English Language Industry of Ireland

Recovery Plan
Briefing Note

Prepared for

Department of Education and Skills
Department of Business, Enterprise and Innovation
Department of Finance
Department of Justice and Equality
Department of the Taoiseach

By

Marketing English in Ireland (MEI)
Independent Language Schools Group (ILSG)

Re:

English Language Education (ELE) Sector
Introduction

The purpose of this document is to provide the Irish Government with an overview of the crisis being faced by the English Language Education (ELE) Sector due to the impact of the COVID-19 pandemic. This document was created by MEI (representing 65 language organisations) and ILSG (representing 23 language organisations).

The following provides a brief background to the industry, the particular challenges that we are facing, and a number of essential supports to protect and reboot this important industry worth an estimated €880 million to the Irish economy annually.

ELE Sector Overview

Ireland is a premium, internationally respected, language learning destination. In a highly competitive global marketplace we are the number one per capita destination in the world for learners of English as a foreign language\(^1\). This impressive fact is a testament to the reputation we have as a country and as a world leader in education.

Ireland attracts ELE students from all over the world, the majority of whom book their courses with specialist in-country language travel agencies. In the EU the most prominent countries are Italy, Spain, France and Austria while outside the EU/EEA area countries such as Brazil, South Korea, Mexico and Japan are among the most popular source countries. Courses can range in duration from one week to a full academic year (25 weeks). The average student length of stay in Ireland is estimated to be approximately 6.5 weeks, Student enrolments are continuous, which is to say they occur on a weekly basis throughout the year.

There are a wide range of programmes and courses offered in Ireland which can be divided into three broad categories:

1. **Adult Programmes**
   Adult students are considered as being over 16 years of age and the length of course can vary from 1 week to 25 weeks. European students will typically stay 2-6 weeks whereas non-EEA (European Economic Area) students study for up to 25 weeks and may stay longer or renew their study visa. Students can book accommodation with host families, student residences or apartments along with their English course but not obligated to do so. Social and cultural programmes are optional and booked during their stay.

2. **School Group Mini-Stay Programmes**
   Short-term (1-4 weeks) school group programmes primarily from EU countries such as Austria, Switzerland, Italy and Spain. These are generally all-inclusive packages that include tuition, accommodation, and social and cultural activities.

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\(^1\) [https://www.irishtimes.com/news/education/ireland-tops-table-for-english-language-students-1.3388773]
3 - Junior Summer Programmes

Junior students are those under the age of 18 years old, and typically travel to Ireland during the summer months of July and August to participate in Junior Summer programmes. They can travel individually or come as part of a group and typically stay 2-3 weeks. They avail of an inclusive package including tuition, accommodation with host family or in residence and an organised social programme. The majority of these students are European but there are increasing numbers of non-EEA students.

The peak months for the ELE sector are generally March to September, accounting for approximately 70% of revenue for the year. September marks the start of the marketing season; during this period school sales staff travel the world to industry workshops and student fairs promoting Ireland as a language learning destination.

MEI members alone cater for more than 125,000 students who visit Ireland from abroad annually, and attend a wide range of English Language courses provided in Ireland by MEI schools/colleges.
Based on the latest figures available⁴, at least 150,000 individual students attended courses with ELTO’s in Ireland. The total value of the language school sector to the Irish economy (including direct, indirect and induced revenue) was estimated at least €880m in 2018. The Department of Education’s report⁴ “An international education strategy for Ireland 2016 – 2020” had aimed to increase this value of the ELE sector to Ireland to €960m by the end of the 2020 academic year.

The industries supported by the ELE sector are as varied as they are many. They include the many thousands of host families who accommodate international students, private bus companies, state schools that lease their premises during the summer, and countless businesses within the tourism sector. Given that ELTO’s in Ireland operate from every county in the country this potential loss of revenue will adversely affect a great many people.

### Statistical Overview

<table>
<thead>
<tr>
<th>Estimated Number of ELE students 2018</th>
<th>150,000 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value to Irish Economy 2018</td>
<td>€880m +</td>
</tr>
<tr>
<td>Pre-Covid Projected Total Value to Irish Economy 2020</td>
<td>€960m</td>
</tr>
<tr>
<td>Estimated number of homestay providers</td>
<td>30,000</td>
</tr>
<tr>
<td>Estimated full-time jobs</td>
<td>3,000</td>
</tr>
<tr>
<td>Estimated Part-time / seasonal jobs</td>
<td>7,000</td>
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</tbody>
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³ [https://moni.to/2019/05/ireland-elt-student-numbers-down-but-weeks-reach-a-record-high/](https://moni.to/2019/05/ireland-elt-student-numbers-down-but-weeks-reach-a-record-high/)

Impact of Covid-19

As part of Government’s response to the Covid-19 pandemic, all schools and colleges were directed to close on and from Friday March 13\textsuperscript{th}, 2020. The crisis has hit our industry at the worst possible time, coming as it has just as our peak season was about to commence. As referenced above approximately 70\% of our revenue is generated from March to September and these months have been essentially written off. Normally, the monies generated during this period are used to fund the international sales and marketing campaigns that begin from September onwards. Schools are now facing the double hit of having their profits wiped out for 2020 and no money to fund their sales and marketing for 2021.

We are an industry that relies entirely on international students and thus international travel. While other industries may be able to adapt and get back on their feet more quickly, social distancing measures and / or extended quarantining periods for new visitors to Ireland will have a devastating long-term impact on our sector. In particular, the extension of self-isolation requirements would have an enormous negative effect on recovery as over 55\% of revenue comes through short term student courses (less than 3 weeks). These students will not travel under such restrictions.

Based on current modelling we estimate the decrease in revenue for the industry as a whole for 2020 will be in the region of 80\%.

These are truly catastrophic numbers. In the absence of continued support from the government a significant number of schools will not be able to reopen their doors in September. There is a real danger of a series of closures, effectively wiping out our industry and leaving many thousands of in-country students in limbo.

Impact of Covid 19 on the ELE

- Thousands of lay-offs across all areas of the industry
- Loss of spend to the Irish economy by 100,000 + students
- Loss of income for tens of thousands of host families, the majority of whom provide accommodation for junior program students during the summer high season
- Loss to the catering, hospitality, retail sectors, caring professions and front-line services of students who largely work part-time in these sectors.
- No employment for high season teachers. Many hundreds of primary and secondary school teachers in Ireland traditionally take up work in summer schools
- 100\% loss of 2020 business for dedicated Junior summer programme schools
- Loss of rental income for state-owned schools and colleges who lease their premises to ELE sector to accommodate junior summer programs
- Loss of income to public sector of student fees for QQI (ACELS), and the Department of Justice
Support recommendations

Student Support

- Immediate assistance for students who have arrived in Ireland and are unable to access part-time employment or COVID-19 supports.

Stabilisation of Schools

1. **Wage subsidy scheme**: Continuation of the wage subsidy scheme for as long as there are significant social distancing requirements, and for as long as there is still a required self-isolation period for arrivals into the Republic of Ireland. As outlined above, in the absence of these supports it will simply not be financially viable for language schools to pay teachers and staff.

2. **Direct support for commercial rents**: We urge the government to consider assisting ELTOs with their rent by introducing schemes such as the 60/20/20 scheme in France⁵ or the commercial tenancy relief scheme in Australia⁶. This would provide essential breathing space and allow schools to get through this crisis period without depleting what little cash reserves are remaining.

3. **Tax reliefs**: Waiving of all Revenue payments with no interests or penalties for the remainder of 2020. Structured repayment of same over the course of 2021 - 2022 (24 months).

4. **Commercial Rates relief**: Waiving of all commercial rates for 2020 with a graduated return from 2021.

5. **Reduced rate of Employers PRSI**: Reduction in rate for “Education personnel” to 5% for a period of three years.

6. **Continuation of stamp 2 visas**: The stamp 2 visa offered to students which enables them to work part-time during their course is an important marketing tool for the industry here, it is also hugely important for the recovery of the services sector in general. When we finally do reopen and are able to accept international students it is imperative that we can retain this to help compete internationally.

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⁵ [https://www.oireachtas.ie/en/debates/debate/dail/2020-05-06/5/ (French scheme 60/20/20)]
Support recommendations

Restart and Recovery

Government backed fund for the industry: A €50 million fund which schools could access in a number of ways including:

- Industry specific grants taking into consideration the overall impact of Covid-19 on the sector.

- Unsecured long term loans at a reduced interest where repayments start in year 3 of the loan.

- 18 month salary grant of up to €30k per annum to support the hiring/retaining of one marketing executive per company.

Future Growth

- Visa waiver status for high potential markets like Colombia, Vietnam, Indonesia and others.

- Fund to be made available for continued online development for each company.
Conclusion

With exceptional speed and duty of care, ELTOs in Ireland switched to the provision of online classes and have been able to continue to provide student support to tens of thousands of students who have remained in the country. The wage subsidy scheme has helped enable the offering of these classes and the continuation of student support by schools.

There is tremendous goodwill towards Ireland and the English Language industry from abroad, and the government has rightly been lauded for including international students in unemployment and wage subsidy schemes, as well as granting access to Irish hospitals during the COVID-19 pandemic.

We thank the government for its quick and decisive action to support business during this crisis, but urge them to consider the above proposals to allow the industry to protect itself and recover over the next 12 – 18 months.

We are at an important strategic juncture and if the right choices are made we can continue to grow and thrive as an industry. Once recovery is underway we have no doubt that the ELE sector here will rebound quickly and take its place once again as a world leader in international education.

With Ireland now the only English speaking country in the EU there are great long-term opportunities to further cement our position as Europe's premier English language learning destination.