39.6
Estonia	1643	770	628	1014	9	29.3
Finland	4555	3082	3205	3614	1	104.5
France	1719	34	733	829	10	24.0
Germany	1303	0	197	500	20/21	14.5
Greece	2550	0	650	1067	7	30.9
Hungary	1126	0	547	558	16	16.1
Ireland	4257	3862	2255	3458	2	100
Italy	920	0	675	532	18	15.4
Latvia	1338	582	310	743	12	21.5
Lithuania	1279	521	246	682	14	19.7
Luxembourg	1041	0	198	413	25	11.9
Malta	1350	0	433	594	15	17.2
Netherlands	1686	803	759	1083	6	31.3
Poland	1348	340	460	716	13	20.7
Portugal	1252	0	373	542	17	15.7
Romania	1000	0	206	402	26	11.6
Slovakia	1080	0	359	480	22	13.9
Slovenia	1200	0	1100	767	11	22.2
Spain	913	0	199	371	27	10.7
Sweden	5512	2285	1937	3245	3	93.8
UK	3539	3117	2350	3002	4	86.8
Ireland's rank	3	1	3	2	2	

Source: CEPS, Summary of EU Member States, Brussels (Excise rates as of January 2014 except for UK which includes the March 2014 changes), the exchange rates are those of Oct 2013 as used in the EU excise tables except for the UK and Sweden for which we use 2014 August average rates.

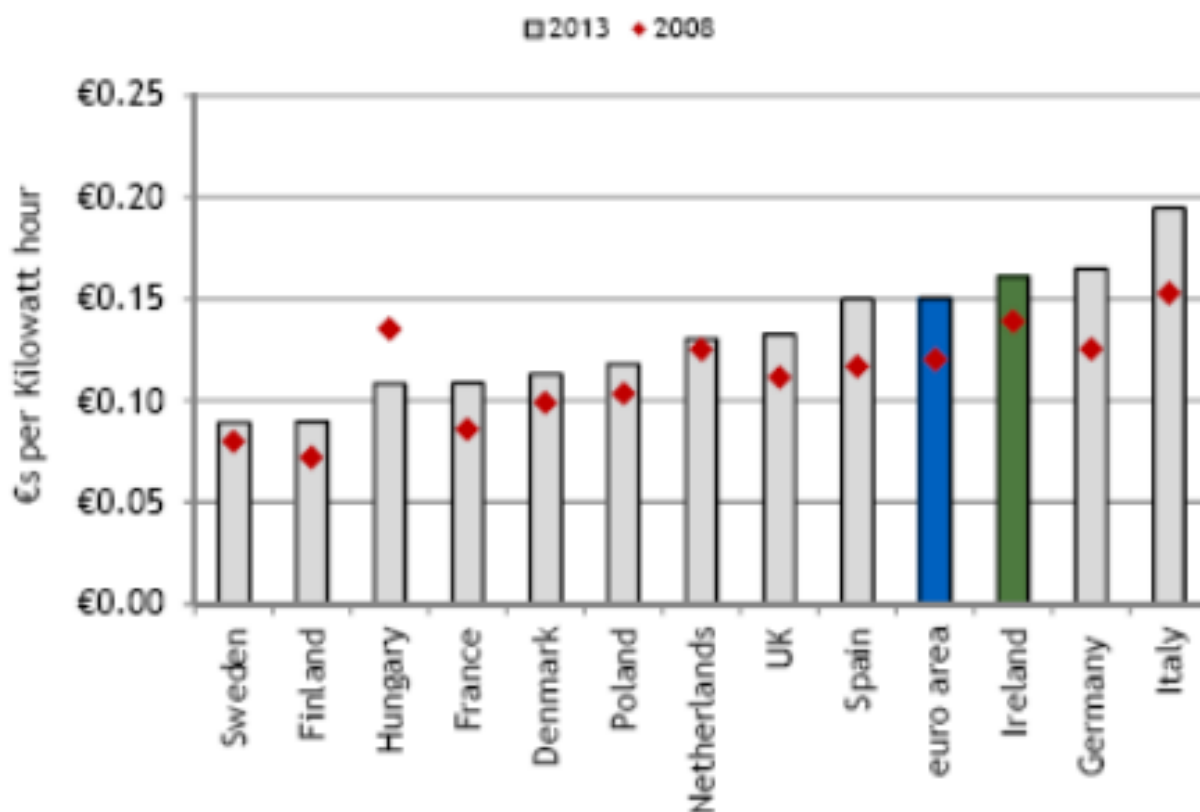
Composite level is the unweighted average of the three rates.

3. Reduction of Overheads and Regulatory Burdens

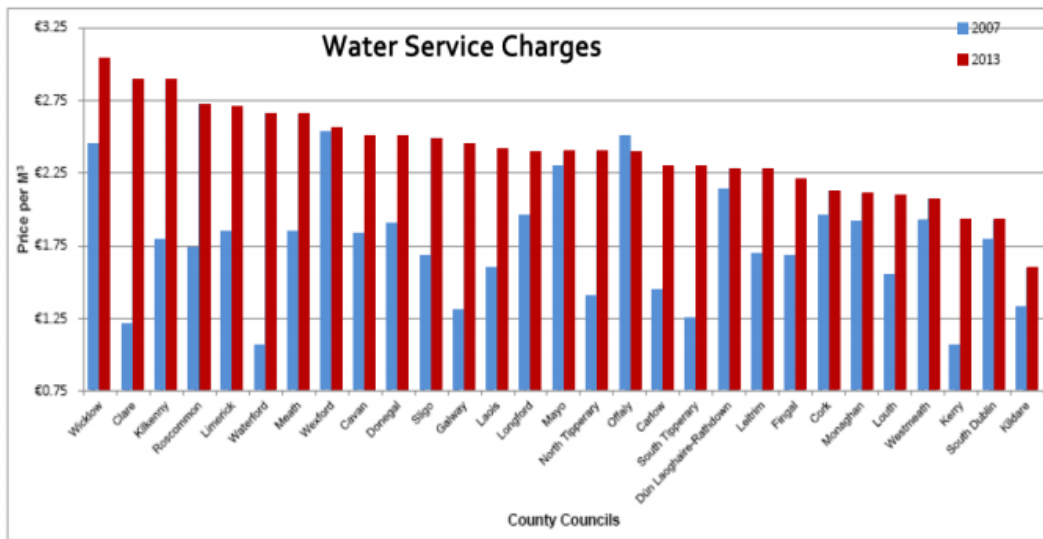
Utility costs, as well as Local Authority rates and charges, are a significant cost burden on SMEs and many have been increasing at a rate above inflation since the recession began. The cost of operating a tourism business in Ireland continues to be higher than the EU average across a range of aspects, putting the sector at a disadvantage internationally. Electricity costs in Ireland are relatively high – in the Euro 17 area, Ireland is the 5th most expensive location for SMEs, with prices 8% above average and 10% ahead of the UK. In terms of Industrial Electricity Charges for SMEs, the chart below indicates Ireland's ranking against a number of key competitor destinations.

Secondly, water charges have been increasing over the period since the onset of the recession. Charges have also continued to vary substantially by Local Authority area, with a continuing near two-fold variation between the cheapest tariff (Kildare) and the most expensive (Wicklow).

Industrial Electricity Charges for SMEs (excl. VAT) 2013

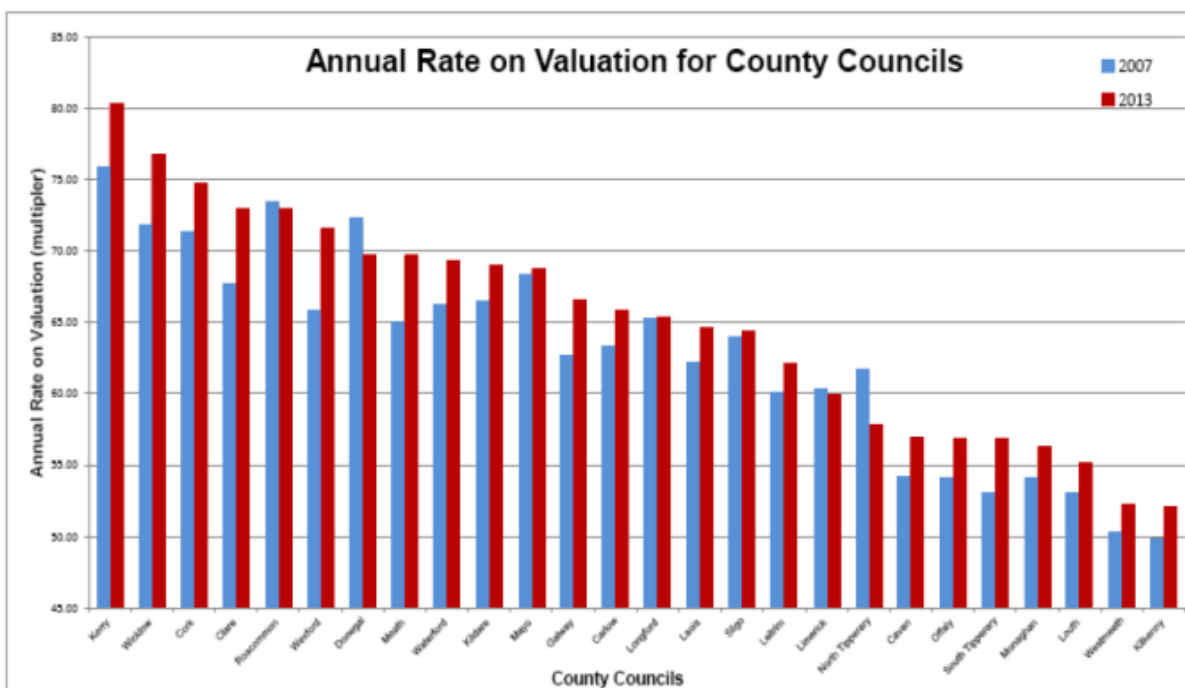


Comparison of Combined Water Charges by County Council, 2007 v. 2013



The Restaurants Association of Ireland expect and hope that Irish Water will introduce greater transparency along with harmonised tariffs and that there will be no additional cost increase. The situation in this regard is not yet clear however. Thirdly, the burden of Local Authority rates on seasonal tourism businesses is a heavy one. Despite above-average increases up to 2008, there has been little easing of rates across the country since the onset of the recession, as can be seen from the chart below (the situation is similar for City Councils, with the exception of Limerick which, in conjunction with Donegal and North Tipperary, seems to be making some progress in reducing the cost burden on businesses).

Comparison of 2007 and 2013 ARV by County Council Area



Operating a tourism business is sufficiently demanding - particularly in the current recovery period following a dramatic economic downturn - without the added burden of uncompetitive utility costs and rates.

Our recommendations in this area are intended to create a more equitable business environment for the tourism industry and to support the industry in finding long-term solutions to inevitable challenges.

- **Recommendation 1:** 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 2:** Ensure no further cost increases in water charges and establish an equitable charging system across the country.
- **Recommendation 3:** Reduce commercial rates so that they are in line with recent economic developments and there is more transparency in their application.

Restaurants deal with, on average, twenty-five different agencies and authorities in the day-to-day running of their business. The Restaurants Association of Ireland is calling on the Government to lighten the regulatory load on all SMEs.

Regulatory Burdens

- 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.
- Creating a Business Inspection and Licensing Authority that absorbs the existing business inspection activities of the Health and Safety Authority, and the National Consumer Agency.
- Creating a single food safety monitoring agency, building on the existing Food Safety Authority, responsible for food safety inspection from farm to fork.
- Developing a unique business identifier for use by all government departments and agencies that will facilitate the sharing of information within Government and reduce repetitive information requests from businesses.
- Requiring Departments to publish Regulatory Impact Assessments (RIAs) before Government decisions are taken, thereby offering a further channel to obtain the views of civil society on new rules and regulations.
- Running a restaurant requires interaction with the following bodies:
 - i. The relevant local authority with regard to:
 - Commercial rates
 - Water
 - Fire safety
 - Planning matters
 - Street furniture
 - General Waste disposal
 - Fats, oil and grease disposal
 - ii. The Health & Safety Authority.

- iii. The Food Safety Authority and the HSE.
 - iv. NERA and, if staff members hold work permits, the Dept of Jobs, Enterprise and Innovation.
 - v. The Courts regarding alcohol licensing.
 - vi. The Revenue Commissioners.
 - vii. The Companies Registration Office.
 - viii. The CSO
- The restaurateur may also interact with some of all of these bodies: Fáilte Ireland, REPAK, IMRO, and PPI.
 - Introduction of Grease Trap Monitoring Fee
 - Sunshine Tax on Outdoor Seating, Music/ Performance rights, Tax Business Improvement District Levy/HACCP Regulation.

Local Authority Rates

Commercial Rates:

- The Restaurants Association of Ireland asks the Government to recognise that the present rates system is unfair and is a direct cause of business closures and job losses.
- At RAI Branch Roadshows across the country, rates were found among the biggest challenge facing restaurateurs in both rural and urban areas.
- Ireland is the most expensive country in Europe to run a restaurant.
- Waste licence fee has increased from €1200 to €4000, with the average restaurant paying €6254 in waste charges.
- In a recent survey carried out by the Restaurants Association of Ireland, it was found that a restaurant in Ireland pays on average €15,813 per year on their Annual Rates.
- The Restaurants Association of Ireland is seeking an amendment to the Valuation Act that will permit an employer to lodge an appeal due to a change in economic circumstances and inability to pay.
- It wants the Government to undertake a comprehensive review of the present rates system with the aim of funding local government on a more equitable and sustainable basis. This is likely to involve the setting up of a representative review group to examine the rates system in detail, consult with all interested parties, and recommend the best alternative
- The Local Government Efficiency Review Group has identified savings of €511 million to be achieved through efficiencies across the local authority system. While some progress has been made, more is needed. Not all savings made in the cost of running local authorities can be passed back to the business sector. However, even if half of the €511 million in savings suggested by the Review Group were passed back to business, the total commercial rates bill could fall by almost 19%.
- The Restaurants Association of Ireland is also concerned that the local authorities are moving to bridge the gap left by development levies and National Exchequer funding by increasing fees

& charges to small businesses, for example a waste license fee has increased from €1200 to €4000, with no justification.

- Commercial rates continue to be an excessive burden on the sector. Despite the adverse economic situation in 2009, 22 of 34 county councils and city councils increased their annual rates on valuation. Twelve areas kept the rate at 2008 levels and none of the 34 introduced a decrease. This contrasts with the substantial decline in restaurant revenues and prices.

Compliance / Regulatory Costs:

- The Restaurants Association of Ireland believes that the Government should follow the example of the UK and introduce a 3 year moratorium on the non-essential government activity that imposes costs on a small business, such as form-filling.

Waste Collection / Treatment Costs:

- Due to the introduction of government regulations on waste disposal, and the absence of solutions in relation to landfill and incinerators, restaurants have had to incur significant additional costs. These extra costs have had to be passed on to customers.

The Restaurants Association of Ireland is seeking temporary provisions in Budget 2015 for a reduction in Local Authority rates applicable to all food outlets until such time as restaurants have had their rateable valuations revised as provided for in the Valuation Act 2001. The system of Local Authority funding is based on an antiquated taxation system of commercial rates that sees Local Authorities calculate taxes based on the size of the property, regardless of the worth and profitability of the business trading on that premises. The Valuation Act 2001 was set up with the intention to review the excessive charges being demanded by local authorities; however, after almost 10 years only three of the 88 local authorities have had their areas re-evaluated and revised in accordance with this Act. The RAI is urging the Government to enact legislation to overhaul the property revaluation process and introduce fairness into the method of valuing restaurants and cafés, taking into account both income and expenditure. In the local authority areas that have been re-valued, restaurants and food outlets have received significant reductions.

4. Shortage of Chefs Threatens the Success of Tourism Industry Recovery

The shortage of chefs throughout the country has reached crisis point, where it will even threaten the success of Tourism Industry Recovery. While employment in the accommodation and food services sector has substantially risen, serious efforts in the area of chef training need to be made.

Data from the central statistics office Quarterly National Household survey show that between Q2 2011 and Q2 2014, direct employment in the Accommodation & Food Services sector increased by 23,324 from 114,904 to 138,228. These figures could be enhanced further had there been enough trained chefs to fulfil the demands of our industry.

The Restaurants Association of Ireland is calling for investment in training to be offset against employer's PRSI. The Association is also proposing 1000 work place apprenticeships for the Restaurant Sector. Participants in the *Restaurant Apprenticeship Scheme* should be allowed access training allowances equal to those given to FÁS apprentices. The scheme should be weighted towards professional cookery, craft and culinary arts and provide participants with a skillset that would guarantee them employment upon completion. A number of Fáilte Ireland courses were cut four years ago when the recession took hold, and as it takes four years to train a chef, it is now we are facing a huge crisis and shortage of chefs.

Benefits

For Apprentices

- Apprenticeships are an excellent opportunity to acquire the necessary skills, knowledge, competencies, experience and qualifications to build a successful career;
- Apprenticeship training is relevant and tailored to the needs of industry;
- Apprentices are paid as they progress through their apprenticeships;
- On completion of an apprenticeship, apprentices will become a craftsperson in the chosen occupation and hold a national and internationally recognised qualification;

For Employers

- Apprenticeship courses are based on uniform, pre-specified and industry agreed standards;
- Apprenticeship courses comply with current and future needs of the chosen occupation;
- Through the systematic development and assessment of skills, knowledge and competencies, apprentices become more productive and reach efficient worker standards more quickly than other students.

Maintaining human resource development as a priority

Human resources are the highest operating cost in the majority of restaurant enterprises. As the customer receives a personal service delivered in a one to one situation the professionalism of the service giver is a major factor in the quality of the service. Personnel who know how to do their job have self-confidence which translates into good interpersonal relations between the service provider and the service receiver.

Action 1: Dedicated Human Resources Development for Tourism

- Maintain the role of the National Tourism Development Authority in the development of human resources for the tourism sector.

Action 2: Enhanced Working Experiences

- Assist in arranging off-season work experiences for personnel in QUALITY overseas destinations which offer excellent visitor services, winter sun and skiing destinations.

Action 3: Enhance Pride in Irish Tourism

- Under the Sustainable Tourism Awareness Programme, generate pride in Irish tourism, in how we perform and in how we recognise our responsibilities to our visitors.

Action 4: Customer Care

- Put greater focus on 'attitudinal training' to ensure our visitors experience the real warmth of the Irish welcome. To ensure safety and an 'added value' experience.

5. Funding for Fáilte Ireland & Tourism Ireland- Designate 2015 “Year of Food Tourism”

The Restaurants Association of Ireland is calling on the Government to maintain current levels of marketing funding for both Fáilte Ireland and Tourism Ireland in an effort to increase overseas and domestic visitor numbers in the coming years.

While footfall levels have increased throughout Ireland in 2013 in accordance with increased visitor numbers for *The Gathering*, spend has been poor for restaurants and cafés across many parts of the country, resulting in a two-tier recovery in the market.

Funding for specific long-term marketing measures is required in Budget 2015 to address this imbalance and, in particular, to restore growth in tourism from the British market. Fáilte Ireland’s efforts need to continue and the number of visitors needs to rise so restaurants can reach margins that have been decreasing over the last number of years.

The RAI is proposing that to capitalise on *The Gathering*, 2015 should also be identified as ***The Year of Food Tourism***. This would see tourism and hospitality put at the center of the Irish Education system. The Restaurants Association of Ireland is proposing that tourism and hospitality studies will be part of the second level curriculum, this will re-enforce the importance of tourism and hospitality to the Irish economy and thus involving civil society through the tourism economic recovery. Tourism is the 2nd largest indigenous contributor to the Irish economy. This is not the time to cut the allocation of funds to overseas marketing.

The Restaurants Association of Ireland also believes it is vital that **market access support schemes are restored**.

6. Tackling Obesity in Ireland & the Establishment of a Nutrition and Healthy Eating Lesson Plan in the Primary and Secondary School Syllabi

The Irish restaurant industry is fully committed in helping to tackle the growing obesity problem in Ireland. The RAI has implemented a *Kids Size Me* initiative in restaurants, which enhances the range and portion size of nutritional meals available to families in a restaurant. Participants of this initiative will offer child portions of adult meals as an alternative to the standard children's menu.

The Restaurants Association also support The Heart Foundation in their *Happy Hearts* campaign.

- The Restaurants Association of Ireland is proposing that nutrition and healthy eating be made part of the curriculum in primary and secondary school syllabi, to introduce the concept of healthy eating at a young age.
- The RAI believes that any introduction of sugar & fat tax proposals may trigger job losses and the correct approach to tackle obesity in Ireland is through educational awareness. A blanket fat tax will not create a healthier society, as has been seen in Denmark, and the RAI is advocating for a holistic approach where both business, public and private sectors, community and voluntary groups would play a part in tackling this issue. Ireland already has a high tax regime of 23% on certain foods including beverages and confectionaries, and we fear that people would travel over the border to Northern Ireland to purchase these items if higher taxes were imposed.
- The Restaurants Association of Ireland is proposing that all primary schools would establish a school vegetable garden project. The Restaurants Association of Ireland would endorse this project by twinning every school in Ireland with a local Restaurant/food service operation

7. Make Work More Attractive

At the Restaurants Association of Ireland, we believe that no-one should be better off on social welfare than in a job. We are calling on the Government to increase the incentive to return to work before people lapse into long-term unemployment.

Reform of the Social Welfare Code

- The social welfare system is in urgent need of reform so that it fulfils its role of protecting and supporting families and individuals in genuine need of such assistance rather than acting as a competitor in the labour market and to ensure that the self-employed can avail of social welfare entitlements immediately.
- A radical review of the current taxation and social welfare system to ensure that the ‘tax wedge’, the monetary difference between being gainfully employed and claiming social benefits, is changed
- 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. Restaurateurs are entrepreneurs, we need to remind the Government of that fact. When a restaurant opens up or expands, up to 30 new jobs are created. Business owners who are willing to pay a voluntary additional PRSI payment, should be allowed to do so, in order that they may qualify for all Social welfare benefits as their employees do.

Investment in training and development to be offset against Employers PRSI

- The development of our skills base at all levels in Ireland is critical to our ongoing economic success. The OECD estimates that 40% of small business failure is due to lack of management capacity and even in the growth years, 50% of all start-ups failed in the first five years of trading. The Restaurants Association of Ireland is calling for investment in training to be offset against employer’s PRSI. This will result in a highly skilled workforce.
- As part of its proposals around job retention, which include reducing the labour overhead cost at business level, the Restaurants Association of Ireland believes that the Minister should consider a reduction of employers PRSI for those companies who have maintained their employee numbers at P35 filing time through a rebate or a credit system. This will incentivise businesses to keep people in jobs where there is work for them to do, rather than being forced to let them go, because it is the only cost within their control.
- Given that recent figures showing average labour costs in the Restaurant sector currently running at 38% - 40%, the overall burden of tax is even greater for the restaurant employer – the only solution open to them is to reduce labour costs. Large employers (the restaurant and catering sector employs 72,000 people) are fundamentally subsidising industries that have lower labour forces through the burden of employer’s PRSI.

8. Access to Credit

- The Establishment of a Loan Guarantee Scheme for the tourism sector on similar lines to those available in the UK and other countries should be investigated. A dedicated credit line for refurbishment/renovation of existing facilities such as indigenous restaurants and cafés should be investigated.
- Access to finance still remains one of the biggest obstacles to SMEs, with the lack of bank credit in particular a significant impediment to company development and growth. Contrary to what is being outlined by the banks, the majority of SMEs applying for funding are being refused. This was reflected in the most recent credit watch survey (September 2013), which confirmed that 57% of companies who made an application to their banks in the previous three months, were refused credit. This is the highest rate of refusal since September 2011. In a recent survey (September 2012), Eurostat outlined that Ireland has the second worst record in Europe for bank lending to SME's, second only to Greece.
- The Restaurants Association of Ireland are calling for the State to create a specific business lending bank, similar to ICC in the 1970s, which would be manned by individuals with the experience of dealing with SMEs and able to meet their requirements accordingly.
- In RAI nationwide branch Roadshows, access to credit was found to be a huge problem- in line with the rising costs of overheads, gaining access to credit to pay off debtors is not getting any easier.

9. Establishing Events Ireland & Streamlining Tourism Agencies

The Restaurants Association of Ireland is advocating for the establishment of an agency with the responsibility for promoting Ireland as a destination for events, festivals, large scale sporting competitions and music concerts. The establishment of this agency should follow on from the promotion of *The Gathering* and continue into the centenary celebrations of The 1916 Rising. Events Ireland will have the responsibility for the implementation of a national strategic plan for large scale events. Events Ireland will work with other Government departments and agencies, partner organisations. In Fine Gael's Tourism Manifesto in 2011, one of their main aims in Government would be to “streamline and strengthen the organisation of tourism. A strong and single leadership and ‘one-stop-shop’ will be provided to assist and drive the industry.”

- Events Ireland would be a national events agency, with the aim of strengthening and promoting Ireland's events industry. Events Ireland's role would be attracting, generating and sustaining a portfolio of world class events in Ireland.
- Streamlining Tourism agencies: The current structure of tourism is weak, fragmented and lacks a single voice. The national marketing and development functions are divided between two organisations and regionally between multiple bodies causing confusion and lack of direction and leadership. In streamlining and strengthening the organisation of tourism,

The Restaurants Association of Ireland are proposing the following actions:

Action 1: National Tourism Organisation

Recognise The National Tourism Development Authority (Fáilte Ireland) as the lead national tourism organisation with its marketing activities outsourced to Tourism Ireland. The National Tourism Development Authority (NTDA) together with the ROI office of Tourism Ireland will be housed in a single location – ‘Tourism House’, which will become a ‘one-stop-shop’ for all development and marketing services to industry. Tourism Ireland overseas offices, whilst maintaining their marketing brief, will become more proactive in generating new business from travel trade, business contacts and the diaspora.

Action 2: Tourism Planning and Development

The Restaurants Association of Ireland is proposing streamlining and strengthening of the organisation of tourism. To safeguard the physical environment, the NTDA will re-assert its role under the Planning Act and coordinate and advise on all significant proposals being developed by other agencies and organisations.

Action 3: Creation of designated professional tourism officers

The Restaurants Association of Ireland is proposing to facilitate a bottom-up involvement in tourism through a more significant role by local authorities and County Enterprise boards inputting to, and

implementing, tourism planning and development and in facilitating and supporting tourism in their areas. The objective will be for the local authorities to be the engine for tourism growth at local level.

Action 4: Inter-departmental Tourism Committee

Establish an *Inter-departmental Tourism Committee* to ensure coordinated and joined up decision making in all areas that impact on tourism. A key priority will be to seek greater tourism engagement and a tourism marketing function from the O.P.W.

Action 5: Culinary Tourism & creation of 26 Culinary Centres of excellence

Recognising the growth in artisan food producers, country markets, seafood availability and owner operated restaurants, support the '*Restaurants Association of Ireland Culinary Centres of Excellence Initiative*' with a view to strengthening the role of Irish food as a key attraction in the holiday experience. Centres of culinary excellence such as Kinsale, Carlingford, Dingle, Westport, Glasson, Bearna, Howth & Dalkey can play a lead role in the promotion of culinary tourism.

Action 6: Supporting Restaurant Enterprises

Restaurant enterprises currently have to contend with twin challenges of declining demand and increasing costs. Central and local government related charges are amongst the most significant costs borne by the industry. Current supports for enterprise are uncoordinated with a wide range of agencies involved (i.e. Fáilte Ireland, County Enterprise Boards, LEADER, FÁS etc.).

Action 7: Broadband – Restaurant Enterprises On-Line

Greatly enhance the direct marketing capacity and capability of Restaurant enterprises through the roll-out of high-speed fibre infrastructure through the country.

As the two leading indigenous industries, there is a need for greater co-ordination between tourism and agriculture policies. The establishment of Ireland the 'Food Island' brand must be a priority with a holistic approach by linking key stakeholders such as restaurants, cookery schools, gourmet trails and local food producers with state agencies in achieving this.