
EMPLOYMENT IN THE DRINKS AND HOSPITALITY INDUSTRY: THE THREAT OF COVID-19 TO JOBS AND HOW TO MINIMISE IT

A national and regional analysis by Anthony Foley,
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FOREWORD

While all pubs, with the temporary exception of Dublin, are now permitted to reopen on 21 September in accordance with Covid guidelines, the real question is how many of them, and the jobs they provide, will survive the next six months.

After half a year of closure for pubs and significant periods of closure for all hospitality businesses, including restaurants and hotels, they must now contend with an indefinite period of reduced operating capacity and opening hours, as well as the postponement of all supporting social and cultural activities. Tourism will remain virtually non-existent in 2020, significantly reduced in 2021, and may not fully recover until the middle of the decade.

A five-year recovery cycle is an extremely grim prospect for publicans, most of whom are now poorly leveraged. Almost half have borrowed as much as €16,000 since March—one in five as much as €30,000—to cover staff wages and health and safety equipment, such as Perspex screens and PPE.

Cashflow is being further stifled by indiscriminate levies, specifically VAT and excise. Ireland has the second highest alcohol excise tax in the EU. Before a pub, restaurant, or hotel, can even begin repaying its debtors or investing in its staff and business, it must first pay the state, in a greatly reduced business environment, as much as 55 cents in excise on a pint of every pint of beer served (versus 5 cents in Germany) and 60 cents on a glass of whiskey (versus 25 cents in France).

Without additional government remediation, the threat to business and employment is massive. As this report shows, 7.6% of total national employment is in accommodation and food services (AFS), which includes pubs, restaurants, and hotels. In some rural counties, like Donegal and Kerry, this figure is even higher (8% and 10.5%). In all regions of the country, those aged between 15 and 24 years comprise almost a third of total AFS employment, while the majority of all AFS employees are female.

Using the Department of Business, Enterprise, and Innovation's own "Focus on Sectors" August 2020 report (link to report [here](#)) projections as a guide, the implications on the hospitality sector are stark. Based on the overall forecast in this report, our own projections are that as many as 63% of all AFS jobs, 114,000 in total, could be lost by the end of this year – 31.8% of these losses occurring in the 15-24 age group.

These jobs matter.

Consider the 265,000 people who work in these almost 20,000 businesses nationwide. 80% of these businesses employ 10 people or less. One-third of those working in the sector are aged between 15 and 24 years old. 56% are female. 41% are part-time employees. For many, it is a career. For others - students, carers, homemakers, farmers and more - the hospitality sector provides the opportunity for part-time and flexible participation in the workforce. It provides an additional earnings opportunity that supports their lifestyle and in many cases, facilitates their wider responsibilities. For all, it is one of the few sectors in their locality where actual employment opportunities exist, the business where they first start to develop skills and qualities that stand to them forever. Equally, this sector is the career home to many highly skilled and talented professionals including renowned chefs, hotel managers and marketing professionals.

The threat to hospitality employment is severe, considerable and present.

Restaurants are operating at approximately 60% capacity, pubs serving food at 50%, and hotels at 25%; these figures are unlikely to improve over Christmas.

Ninety percent of all pubs are located outside of Dublin. In areas where seasonal tourism is the primary wealth creator, pubs are major and often the only contributors to the local economy. If they are forced to close, many rural towns and villages will suffer with them, which in turn will cause financial hardship and outward migration and erode community spirit and local culture.

DIGI fully acknowledges that the pandemic is hard for every business owner, every employee, and every community. We recognise that it will not get easier any time soon. We must all work together to manage the risk of Covid-19 while simultaneously protecting our economy from another prolonged recession.

However, in the case of the drinks and hospitality industry, where livelihoods completely depend on the free and unrestricted congregation of people, it is DIGI's strong belief that for the drinks and hospitality industry to recover, not simply reopen, the government must remove barriers that impede business recovery.

As such, this will require strong policy support and we believe that **excise tax must be lowered by 15% this year** to help save thousands of Irish businesses and tens of thousands of Irish jobs. More money in the hands of local publicans, restaurateurs, hoteliers, micro-breweries, and micro-distilleries will lead to a faster recovery of the drinks and hospitality industry and the wider tourism sector with it.

We look forward to discussing this policy proposal in greater detail with our partners in government in the coming weeks.

Liam Reid

Chair of the Drinks Industry Group of Ireland;
Corporate Relations Director at Diageo Ireland

SUMMARY

National

The number of jobs provided by the accommodation and food services (AFS) sector in Ireland before Covid-19 was **approx. 179,200**.

Without additional supports, 114,000 AFS jobs could be lost before the end of 2020, including 36,300 jobs among the 15-24 age group.

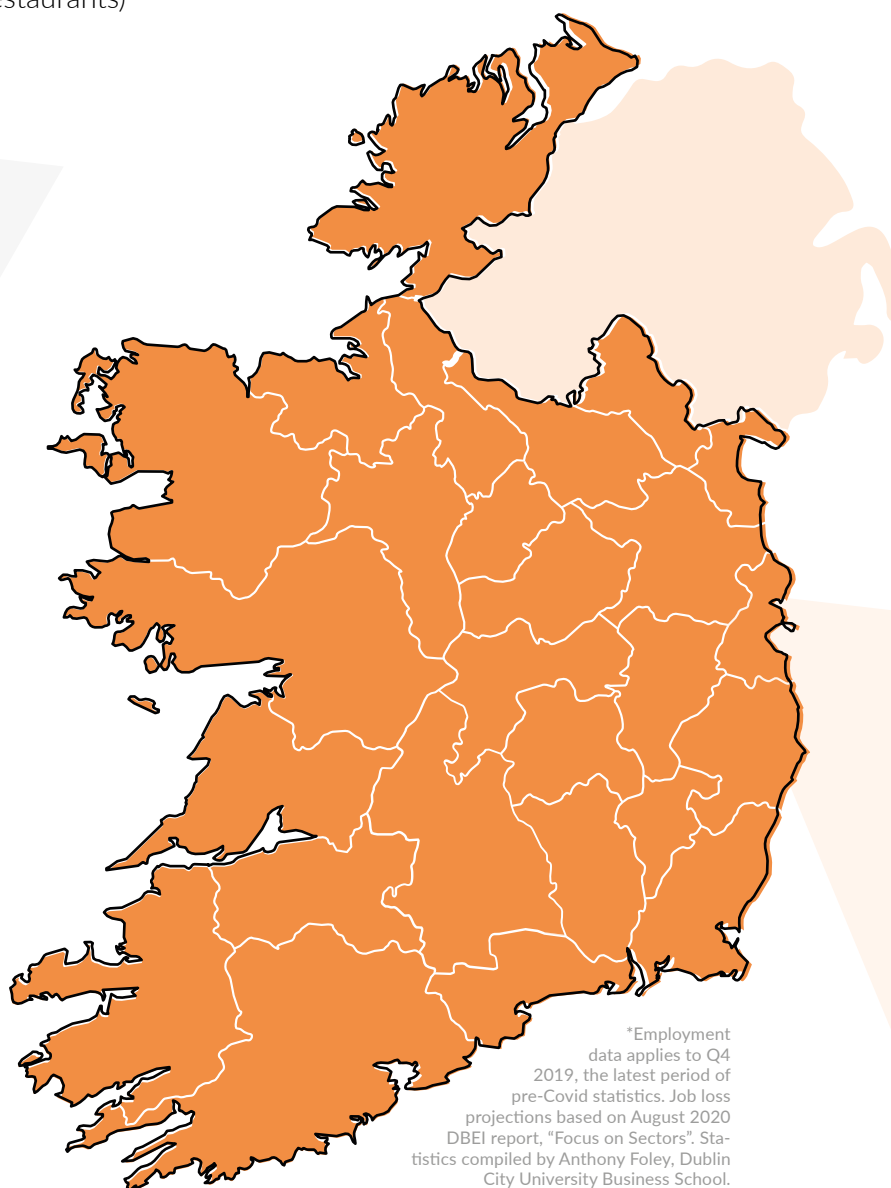
Regional

	No. of AFS jobs before COVID	No. of AFS jobs that could be lost*	No. of AFS jobs that could be lost among 15-24 Age group*
DUBLIN	52,300	33,300	10,600
THE MID-EAST	26,100	16,600	5,300
THE MIDLANDS	8,800	5,600	1,800
THE MID-WEST	13,200	8,400	2,700
THE WEST	16,700	10,600	3,400
THE SOUTH-WEST	30,100	19,100	6,100
THE SOUTH-EAST	16,700	10,600	3,400
THE BORDER	15,200	9,700	3,100

*Our projections using the Department of Business, Enterprise, and Innovation's own "Focus on Sectors" August 2020 report ([link here](#)) projections as a guide.

IRELAND

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

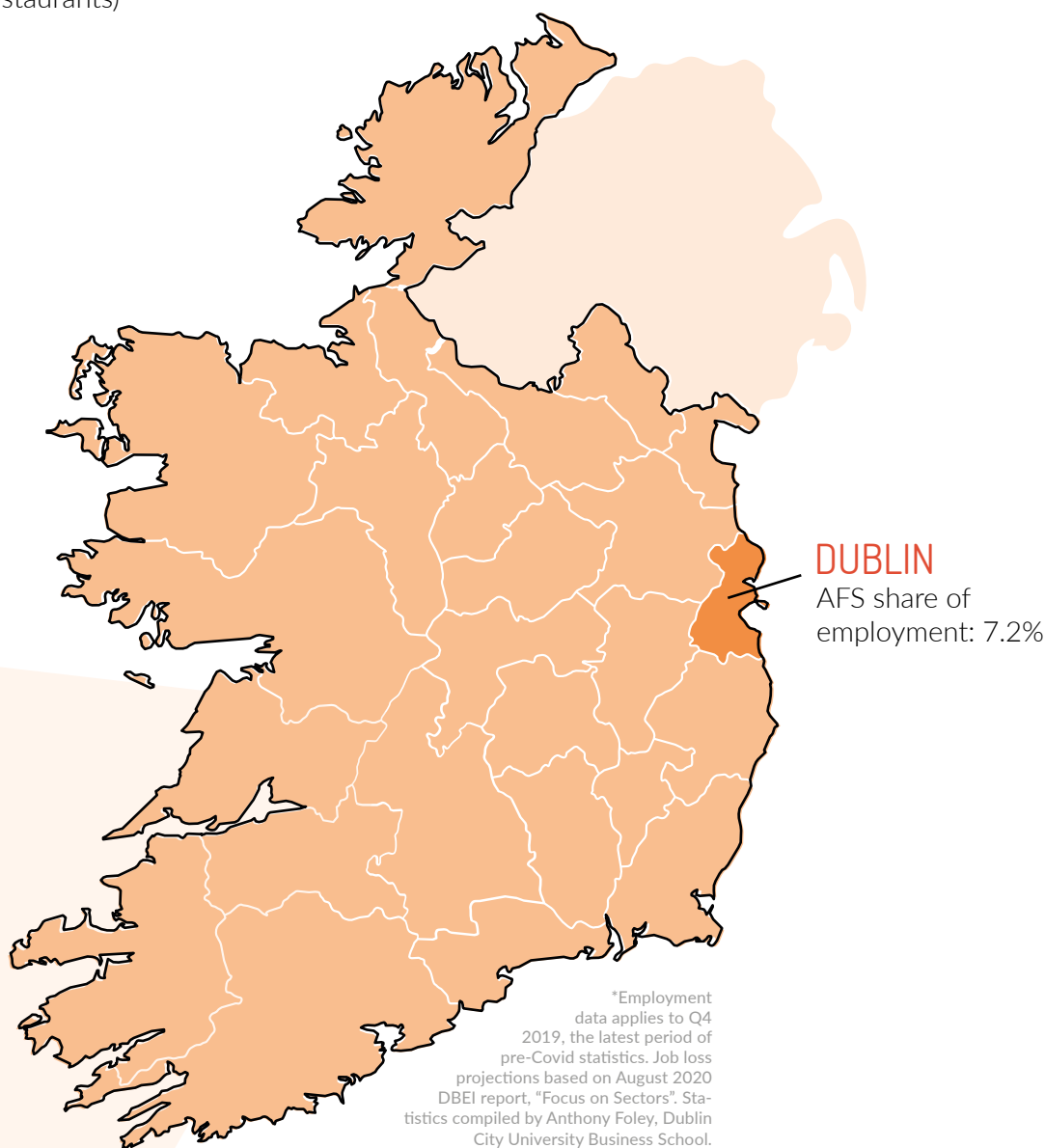


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in Ireland before Covid-19 was **approx. 179,200**. The wider tourism sector employed approx. 265,000.
- The share of AFS in Ireland's total employment was **7.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in Ireland. Females comprised **54.6%** of all AFS employment in Ireland.
- The AFS sector supports an additional **7,300 jobs** in drinks manufacturing and **5,500 jobs** in off-licences, visitor attractions, and wholesale and distribution.
- **Without additional supports, 114,000 AFS jobs could be lost before the end of 2020**, including 36,300 jobs among the 15-24 age group.

DUBLIN

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

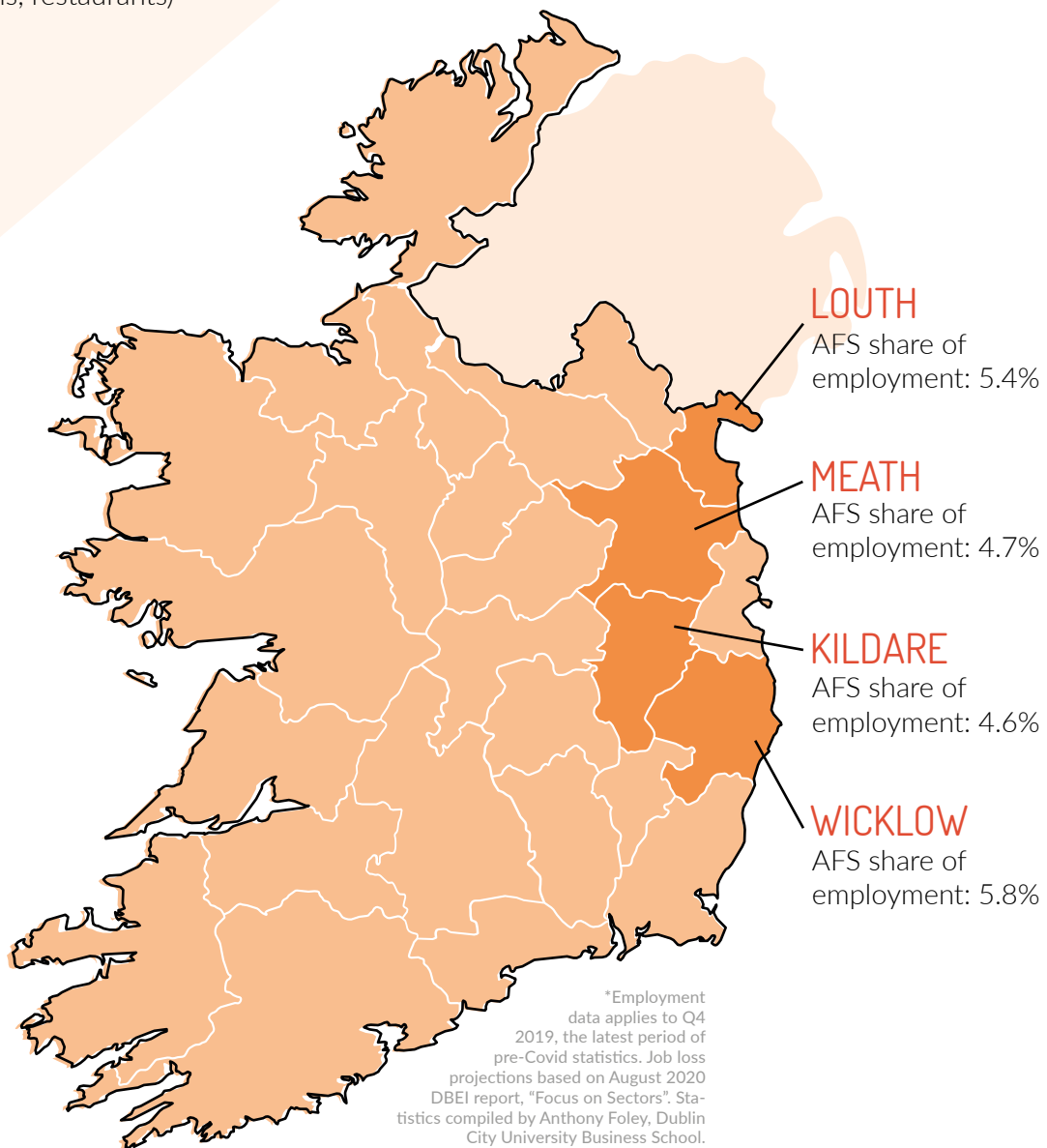


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in Dublin before Covid-19 was **approx. 52,300**.
- The share of AFS in Dublin's total employment was **7.2%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in Dublin. Females comprised **47.8%** of all AFS employment in Dublin.
- Between 2012 and 2019, regional total employment increased by 29.3%. **AFS employment increased by 54.3%**.
- **Without additional supports, 33,300 AFS jobs in Dublin could be lost before the end of 2020**, including 10,600 jobs among the 15-24 age group.

THE MID-EAST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

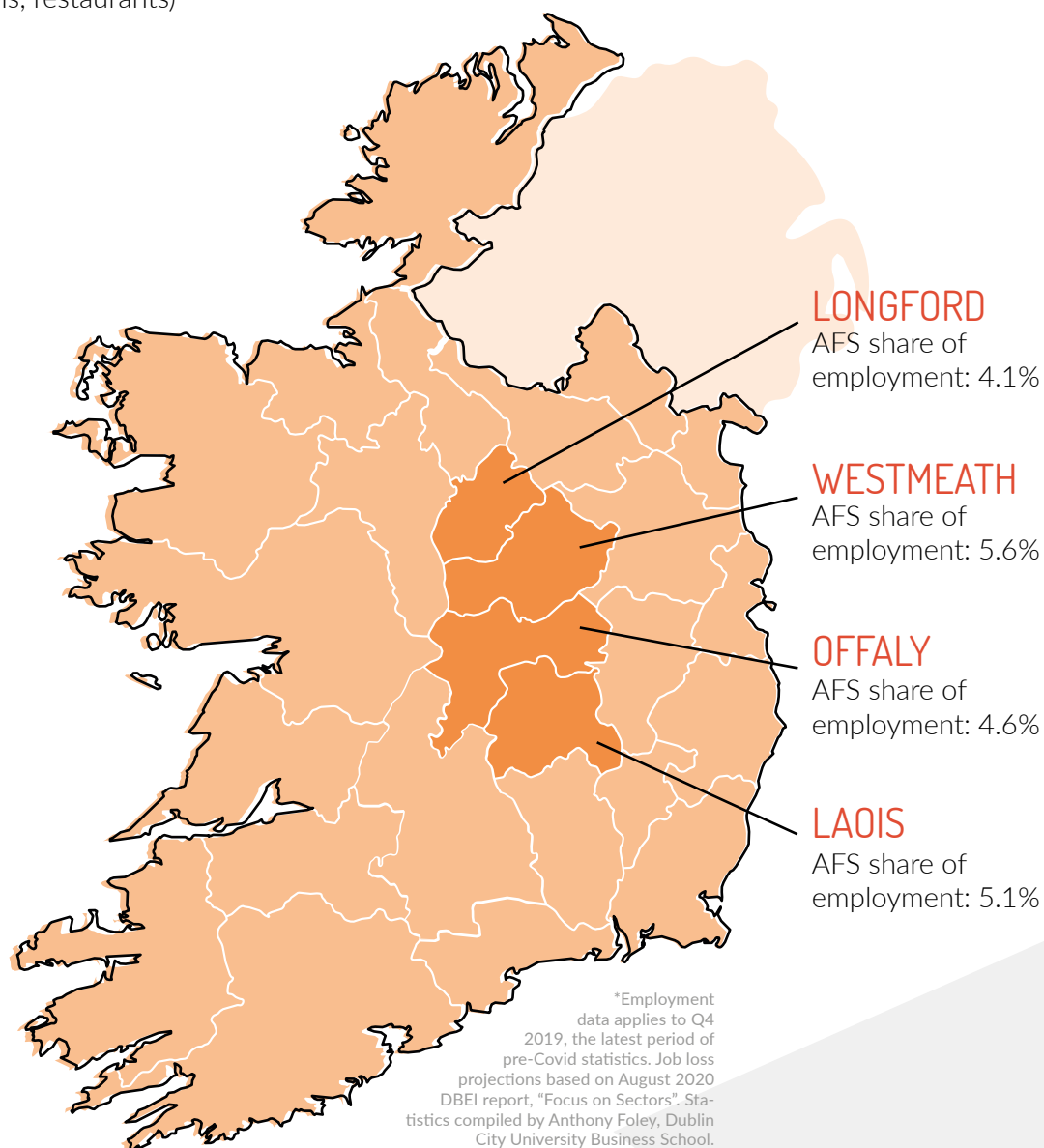


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Mid-East before Covid-19 was **approx. 26,100**.
- The share of AFS in the Mid-East's total employment was **7.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Mid-East. Females comprised **52.5%** of all AFS employment in the Mid-East.
- Between 2012 and 2019, regional total employment increased by 25.8%. **AFS employment increased by 56.3%**.
- **Without additional supports, 16,600 AFS jobs in the Mid-East could be lost before the end of 2020**, including 5,300 jobs among the 15-24 age group.

THE MIDLANDS

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

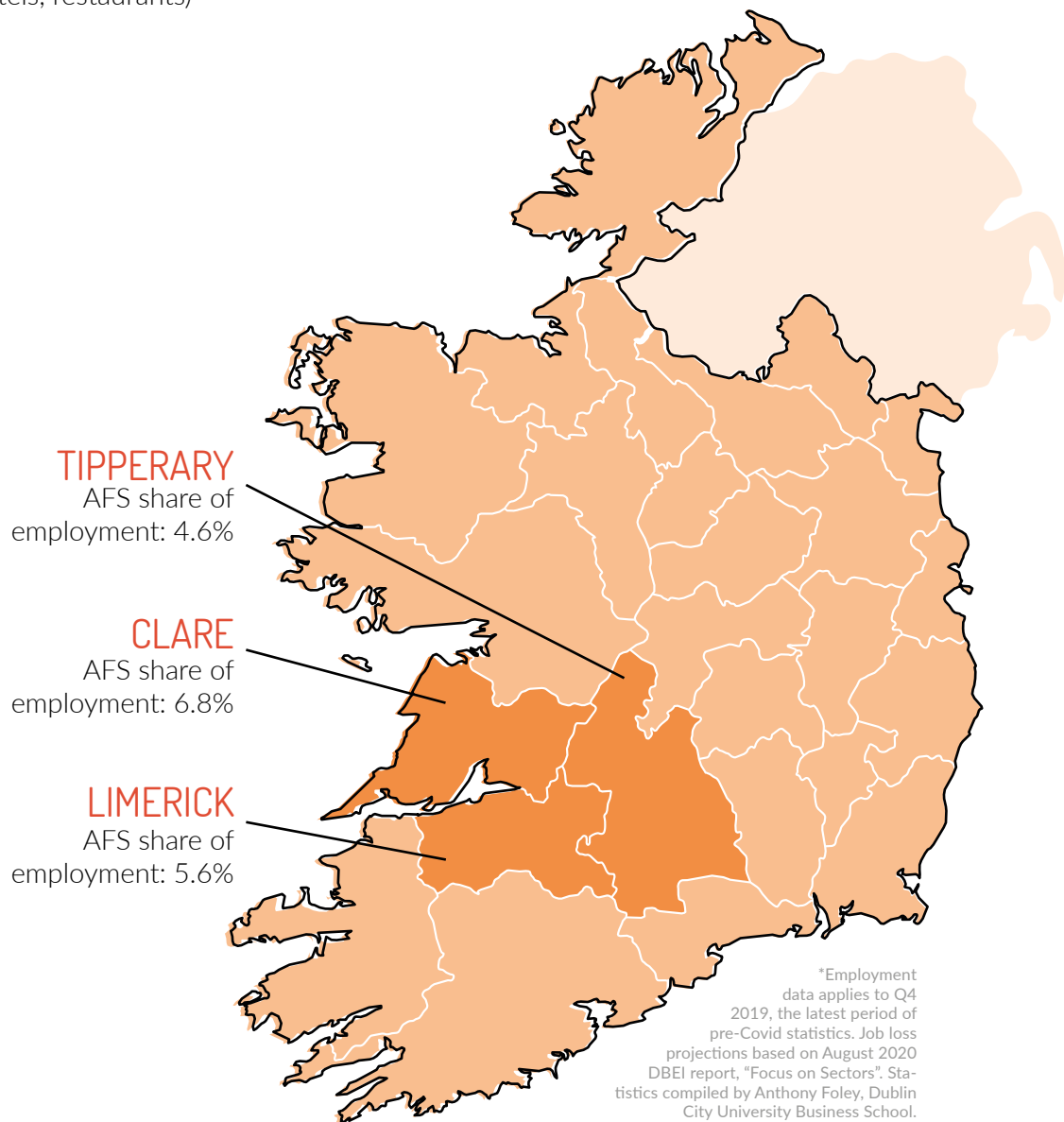


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Midlands before Covid-19 was **approx. 8,800**.
- The share of AFS in the Midlands' total employment was **6.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Midlands. Females comprised **67%** of all AFS employment in the Midlands.
- Between 2012 and 2019, regional total employment increased by 35%. **AFS employment increased by 63%**.
- **Without additional supports, 5,600 AFS jobs in the Midlands could be lost before the end of 2020**, including 1,800 jobs among the 15-24 age group.

THE MID-WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

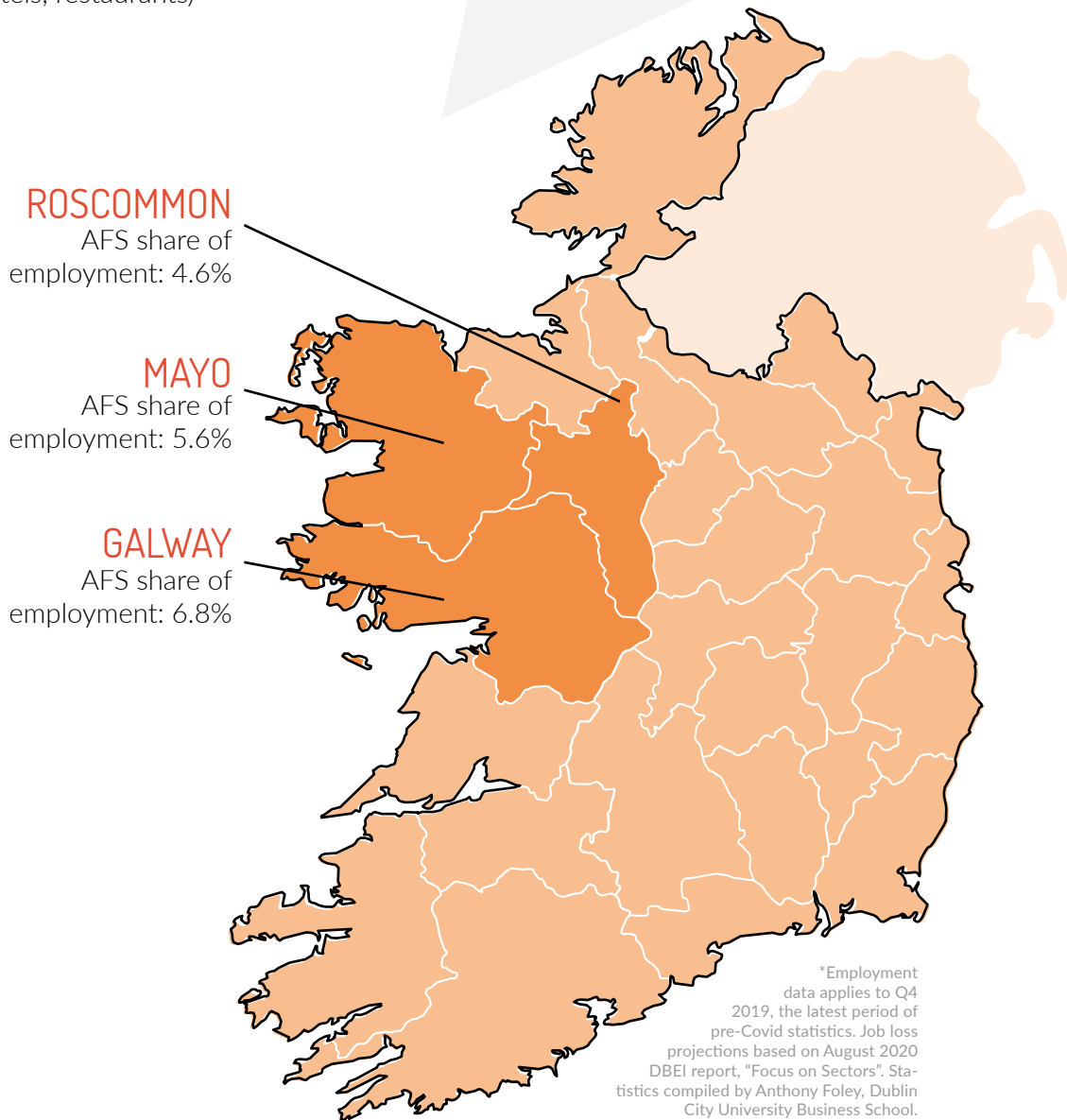


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Mid-West before Covid-19 was **approx. 13,200**.
- The share of AFS in the Mid-West's total employment was **6.1%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Mid-West. Females comprised **54.5%** of all AFS employment in the Mid-West.
- Between 2012 and 2019, regional total employment increased by 14.5%. **AFS employment increased by 4.8%**.
- **Without additional supports, 8,400 AFS jobs in the Mid-West could be lost before the end of 2020**, including 2,700 jobs among the 15-24 age group.

THE WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

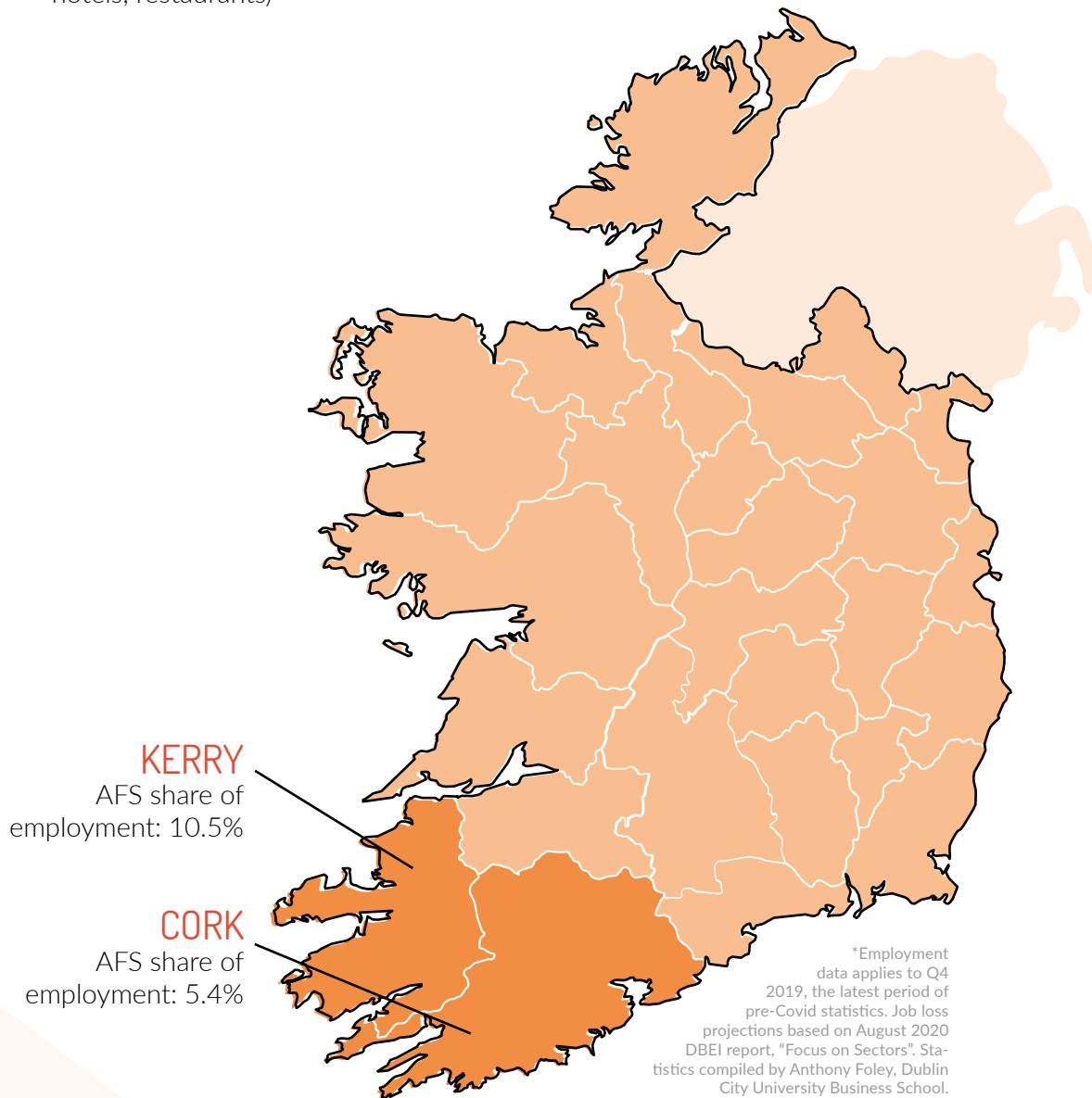


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the West before Covid-19 was **approx. 16,700**.
- The share of AFS in the West's total employment was **7.5%**.
- Young people (aged 15-24) comprised **31.7%** of all AFS employment in the West. Females comprised **51.5%** of all AFS employment in the West.
- Between 2012 and 2019, regional total employment increased by 23.5%, while **AFS employment increased by 38%**.
- **Without additional supports, 10,600 AFS jobs in the West could be lost before the end of 2020**, including 3,400 jobs among the 15-24 age group.

THE SOUTH-WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

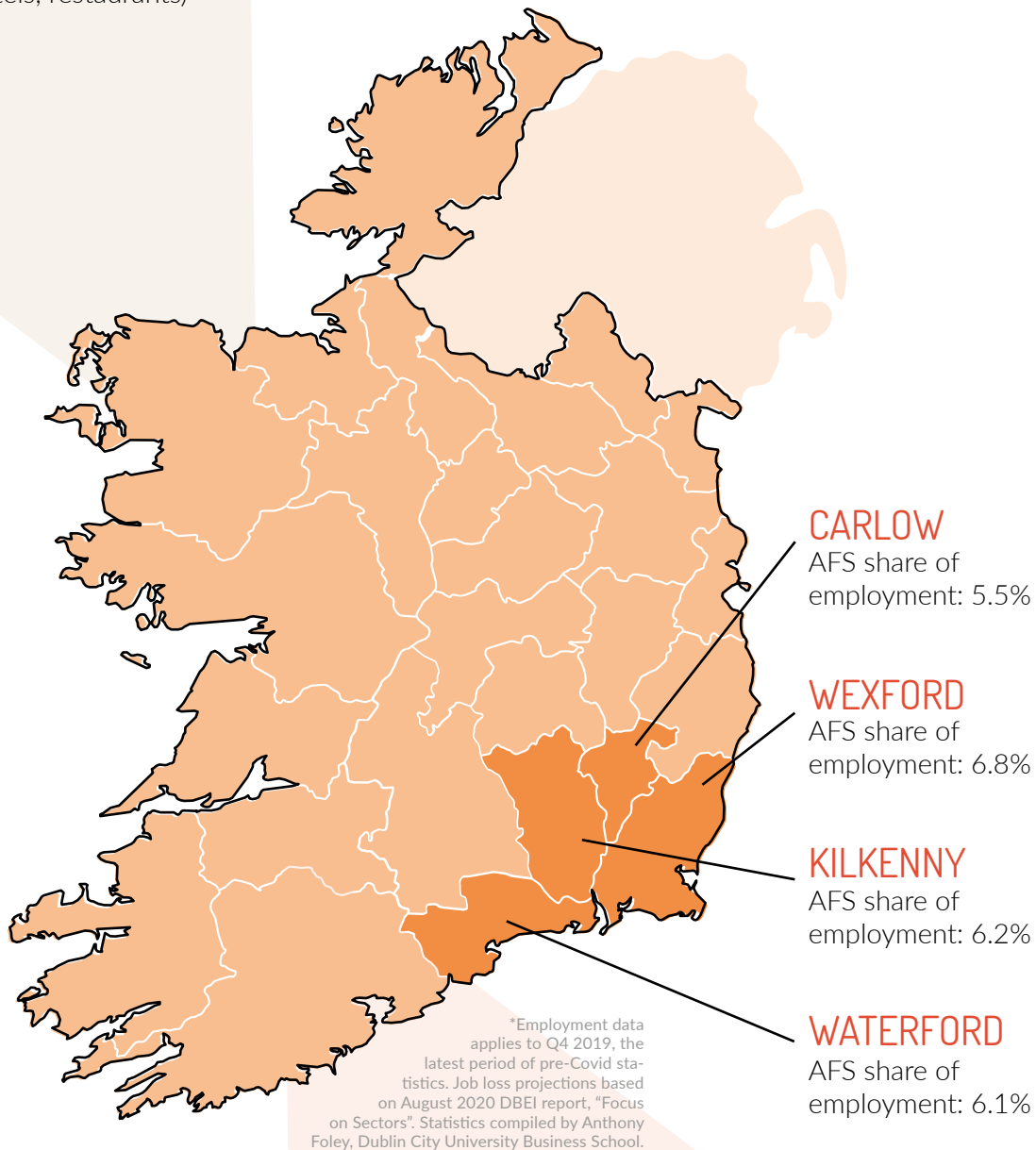


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the South-West before Covid-19 was **approx. 30,100**.
- The share of AFS in the South-West's total employment was **8.9%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the South-West. Females comprised **54.5%** of all AFS employment in the South-West.
- Between 2012 and 2019, regional total employment increased by 17.6%. **AFS employment increased by 42.7%**.
- **Without additional supports, 19,100 AFS jobs in the South-West could be lost before the end of 2020**, including 6,100 jobs among the 15-24 age group.

THE SOUTH-EAST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

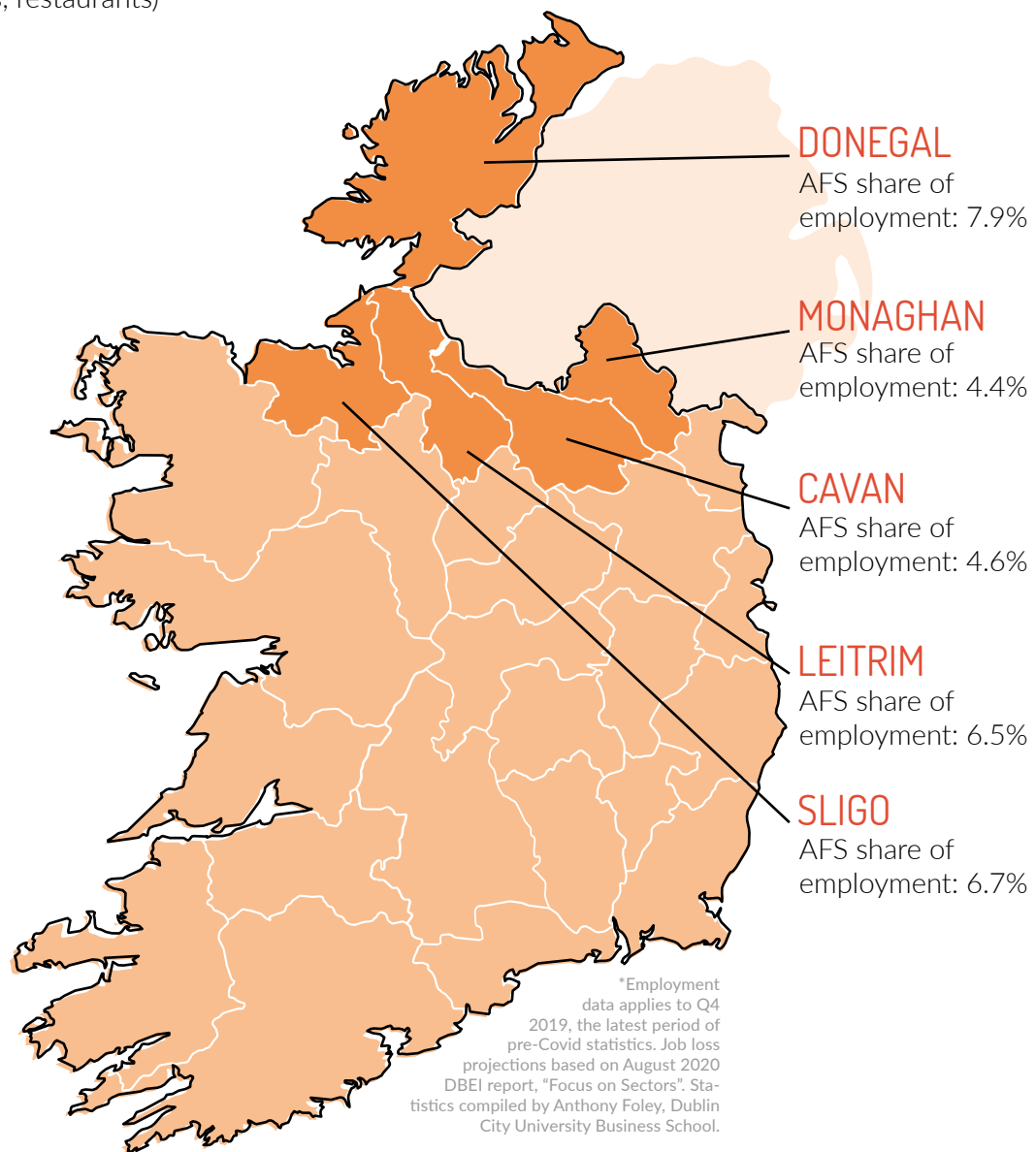


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the South-East before Covid-19 was **approx. 16,700**.
- The share of AFS in the South-East's total employment was **8.5%**.
- Young people (aged 15-24) comprise **31.7%** of all AFS employment in the South-East. Females comprised **67.7%** of all AFS employment in the South-East.
- Between 2012 and 2019, regional total employment increased by 26.1%. **AFS employment increased by 50.5%**.
- **Without additional supports, 10,600 AFS jobs in the South-East could be lost before the end of 2020**, including 3,400 jobs among the 15-24 age group.

THE BORDER REGION

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)



KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Border Region before Covid-19 was **approx. 15,200**.
- The share of AFS in the Border Region's total employment was 8.3%.
- Young people (aged 15-24) comprised **31.5%** of all AFS employment in the Border Region. Females comprised **63.2%** of all AFS employment in the Border Region.
- Between 2012 and 2019, regional total employment increased by 24.5%, while **AFS employment increased by 53.5%**.
- **Without additional supports, 9,700 AFS jobs in the Border Region could be lost before the end of 2020**, including 3,100 jobs among the 15-24 age group.

ABOUT THE DRINKS INDUSTRY GROUP OF IRELAND

The Drinks Industry Group of Ireland (DIGI) is the umbrella organisation for the drinks and hospitality industry in Ireland. DIGI's membership spans brewers, distillers, distributors, and the retail sectors (both the on-trade—pubs, hotels, and restaurants—and the independent off-licence sector).

DIGI's members include:

- Drinks Ireland (Ibec)
- Irish Hotels Federation
- Licensed Vintners Association
- National Off-Licence Association
- Restaurants Association of Ireland
- Vintners Federation of Ireland

NOTE FROM THE AUTHOR

The objective of this report is to examine national and regional employment in the drinks and hospitality industry, specifically, the scale and profile of this employment and the Covid-19 threat to jobs.

Data context:

- There are different definitions of what constitutes the tourism, hospitality, and drinks industries. The primary approach in this report is to use the CSO “accommodation and food and beverages service activities” (AFS) classification, which includes pubs, hotels, and restaurants. This is the classification for which most data are available. There are several CSO sources of employment data for the drinks and hospitality sectors, but they do not produce the same estimates.
- The age-related statistics on employment in hospitality have been made available to the author by the CSO. These figures are unpublished.
- National total for the 15-24 years group (supplied by CSO) and regional figures are derived by applying the national proportion of 15-24 years age group to the regional CSO AFS totals.
- Estimated loss in jobs is based on the Department of Business, Enterprise and Innovation “Focus on Sectors” (August 2020) report on tourism and hospitality (see link to report [here](#)). This report stated that tourism employment could fall by between 190k and 200k in 2020. This projection can be divided between non-hospitality and hospitality employment. The author's projections are based on the hospitality component.
- The author assumes a national decline of over 60%, which is equally assumed on a regional basis.
- The same of rate regional decline is assumed for the 15-24 years age group.



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