RESTAURANTS ASSOCIATION OF IRELAND

PRE-BUDGET SUBMISSION 2016

"A Progressive Plan to retain current effective measures in Government, enable stimulation of both rural and urban tourist centres, 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 a 17% growth in overseas visitor revenue and a 20% growth in holiday visitors in the first half of 2015. These figures show that by keeping the VAT at the 9% rate allows the Irish economy to compete alongside other tourist destinations. However, Reaching Government tourism targets (2025 which included €5 billion in overseas tourism revenue, an extra 50,000 jobs in the sector and 10 million overseas visits to Ireland, compared to 7.6 million in 2014) for the coming years is contingent on a number of infrastructural issues being resolved.

The Restaurants Association of Ireland’s Progressive Plan

1. Retention of VAT 9% and an Introduction of a Composite Rate of VAT
2. The National Minimum Wage and PRSI
3. Reduce the Current Rate of Excise
4. The Crisis Chef Shortage
5. Local Authorities Charges
6. Tackling Obesity in Ireland
7. Lifting the Ban on the Sale of Alcohol in Restaurants on Good Friday
8. Improving the Fragile Economy in Rural Ireland
9. Access to Credit

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

The Restaurants Association is calling for the VAT rate of 9% to be retained until 2020.

The RAI is pleased that the 9% VAT on tourism services was retained in 2014 & 2015, but we need further commitment that the 9% VAT will be retained into 2016 and beyond. This has proven to be a confidence building measure for the sector.

The information below examines the level of employment in the Accommodation and Food Services Sector in Q2 2015: its contribution to the Exchequer; the change in employment between Q2 2011 and Q2 2015; the Social welfare savings if all of this employment took people off the Live Register; and the contribution to the Exchequer as a result of the increase in employment.

IMPACT OF JOB CREATION IN THE ACCOMMODATION & FOOD SERVICES SECTOR Q2 2011 and Q2 2015:

	National Figures
NUMBER OF DIRECT JOBS	22,300
NUMBER OF INDIRECT JOBS	10,258
TOTAL INCREASE IN EMPLOYMENT	32,558
SOCIAL WELFARE SAVINGS	€651m
PAYROLLTAX RECEIPTS FROM EXTRA EMPLOYMENT	€155m

IMPACT OF JOB CREATION IN THE FOOD SERVICES AND ACCOMODATION SECTOR:

COUNTY	NUMBER OF DIRECT JOBS CREATED	NUMBER OF INDIRECT JOBS	TOTAL INCREASE IN EMPLOYMENT	SOCIAL WELFARE SAVINGS	PAYROLLTAX RECEIPTS FROM EXTRA EMPLOYMENT
Carlow	267	123	390	€7.8m	€1.86m
Cavan	357	164	521	€10.4m	€2.48m
Clare	580	267	847	€16.9m	€4.03m
Cork	2,520	1,159	3,679	€73.6m	€17.5m
Donegal	781	359	1,140	€22.8m	€5.4m
Dublin	6,177	2,841	9,018	€180.4m	€42.9m
Galway	1,227	564	1,791	€35.8m	€8.5m
Kerry	713	328	1,041	€20.8m	€4.97m
Kildare	1,026	472	1,498	€30m	€7.1m
Kilkenny	469	215	684	€13.7m	€5m
Laois	402	185	587	€11.7m	€2.8m
Leitrim	156	72	228	€4.6m	€1.1m
Limerick	936	431	1,367	€27.3m	€6.5m
Longford	179	82	261	€5.2m	€1.2m
Louth	602	277	879	€4.2m	€1.2m
Mayo	625	287	912	€18.2m	€4.3m
Meath	892	410	1,302	€26m	€6.2m
Monaghan	290	133	423	€8.5m	€2m
Offaly	379	174	553	€11.1m	€2.6m
Roscommon	312	143	455	€9.1m	€2.2m
Sligo	312	143	455	€9.1m	€2.2m
Tipperary	758	349	1,107	€22.1m	€5.3m
Waterford	558	256	814	€16.3m	€3.9m
Westmeath	423	195	618	€12.3m	€2.9m
Wexford	713	328	1,041	€20.8m	€4.97m
Wicklow	669	308	977	€19.5m	€4.7m
TOTAL	22,300	10,258	32,558	€651m	€155m

NATIONAL IMPACT of VAT at 9%

The aim of the lower rate of VAT was to support and encourage growth in small businesses in the tourism sector. In this context the measure has been very successful, hence the decision by the Minister for Finance to extend it. As well as the direct jobs created in the sector, the multiplier effect of employment in the Accommodation & Food Services sector is an important consideration. Since the new VAT rate of 9% was introduced in July 2011, employment in the sector has increased.

Data from the Central Statistics Office Quarterly National Household Survey and the Live Register show that:

- Between 2011 and 2015, direct employment in the Accommodation & Food Services sector increased by 22,300 from 114,400 to 136,700:
- The employer & employee payroll taxes resulting from this increase of 32,558 in direct and indirect employment is estimated at €155 million, comprising €74 million in employee tax and €81 million in employer tax;
- The number of people signing on the Live Register at a national level declined by 112,360 between June 2011 and May 2015
- The Irish Congress of Trade Unions has estimated that "*for every 10,000 people off the live register and back in employment means a net gain to the exchequer of some €200 million*[1]" in social welfare payments. Consequently, the increase in direct and indirect employment of 32,558 in the Accommodation & Food Services sector at a national level saved the Exchequer €651 million in social welfare payments.

The number employed in the Accommodation & Food Services sector in Q2 2015 stood at 136,700:

- The gross annual wage bill paid to those employees is €3.17 billion;
- The net annual wage bill paid to those workers is €2.86 billion;
- The total contribution to the Exchequer through payroll taxes is €651 million; comprising €310 million from employee taxes (PAYE & USC) and €341 million from Employer PRSI contributions;

[1] [1] Post-Budget briefing 16 October 2013, by Congress Assistant General Secretary, Sally Anne Kinihan

The increase in direct employment in the Accommodation & Food Services sector between Q2 2011 and Q2 2015 was 22,300;

- The gross annual wage paid to those extra workers is €517 million;
- The net annual wage bill paid to those extra workers is €466 million;
- The total contribution to the Exchequer through payroll taxes on the increased direct employment is €106million; comprising €51 million from employee taxes (PAYE & USC) and €55 million from Employer PRSI contributions; and
- The reduction in social welfare payments, assuming the extra employment took people off the Live Register, is estimated at €446 million.

VALUE FOR MONEY

The "*Analysis of the Impact of the VAT Reduction on Irish Tourism & Tourism Employment Report for Fáilte Ireland dated 1 July 2013"* published by Deloitte, provided an assessment of the performance of Ireland in terms of visitors' Value for Money (VFM) rating. VFM provides an indicator from tourists as to their perception of the level of value in the tourism sector in Ireland.

There has been a large improvement in the overall VFM rating in the period 2005 to 2012 with the number of visitors rating Ireland as 'good' or 'very good' increasing from 28% to 40% while the number of visitors rating Ireland as 'poor' or 'very poor' decreased from 35% in 2005 to 16% in 2012. This change in visitors' perception of VFM has been most noticeable since 2009, and has continued to improve since the introduction of the rate reduction.

The assessment of the VFM offered by Ireland has improved across visitors from all regions since 2009. This positive trend continued in 2011 – 2012, when the VAT rate reduction was implemented. The number of visitors rating Ireland as either 'very poor' or 'poor' for VFM has reduced from 40% in 2009 to 16% in 2012, while the number rating Ireland 'good' or 'very good' VFM has increased from 28% to 40% over the same period.

While this improvement cannot be wholly attributed to the reduction in VAT rate, the continuing improvement in the VFM assessment across all regions is another positive indicator for the performance of the sector.

INCREASE IN THE NUMBER OF TRIPS TO IRELAND

Since the introduction of the new VAT rate of 9%, there has been strong growth in the number of overseas visits to Ireland. According to CSO figures, the number of overseas trips to Ireland grew by almost 30% in the period from Q2 2011 to Q2 2015.
In the period from Q2 2011 to Q2 2015, the following growth was recorded in Overseas Trips to Ireland:

DESTINATION	% CHANGE Q2 2011 to Q2 2015
Total Overseas	+29.9%
Great Britain	+16.5%
Other Europe	+31.4%
North America	+54.1%
Other Countries	+50.4%

Source: CSO.

CONCLUSION

Since the introduction of the 9% VAT rate for tourism related services and goods in July 2011, there has been a significant increase in overseas tourism numbers to Ireland and to direct and indirect employment in the Food & Accommodation Services sector at a national and local level. This is resulting in significant extra tax revenues for the Exchequer and significant social welfare savings. This cannot be attributed exclusively to the reduction in the VAT rate, but it has contributed to an improvement in the competitiveness of the sector. With a recovery underway, it would not be wise to threaten it by increasing the VAT rate to 13.5%. The lower rate is an important component of the efforts to build the tourism sector and should not be risked at this point in time.

2. The National Minimum Wage and Employers PRSI

The RAI are calling on the Government to reduce the PRSI rate of 10.75% to 8.5% should an increase in the minimum wage by 50 cent occur.

The Low Pay Commission has recommended to Government to increase the National Minimum Wage by 50 cent to €9.15 per hour. The Restaurants Association of Ireland believe, that should there be an increase in the minimum wage, it is vital that employer PRSI is reviewed. The Low Pay Commission report reveals that at the proposed rate of €9.15 per hour, the extra cost for an employer per year is €1517.70 while the employee will be worse off by €0.85 when PRSI, tax and USC are taken into account.

The Restaurants Association of Ireland submitted a report, compiled by Economist Jim Power, to the Low Pay Commission *'The National Minimum Wage, A report by Jim Power, April 2015'*

In summary Jim Power's report found that;

- Excluding car sales, economic activity in Ireland is still very fragile.
- Ireland has one of the highest minimum wage packets on the planet (fourth highest)
- An increase in the minimum wage will stifle job creation.
- An increase in the minimum wage would have a disproportionate negative impact on restaurants outside of the Greater Dublin Area. Economic activity in rural Ireland is still very fragile.
- Excessive wage growth fuelled the Irish economic bubble and helped undermine the competitiveness of the economy. This ultimately contributed to the collapse of the economy from 2008 onwards.

Changes to PRSI Bands

An increase in the National Minimum Wage will have a devastating effect on the Restaurant Sector and will lead to cut in hours and job losses. An increase in the minimum wage to €9.15 must be accompanied with a widening of the PRSI weekly pay band to alleviate the unbalanced cost attributed to the employer. Not only this, a minimum wage employee will be worse off by 2 cent should the minimum wage increase and the PRSI bands not be changed as illustrated in the table overleaf;

Restaurants Association of Ireland calls for a revision of the proposed minimum wage increase

	Current	Proposal #1 from Government	Proposal #2 from Government	Suggestion from RAI
		Increase min wage by 50c	Increase min wage by 50c and reduce higher rate of USC by 2%	Increase min wage by 50c and increase PRSI threshold
Hours (per week)	40	40	40	40
Rate per hour	€8.65	€9.15	€9.15	€9.15
Gross Pay	€346	€366	€366	€366
PAYE	€5.74	€9.74	€9.74	€9.74
USC	€7.78 (1.5%; 3.5%; 7%)	€9.16 (1.5%; 3.5%; 7%)	€8.61 (1.5%; 3.5%; 5%)	€9.16 (1.5%; 3.5%; 7%)
PRSI weekly pay band	€38 - €352 (AO)	€356.01 - €500 (AL)	€356.01 - €500 (AL)	€38 - €400 (AO)
Employee's PRSI	€0 (0%)	€14.64 (4%)	€14.64 (4%)	€0 (0%)
Employer's PRSI	€29.41 (8.5%)	€39.35 (10.75%)	€39.35 (10.75%)	€31.11(8.5%)
Net Pay	**€332.48**	**€332.46**	**€333.01**	**€347.10**

A minimum wage increase benefits no-one but the Government.
An increase in the minimum wage to €9.15 must be accompanied with a widening of PRSI weekly pay band to alleviate the unbalanced cost attributed to the employer.

The standard rate of employer PRSI is 10.75%. A lower rate of 8.5% applies to employee earnings which are €356 or less per week.

RAI Proposal

The RAI propose that the PRSI rate of 10.75% should be reduced to 8.5% should an increase in the minimum wage by 50 cent occur.

The most direct way to increase take home pay is to reduce the excessive burden of taxation and the controversial Universal Social Charge (USC) on employees.

3. Reduce Current Rate of Excise Duty

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 total excise payable to the revenue is now €14,640 higher per 1,000 cases in 2012. Excise hinders cash flow and prevents SME's from investing in their business. There has been a 62% increase in excise since 2012. This has put jobs at risk.

The statistics on excise are alarming. The tax take on a standard bottle of wine is now over 50%. Irish wine excise is the highest in the EU. Excise is now 106 times higher in Ireland than France. 1,100 people are employed directly by Irish wine distributors and thousands more in the 13,000 restaurants, pubs and off-licenses that sell wine.

The National Off-License Association carried out a survey of their members this year which found that if excise duty is increased again, 51% of independent off licenses will struggle to remain open while 44% will be obliged to reduce their staff by one member. On the other hand, if the excise was reversed or removed, 70% would hire one or more extra staff and 42% would increase staff pay.
http://www.noffla.ie/Irish_Wine_Consumers_Pay_624_MORE_EXCISE_than_their_fellow_Europeans__The_highest_in_Europe/Default.436.html

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. 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%. Serving wine/alcohol with a meal is a responsible public health measure. This reduction will impact on excessive home drinking as well as encouraging sensible drinking through dining.

HIGH EXCISE RATES

Table wine - €9 standard bottle

Impact of taxes at differing price points

Excise due on importation of 1,000 cases of wine

YEAR	RATE PER 9L	EXCISE PER 1000 CASES
2012	23.60	23,600
2013	33.36	33,360
2014	**38.24**	**38,240**
Total increase	62%	14,640

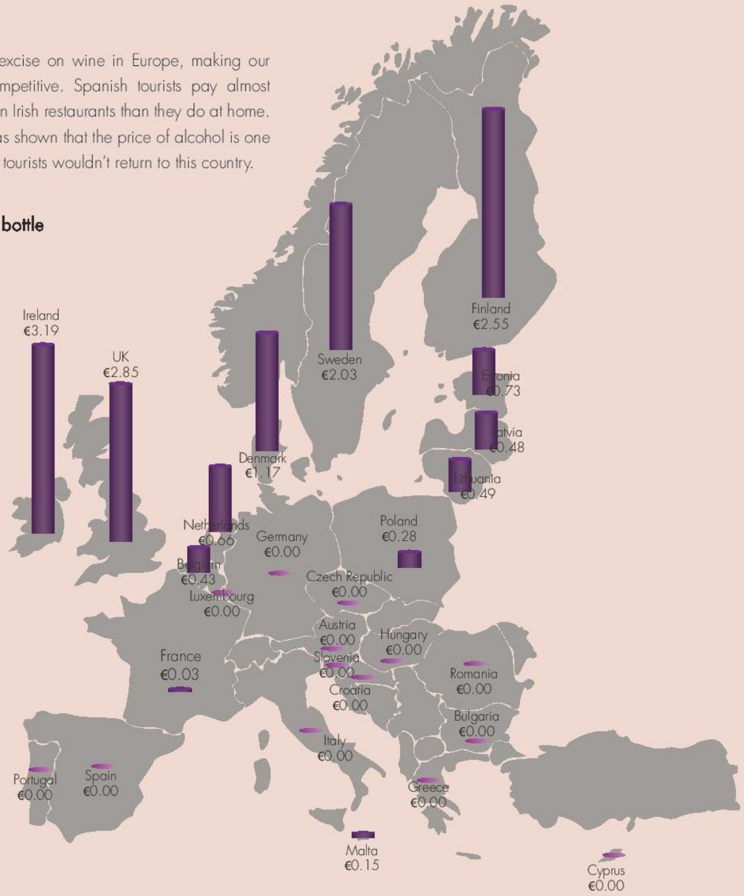
HIGH EXCISE

- Jeopardises small local businesses and jobs by creating cash flow pressures
- Affects consumers disposable income
- Increases price differentials between ROI and NI
- Affects tourism by eroding value for money perception of Ireland
- Since 2011 the tax take form a standard €9 bottle of wine has increased from 39% to 54%
- The total excise payable to revenue is now €14,640 higher per 1000 cases than 2012

Excise: Tax on tourism

Ireland has the highest excise on wine in Europe, making our tourism offering less competitive. Spanish tourists pay almost twice the price for wine in Irish restaurants than they do at home. Fáilte Ireland research has shown that the price of alcohol is one of the main reasons why tourists wouldn't return to this country.

Excise tax per 750ml bottle



Source: Irish Wine Association's 'Irish Wine Report 2014'

4. Shortage of Chefs at Crisis Levels and Threatens the Hospitality and Tourism Industry

The Restaurants Association of Ireland is calling for investment in chef training and the re-establishment of CERT, the former State Tourism Training Agency.

The shortage of chefs throughout the country has reached crisis point, where it will even threaten the success of the Hospitality Industry**.** While employment in the accommodation and food services sector has substantially risen to 32,558 (see page 3), serious efforts in the area of chef training need to be made. Reaching Government tourism targets (2025 which included €5 billion in overseas tourism revenue, an extra 50,000 jobs in the sector and 10 million overseas visits to Ireland, compared to 7.6 million in 2014) for the coming years is contingent on a number of infrastructural issues being resolved.

It is welcoming news that overseas visitors grew by 20% in the first half of 2015. However, the industry will not be able to meet targets of an increase of 30% for the second half of the year unless hospitality training issues are resolved.

The vast majority of jobs in the hospitality sector relate directly to the food services sector with 24,700 employed as chefs in 2014. The main skills shortages are among suitably qualified chefs. Shortages of commis chefs feed into shortages at higher and specialist levels. This reflects the fact that there are not enough training centres. Currently 1800 chefs qualify each year from certified culinary training programmes. There is a deficit of 5000 chef trainees annually.
Source; Assessment of Future Skills Requirements in the Hospitality Sector in Ireland (EGFSN)), 2014-2020

Since 2012, the Restaurants Association of Ireland has been working to try to alleviate this shortage through the following programmes;

- Momentum FETAC Level 5 & City & Guilds Diploma Level 4 in Professional Cookery in Galway and Dublin
- Submission to the Apprenticeship Council for a National Commis Chef Apprenticeship Scheme

- One day short course in Kitchen Management, Customer Service, Pastry Level 5, Health & Safety
- Work Permits for Chefs with ethnic culinary skills that are not particular to Irish chefs.

Whilst the National Apprenticeship Scheme is in development phases, there will only be 80 places available nationwide and will more than likely not be rolled out until mid- 2016.

In order to tackle the Chef Shortage the Restaurants Association of Ireland is calling for investment in training urgently. The demise of CERT and its training centres in 2003 did not bring about any alternative training agency. CERT, the former State Tourism Training Agency, was established in 1963. CERT was responsible for providing a trained workforce for the hotel, restaurant, catering and tourism industry. It offered training courses for those wishing to pursue a career in this field and for employees in the industry who wanted to develop new skills.

The Industry had a history of apprenticeship in past decades through the NAP programme and has the capacity and ability to deliver practical training to a high level. Currently enterprises are seeking trained operatives in other states to satisfy the demand of a burgeoning industry.

Although the Institutes of Technology's currently train in excess of 1300 chefs annually, their output is quickly absorbed across many diverse areas of hospitality and catering. The nature of that training makes graduates highly mobile and some many opt to gain valuable overseas experience before returning to Ireland later. Traditionally hospitality had another avenue of bringing trainees into the industry under traineeships.

RAI Recommendations:

The RAI recommends the establishment of 10 new chef training centres nationally and to re-establish CERT. The tourism and hospitality sector held CERT in high esteem while it was in operation. It was fit for purpose and serviced the industry with skilled labour during its operational years. Irish workers account for 69% of employees in the Hospitality sector. The Hospitality sector is relatively more important in Ireland than many other countries. Approx. 7% of the total economy employment is engaged in the sector compared to an EU 28 average of 4.5%. (Source Indecon).

This highlights the importance of the industry. The severe shortage of chefs in Ireland is now threatening growth and expansion in the restaurant sector.

The RAI feels that with the re-establishment of a National Hospitality Training Agency and development of training centres, real and tangible benefits will be felt by the student, the employer, the domestic consumer and the tourist. A combination of programmes delivering on and off the job training would provide a strong hospitality workforce.

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. Local Authorities Charges and Regulatory Burden

In what has been a very difficult and challenging economic environment, the tourism sector has stood out like a beacon of light over the past couple of years and has been one of the resilient sectors of the economy.

The restaurant sector is categorised as part of the SME sector. The SME sector accounts for around 54% of total employment in the Irish economy, and 70% of total private sector employment. Given the importance of employment creation in the economy, it is essential that policy towards the sector remain as favourable to job creation and activity within the sector as possible. The ability to increase prices is still very limited in the sector and with many of the costs of doing business under pressure, the sector continues to be characterised by tight margins and challenging trading conditions.

Trading conditions throughout the country remains difficult and a three tier recovery is in place from Dublin, Urban areas then rural.

Whilst national initiatives like the reduction in the VAT rate from 13.5% to 9% the cost of doing business in the last 5 years has gone up. Although business is improving there is still no 'surplus' rather monies have to go to pay back debts incurred during tough years.

Some of the main items that Restaurants in throughout Ireland have to pay include the following;

- Rent
- Rates
- Fats, Oils & Grease Trap Licence
- Street Furniture Licence
- Outdoor Signage Fee
- Waste
- Water
- BID Levy (applicable in Dublin City, Dun Laoghaire – Rathdown, Ennis)
- Alcohol Licence
- Outdoor Signage

- Labour Costs (account for over 30-35% of turnover)
- IMRO and PPI charges
- Utilities
- Professional fees

In May 2015, the Restaurants Association of Ireland conducted a cost of doing business survey amongst our membership. To give you an idea on the costs associated with running a restaurant, see some tabular examples below.

Restaurant No. 1 – Dublin City

No. of covers	80
Staff	12 FT 5PT
Water Charges	€1,800
Waste Collection	€8,000
Outdoor Furniture	n/a
Rent	€75,000
Rates	€17,000
Increase in rates since 2011	35%
FOGS	€600
Insurance	€4,000
BID Levy	€500

Restaurant No. 2 – Kerry (Seasonal restaurant – open only March – November)

No. of covers	36 (Winter) 2 (Summer)
Staff	2 FT 6PT
Water Charges	€850
Waste Collection	€750
Outdoor Furniture	n/a
Rent	€20,000
Rates	€2,500
Increase in rates since 2011	Not any
FOGS	n/a
Insurance	€680 (up 15% on 2014)
BID Levy	n/a
Other Charges	Bank – up 20% on 2014

Restaurant No. 3 – Tipperary

No. of covers	40
Staff	5 FT 6PT
Water Charges	€2,400
Waste Collection	€800
Outdoor Furniture Licence	€500
Rent	€28,000
Rates	€1,600
Increase in rates since 2011	Not any
FOGS	€2,000
Insurance	€2,100
BID Levy	n/a

Restaurant No. 4 – Galway

No. of covers	42
Staff	5 FT 4PT
Water Charges	€1,200 (increased by 50% since 2014)
Waste Collection	€1,200
Outdoor Furniture Licence	€450
Rent	€34,000
Rates	€8,000
Increase in rates since 2011	Not any
FOGS	n/a
Insurance	€2,000
BID Levy	n/a

Restaurant No. 5 – Limerick

No. of covers	150
Staff	8 FT 8PT
Water Charges	€5000
Waste Collection	€2,500
Outdoor Furniture Licence	€1,500
Rent	€40,000

Rates	€12,000
Increase in rates since 2011	No
FOGS	€200
Insurance	€2,000
BID Levy	n/a

Restaurant No. 6 – Sligo

No. of covers	50
Staff	16 FT 12PT
Water Charges	€1,500
Waste Collection	€4,000
Outdoor Furniture Licence	€1,000
Rent	€48,800
Rates	€5,000
Increase in rates since 2011	Yes
FOGS	€2,000
Insurance	€1,500
BID Levy	n/a

High Cost Regulatory Burden

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

Outdoor Furniture Licence

In June 2015 the Restaurants Association of Ireland conducted research on the '*Outdoor Furniture Licence'* in each local authority area. These fees are paid by restaurants, cafes, coffee shops and gastro pubs to allow customer seating outside their premises. This research found that;

- 9 out of the 31 councils do not charge for this license.
- There is no set system in place; all county councils have varying procedures on how the scheme is implemented.

Many do not actively enforce it; many have reduced fees in order to promote the use of street furniture and that it brings 'vibrancy' and a 'positive' to a town.

The application of fees are applied based on the number of tables on a public footpath outside a premises PLUS an annual licence fee. This is a **double taxation** measure. Also, square meterage is taken into consideration as an extra charge. The local authority rates are already so high that these charges threaten to cripple a business that employs local people, uses local produce and is vital for local business. From a survey carried out among RAI members across the entire country, it was found that a restaurant's Annual Rates Bill ranges from €980-€150,000, averaging at €15,813.

During this research, the Restaurants Association of Ireland found that Dublin City Council (DCC) has made over **half a million Euro - €451,619** from outdoor seating charges in 2014. DCC officials confirmed at a meeting with the RAI, that the scheme costs **€150,000** to administer, thus making a **profit of €301,619.**

The RAI are calling on the Government for a minimum reduction of 70% of the fees in Dublin City Council

Regulatory Burden

Restaurants deal with, on average, twenty-five different agencies and authorities in the day-to-day running of their business, including;

- Local Authority (Planning, Water, FOG, Outdoor Seating, Fire Safety, Waste)
- Health and Safety Authority
- The Health Service Executive
- The Food Safety Authority of Ireland
- National Employment Rights Authority
- The Revenue Commissioners
- Dept. of Jobs, Enterprise & Innovation for work permits
- Courts for alcohol licencing
- The Companies Registration Office
- Failte Ireland
- Music Rights Organisations IMRO and PPI
- Business Improvement District

The Restaurants Association of Ireland is calling on the Government to lighten the regulatory load on all SMEs.

- 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.

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.
- **Recommendation 4:** Streamlining regulatory enforcement activities out of a merger and rationalisation of existing structures and agencies.
- **Recommendation 5:** Ensure that the outdoor seating licence is a cost neutral and not for profit making scheme

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 children 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. Lifting the Ban on the Sale of Alcohol in Restaurants on Good Friday

The Restaurants Association of Ireland is calling on the Government to lift the ban of alcohol sales on Good Friday.

The restaurant industry has missed out on €15 million in revenue on Good Friday this year. The law is unacceptable in a multi-cultural society and at such a busy time for the tourism, restaurant and hospitality industry. The law not only affects our brand abroad but business internally also. Ireland is the only country to close its best known tourist attractions – pubs and restaurants – on a bank holiday weekend.

The law affects thousands of employees on a busy weekend when restaurants won't open. It is inappropriate to have this archaic ban in place on religious grounds, especially in the multi religious society that Ireland has become. It is interesting to note that not even the Vatican City obeys this law. The law portrays a 19^{th} Century image of Ireland to tourists.

The RAI recognises that the legislation provides exemptions from the alcohol ban in places such as greyhound stadiums, those travelling by sea, rail, air or ferry. People can also be sold alcohol while attending a licensed theatre, a national cultural institution or guests staying in a licensed premises, such as a hotel as long as it is with a meal.

The RAI are calling on the Government to extend the exemption to restaurants. Restaurants cannot afford to open without selling alcohol and at the same time, they cannot afford to close. At a time when tourism is playing an instrumental part of the economic recovery, restaurants simply cannot afford to prohibit the sale of alcohol with meals.

Next year will mark the 1916 Easter Rising centenary commemorations which will attract larger than usual volumes of tourism and activity to the country. The RAI are calling on the Government to lift the ban in time for this as it will otherwise lead to an unnecessary loss of revenue from tourists visiting to mark the occasion.

8. Improving the Fragile Economy in Rural Ireland

The Restaurants Association of Ireland are calling on the Government to increase investment in rural areas in Ireland where the economic recovery has not yet been seen.

A balanced economic recovery must be a key Government objective. This requires a greater focus on, and investment in rural Ireland. While there has been an improvement in public finances, hard choices must be made on where available resources are directed. Budgetary decisions must recognise the importance of funding for the rural economy.

Investment in rural enterprises outside of the main urban areas must be a strategic focus for Government. There is an urgent need for the Government to support the wider rural economy that delivers improved competitiveness, jobs and growth across all rural communities. This should include tax incentives for investment in rural based restaurant start-ups.

The Greater Dublin Area is the only part of the country in which a strong recovery has taken place. Large towns and rural areas have seen little to no sign of recovery. While tourism is on the rise, it is not yet back to 2007 levels. Tourism is seasonal and slow. A spatial strategy needs to be implemented to help struggling parts of the country. Tourism is the central component to the recovery in rural Ireland. The west coast of Ireland realistically only sees 3 months of tourism in the year. We need at least 6 months of tourism in rural Ireland. Central areas in Ireland such as Athlone, Terryglass, Lough Erne, Lough Ree and Lough Allen have all been left behind in the economic recovery.

9. 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 provided.

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 survey, 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 Industrial Credit Company (ICC) in the 1970s, which would be manned by individuals with the experience of dealing with SMEs and able to meet their requirements accordingly.

At the RAI nationwide branch Roadshows in autumn 2015, 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.