

Oireachtas Special Committee on COVID - 19 Response
Restaurants Association of Ireland – Opening Statement

Chair, Members of the Oireachtas Special Committee, thank you for the opportunity to speak here today.

The Restaurants Association of Ireland was established in 1970 by a group of independent restaurateurs. To this day the goal of the Association is to Represent, Assist and Inform restaurateurs and hospitality business owners in every county in Ireland. The Association represents over 3,000 members, including full-service restaurants, hotel restaurants, gastro pubs, coffee shops and cafes, the majority of which are independent small medium enterprises.

Restaurants, cafés and gastropubs are a key component of the Accommodation and Food Services sector.

- At the end of 2019, 125,800 workers were employed in Food and Beverage activities.
- There are over 10,000 such businesses, with 6,500 of having a broad regional and rural footprint.

It is estimated that the restaurant sector contributes over €3 billion to the Irish economy annually. It is a key customer of Irish agri-food producers from a farm to fork perspective. The sector is also a crucial component of the Irish tourism product. Having a high-quality and affordable restaurant offering is of vital importance to the success of tourism in Ireland.

Restaurants and food service businesses employ workers in almost every city, town, and village across the country. The Programme for

Government is very clear; Tourism is one of Ireland's most important economic sectors and the Government recognises its significance as a source of local employment and regional development. Serious damage will be done to this sector if those businesses are not enabled to survive.

The last 17 weeks have had a significantly damaging impact on the Restaurant and Hospitality sector. The Recent CSO Business Impact of COVID 19 Survey stated: "More than three in every five (62.2%) of enterprises in Accommodation and Food Services had ceased trading, either temporarily or permanently, compared to 7.3% of all other Services enterprises."

Simply put, the Restaurant and Hospitality Sector was hit hardest by this crisis and it will take the longest to recover. It cannot be denied that there will be no mile-long queue to enter restaurants as is the case for some high street retailers. No booking websites will crash with appointment enquiries as is the case for some in the beauty industry. The recovery for restaurants will be slow and without tourists for the foreseeable future, it will be a hard-fought battle to survive. Without immediate access to the Temporary Wage Subsidy Scheme, seasonal businesses, the mainstay of Irish Tourism, will not reopen.

Current business supports do not go far enough. The Central Statistics Office reported last week that just 3.5% of SMEs have applied for the COVID-19 Working Capital Loan Scheme (SBCI). SMEs simply cannot afford more loans. We have put forward a viable fully costed plan to stabilise and rebuild the Irish Restaurant Sector, the author of this report is economist Jim Power who is here with you today.

As we start on the road to recovery, the challenges we have are:

- No wage supports for seasonal and new businesses through the Temporary Wage Subsidy Scheme
- No pay out by insurance companies on business interruption claims
- Landlords seeking full rent for the period of closure
- Utility providers disconnecting services, and
- Unviable 13.5% VAT rate

To those who say the market will take care of itself and that unviable businesses will fail, we ask you, how do you tell a 3rd Generation Hospitality Business in Waterford, Kilkenny, Monaghan, or Dublin or Cork or any part of Ireland, that their family business, through no fault of how it is being run, must fail? And fail because their country and its government didn't see the value in protecting small businesses and jobs.

The Costs of not Supporting the Restaurant Sector will have a much greater impact on the economy: If 100,000 workers were to remain unemployed for a full year, it would cost the Exchequer

- around €2 billion in increased social protection expenditure
- up to up to €500 million in lost payroll taxes.
- around €240 million in lost VAT receipts; and
- It would cost local authorities around €52 million in lost commercial rates.

Urgent action is needed to ensure the restaurant and hospitality sector survives.

Thank you for taking the time to hear our concerns and read our proposal of supports. We are happy to take any questions.