



Cork Chamber
Fitzgerald's House
Summerhill North
Cork
T23 TD90
18th June 2020

FAO: Niall Cody, Chairman, Revenue

RE: The Temporary Wage Subsidy Scheme

Dear Mr Cody

I wish to highlight two current issues with the Temporary Wage Subsidy Scheme that are creating an unintentional negative impact in the hospitality sector. These issues relate to the seasonality of the sector, and the cut-off date for qualification to new businesses opening after this same date.

Tourism, hospitality, aviation, leisure and retail are among the worst effected sectors in the current pandemic. The impact is also felt in interrelated sectors in transport, services and food. Often summarised as the first sector to enter the crisis and considered to be the last sector to fully recover, it is clear that the challenges are immense and unique.

Prior to the COVID-19 pandemic over 179,000 people were employed in the sector representing 8% of total employment. Tourism Revenue alone is projected to fall by €5bn in 2020 compared to 2019. In Cork air passenger numbers are down almost 100%, cruise business is not expected to occur this year, and ferry travel is highly unlikely given current quarantine restrictions. You will not be short of statistics, but it is important to mark the scale of the issue to contextualise the importance of making positive adjustments to supports already in place.

A line from the DBEI *Considerations for Reinstating Economic Activity Report* in May clearly acknowledges that for many, the current pandemic will not be a temporary inconvenience, it will be a permanent impact:

*"... sectors, such as tourism and aviation, may have longer term challenges in terms of the levels of demand needed to sustain their business model and some potential permanent loss of activity."*¹

As much of the tourism and hospitality sector is seasonal, the confinement of the scheme to employees who were on the employer's payroll as at 29 February 2020 has the effect of creating a

¹ <https://dbei.gov.ie/en/Publications/Publication-files/Economic-Considerations-for-Reinstating-Economic-Activity.pdf>

market distortion favouring those who operate year round, and inadvertently creates an uneven playing field for those operating exclusively in the summer months, or opening a new venture or premises subsequent to the aforementioned date. It unintentionally distorts local competitiveness.

In relation to hospitality businesses that may wish to add to an existing team, or to expand into a new geography, the adherence to the February payroll date has the same effect, in diminishing relative competitiveness and potentially disincentivising job creation.

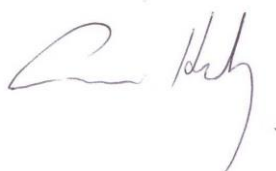
I use an example and make formal representation on behalf of The SpitJack, a valued member of the Chamber and Cork business community to illustrate the point. Richard Gavin and his team have a well-established and widely acclaimed restaurant in Cork. They opened The SpitJack Limerick on March 7th with all employees commencing the in first week of March. They thus missed the payroll deadline and do not qualify for the wage subsidiary scheme.

Richard plans to reopen The SpitJack Limerick on July first. As they have only previously traded for one week they are now embarking on the incredible challenge of opening a new business in these very uncertain times. In this initial phase of opening a quality restaurant there is also significant training required which will consume above normal labour hours.

Richard is confident that they can run the business in these uncertain times, but does not believe he will be able to compete with restaurants who will have 70-80% of their payroll subsidised. With the savings available to other restaurants a competitive disadvantage is created for Spitjack leaving them in a very difficult situation. Spitjack epitomises the type of business that will bring Ireland to a successful recovery through vision and sheer conviction.

As ever, the intent of TWSS is highly commendable. It has been and continues to be the vital lifeline for so many business throughout Ireland. However, as the understanding of the scheme deepens and the exceptional vulnerability of hospitality becomes all the more apparent I trust that this information will be informative and of benefit to the evolution of the scheme in the very near future. I trust that a positive change to the scheme can be made for The SpitJack and businesses throughout the sector facing equivalent unprecedented challenges as soon as possible.

Yours sincerely



CEO

Cork Chamber

M: + 353 (0)87 947 1858