

Source: <https://www.theguardian.com/world/2024/oct/20/its-desperation-irelands-restaurant-industry-facing-crisis-with-daily-closures> (Lisa O'Carroll in Dublin Sun 20 Oct 2024 13.33 CEST)

'It's desperation': Ireland's restaurant industry facing crisis with daily closures

Rise in VAT, inflation and people working from home has led small business owners to demand government support



📷 'People don't come to Ireland for the weather. They come for the culture, and restaurants and coffee shops are part of it.' Quay Street in Galway. Photograph: Ian Dagnall/Alamy

Lisa O'Carroll in Dublin

Sun 20 Oct 2024 13.33 CEST

Blazing Salads, Dillingers, Assassination Custard and Brasserie Sixty Six in Dublin, Church Lane and Sage in County Cork, and Barnacles in Galway.

These are just some of the most recent additions to the list of more than 600 restaurants that have been forced to close in **Ireland** in the last year in what is being seen as a growing crisis for the country's high street and tourist offering.

A pioneering veggie and vegan spot, Blazing Salads had been open for 37 years, surviving multiple economic downturns as well as the pandemic, only

to shut up shop, blaming a combination of inflation, a rise in VAT and customers working from home.

The Restaurant Association of Ireland (RAI) says an average of two restaurants, cafes or other food-led businesses are closing every day in a blow to the country's independent hospitality industry. On Tuesday, the owners of restaurants, cafes and pubs marched in protest to the Irish parliament in frustration.

In Cork, the foodie capital of Ireland, the chef and founder of the renowned Ballymaloe cookery school, Darina Allen, is enraged. "I'm 76 years of age. I've never in my life gone out on the streets to protest before, but I got up at 6am to get the train from Cork. I was determined to support the cause," she said.



“People are really furious around the country. They just feel abandoned, unappreciated. All they want is to earn a relatively decent living so they can pay their staff, reinvest a bit in their businesses and educate their kids. I mean, this is not second house in the Caribbean type stuff. This is just day to day survival.”



📷 Darina Allen protesting over the spate of restaurant closures. Photograph: Grainne Ni Aodha/PA

“It’s not just whingeing, it’s desperation. All restaurants want is fair support, appreciation for what they are doing for Ireland Inc,” she added.

A 50% hike in the VAT rate, up from 9% to 13.5%, has left food businesses battling to survive, says RAI. The rate was dropped to 9% during the pandemic, but restaurants say it is too early to reimpose the higher rate given the rise in energy bills, increased food costs, suppressed consumer demand due to the cost of living crisis and working from home.

One man **filmed at the protest** last week said he had been in the business since 1982 and he had “never seen it so bad”.

They were confident the government would respond to their campaign to reverse the VAT rise, given the healthy state of the country’s finances, pointing out that back in the 1980s doldrums VAT was just 6%. But when the finance minister, Jack Chambers, unveiled his budget on 2 October there was a €4,000 energy bill support, but no movement on VAT.

Coming so quickly after a European court judgment awarding the Irish exchequer a surprise €14bn in back tax from Apple, the lack of budget empathy is a bitter pill to swallow, says Allen.

“This country is doing brilliantly. We are told we are riding on the crest of a wave, but I can tell you it doesn’t feel like that at parish level.”

Others are alarmed by the impact the restaurant crisis is having on main street Ireland and wonder if independent outlets will be replaced by chains that can shoulder higher costs, such as Pret a Manger or Carluccio’s, which are both already in Ireland.

Barry Murphy, who runs Murfs, a small fish and chip takeaway and diner in Durrow in County Laois, says “vape shops and charity shops” are already popping up in the places of cafes in small towns.



📍 Stephen Buckley, owner of Buckley's steakhouses in Dublin Photograph: Terry McDonagh

Stephen Buckley, whose family have five steakhouses and a butchers, FX Buckley, a mainstay of Dublin since 1930, is equally concerned about cities being hollowed out. “People don’t come to Ireland for the weather. They come for the culture, and restaurants and coffee shops in any town are part of it. If restaurants collapse, the culture collapses and people stop coming into the city.”

Buckley says businesses like his can ride the downturns because they have the scale of the “back office” that other small operators do not.

Murphy says the VAT hike last August left him with €25,000 extra to pay out, with no clemency for those struggling with the little to no profit scenario they now operate in. “You get a demand every quarter and if they don’t get what they ask for you risk getting a sheriff knocking on your door who will literally empty your premises,” he said.

“Even if you ignore the VAT, this is extremely hard, you are going from month to month,” he said.



📍 Blazing Salads closed after 37 years in early October. A week later, there was little sign of its existence, with its name painted over. Photograph: Lisa O’Carroll

Allen accuses the government of failing to see the wider picture. “Irish food has changed from the land of corned beef and cabbage over the last 30 years” with fresh, high-quality dairy and meat produce a huge selling point for tourists.

“People feel a lack of appreciation. They feel the government doesn’t really understand or appreciate how important this sector is, and what the sector does for Irish people, for visitors, for Ireland Inc,” she said.

With just two tables and seating for seven, Assassination Custard, just doors away from the Department of Foreign Affairs in Kevin Street, was one of Dublin’s quirkiest offerings, with rave reviews and queues out the door at lunchtime. Co-owner Gwen McGrath said it was not VAT that forced them out of business but the sheer difficulty of operating a food business.

“Feeding people is just a small per cent of it. The rest is all the stuff you have to do in the background, accounts, health and safety, as well as managing people’s expectations,” said McGrath.

1. What financial pressures are Irish restaurants facing right now?

2. Why are some restaurant owners angry with the government?

3. What risks are these businesses facing?

4. How is consumer behaviour contributing to the crisis?

5. What is the cultural impact of so many restaurants closing?

6. What examples show how some restaurants are reacting?

Chapter 12 Starter Activity – Guardian Article Teacher sheet

1. What financial pressures are Irish restaurants facing right now?

Suggested Answer: They are dealing with rising inflation, increased food and energy costs, and a VAT increase from 9% to 13.5%.

Teacher Prompt: Which of these costs are controllable by the business? What might they do to manage them?

2. Why are some restaurant owners angry with the government?

Suggested Answer: They feel unsupported, especially after a big VAT hike despite the state having strong finances. Many hoped for help in the budget but got little more than a €4,000 energy support.

Teacher Prompt: Can students think of other ways the government could support small food businesses? What role should the government play?

3. What risks are these businesses facing?

Suggested Answer: They risk closure, negative cash flow, inability to pay VAT on time (which can lead to penalties), and reputational damage if standards drop due to cost cutting.

Teacher Prompt: Let's brainstorm strategies a business could use to manage or reduce some of these risks.

4. How is consumer behaviour contributing to the crisis?

Suggested Answer: People are eating out less due to the cost of living crisis and working from home, which means less footfall in city centres and towns.

Teacher Prompt: How could restaurants adapt to this change in behaviour? Would delivery, meal kits, or co-working café spaces help?

5. What is the cultural impact of so many restaurants closing?

Suggested Answer: Restaurants are seen as a vital part of Irish culture and tourism. Their closure affects the attractiveness of towns and cities, possibly reducing tourism.

Teacher Prompt: Ask students: What else might be lost if independent restaurants disappear and chains take over?

6. What examples show how some restaurants are reacting?

Suggested Answer: Protests were held, some adapted with small menus or low overheads, but others like Assassination Custard still closed due to operational stress, not just VAT.

Teacher Prompt: Can students identify the different kinds of pressures on owners—financial, emotional, operational?