



It's impossible to earn the technical interest rate without speculating

Josef Schüpfer | Chairman of the Basel-City Restaurant Association and member of the board of GastroSuisse

elipsLife echo: Mr Schüpfer, as a successful businessman in a sector that has an extremely high turnover rate and generates a great deal of administrative work, doesn't the word "pension fund" irritate you?

Josef Schüpfer: No, not at all. As a businessman it's very important to me that my employees are properly insured and have a source of income when they retire from professional life. At GastroSuisse we have an exemplary pension fund. In this regard I would like to mention our policy of applying a uniform rate for all those insured, whether male or female. And that we eliminated discrimination when it comes to retirement. The same rate of 14% applies to everyone, and the employer and employee each pay 7%. This shows that all employees are equally interesting to us, whether young or old. As older employees usually have more professional experience, the lack of discrimination means that they are often more attractive to restaurateurs than younger staff. GastroSuisse's pension fund is the only fund to offer such a

model. We also made sure from the outset that it would not be difficult to change jobs within the sector. As employees in the hotel and catering industry are usually expected to wander for a while in order to acquire experience and training, it has to be easy for them to change jobs. The pension fund administration is therefore flexible and uncomplicated.



This applies to all establishments without any differences, the town pub, a restaurant chain and a luxury hotel?

Yes, the same principles apply for all our members. If an establishment wants a special arrangement, such as the Bel Etage, these special rules must apply for all employees. By the way, the GastroSuisse Pension Fund's financial situation is very good, and even during the financial crisis we never had any problems. Today we have around 140,000 people insured, the funding ratio is 110 percent and we manage around CHF 5 billion in capital. I'm proud of this social institution.

With regard to restaurant chains: you successfully manage two highly renowned restaurants in Basle, the Stadthof and the Walliser Kanne. At the same time, restaurant chains are becoming ever more prevalent in the market, also in Basle. Will "lone wolf restaurateurs" be able to survive in the long run?

A question from me: do fast food chains have a future? Yes, of course. They offer junk food, for which there will continue to be a market in the future. But this refers to eating for a purpose, and has nothing to do with eating and drinking as I define it. I'm therefore convinced that quality-conscious restaurateurs have a future. They offer the things that we need to live life, and these will always be in demand.



Chains are currently enjoying enormous success, mainly because they outsource part of their production. For example, the salad dressings, gravy or ravioli are prepared by third parties. But this also means that some skills are outsourced, and they no longer have any real chefs in the kitchen, only people who can finish a dish. Chains may have a good return because personnel costs are low. And the quality of the products isn't necessarily bad, but as these restaurants multiply, the food increasingly becomes the same, and guests become bored. Traditional individually managed restaurants also have a future because they're unique. Managers of restaurant chains come and go, but old-school restaurateurs remain.

In 2012 a newspaper article appeared with the title "Josef Schüpfer has brought massive change to the restaurant scene". What was this change you introduced?

This title referred to me in my capacity as Chairman of the Basle-City Restaurant Association and the liberalisation of the market. Previously, only a specific number of restaurants was allowed for a specific number of inhabitants. This was total nonsense. I also worked together with Basle's city government to get rid of the preferential treatment given to the former late-night restaurants. Liberalisation means a free market and affluence for all. The best ideas survive. If there's competition I must always ask myself, what is worth the trouble and what is not. Is it worth it, for example, to treat an employee well and invest money in her training? I'm absolutely convinced that it is, as I have employees who've been working for me for more than 35 years.

What are the challenges facing the hotel and catering trade today?

I see mostly two: firstly, we have to sell a zest for life, and secondly, we are an expensive production site. I don't want to touch the wages. I want to pay my employees a wage that allows them to live without having to turn to social welfare. In return, I expect my employees to work well and enjoy their work. But I can't change the framework conditions, for example, the excessive prices for agricultural products in Switzerland. The farmers should stop shielding the market. They should be proud to offer quality instead of just focusing on their subsidies. The opening of the agricultural market will lead to better quality, as only the best products will be able to survive in the market. We see this with wine, and the liberalised market for cheese is also a good example: since the market opening, more Swiss cheese has been exported than ever before.



And what does the catering trade need going forward?

A liberalised market, a market opening for agricultural products. And the "Swiss supplements" must also be eliminated. Take Coca Cola as an example: when Coca Cola HBC, which was domiciled in Greece at the time, took over the distribution of Coca Cola in Switzerland, the conditions were changed and prices skyrocketed. Until we lost patience and started our own parallel imports. Today the Restaurant Association imports Coca Cola from Germany and offers it to interested restaurateurs at a much lower price. But buying the goods abroad involves much effort and is also made difficult, which is why I believe that the antitrust law should be tightened.

What do you think are the ingredients for entrepreneurial success?

You need to enjoy and believe in what you're doing. An entrepreneur must be ready to face opposition, as in the Coca Cola case. The most important thing, however, is motivated employees. If you don't have the right people by your side, you can forget about success in business.

How do you make sure that as the restaurateur you know the needs and desires of your customers?

Mostly through daily contact. I'm at my restaurants as often as possible. I also personally investigate every complaint and try to come to the right conclusions. The ideas and suggestions of my employees are also important to me. They're experts in what they do and I reward every suggestion for improvement that's successfully implemented.

... and in the Restaurant Association and the board of GastroSuisse, the needs and concerns of the people on the ground?

Here too, much is based on personal contact. Restaurateurs usually come to us with a request. As mentioned before, the Association has an excellent pension solution, which isn't always the case in other insurance sectors. We are therefore also trying to offer new services. The services offered by GastroSuisse should convince the restaurateurs. I believe that our social insurance products are one of the main reasons why restaurateurs join GastroSuisse.

Although the hotel and catering industry creates many jobs, it's a low-wage industry. What's the importance of employee benefits insurance in this sector?

I take exception to sweeping descriptions of the hotel and catering industry as a low-wage industry. This is incorrect. Compared to other countries, we're a high-wage country, also in the hotel and catering sector. As in other sectors, wages in our industry also depend on qualifications. Those that have a good education and work well can earn well. The issue of training is very important to me and I would like to point out that the hotel and catering industry pays the second-highest apprentice wages. But to get back to your question: employee benefits insurance is considered to be very important. Gastro-Social, the pension fund of GastroSuisse, is one of the pension funds with the lowest costs and lowest contribution rates. I identify a problem, however, when it comes to the lump-sum withdrawal option. Here there should be a limit, as many people who choose a lump sum can't manage the money very well and could be putting their pension at risk.

What would you tell the many part-time employees, seasonal workers and temporary employees in the hotel and catering industry about the best way to provide for their old age?

It's important to have a solution designed for people who work in several establishments at the same time and therefore fall below the minimum contribution threshold. Here the Confederation should come up with solutions. We do in fact employ many temporary workers in the restaurant sector, as this is how we master seasonal fluctuations. The motivations of these temporary workers are very different, however: some of them just want to be among people sometimes, others need to earn money to cover a financial need. We also have many students who want to earn some money during their university holidays. They have a very short-term outlook and retirement provision is definitely not at the forefront of their minds.

You are on the board of trustees of GastroSuisse's pension fund and are therefore also familiar with the issues related to employee benefits insurance from the institutional point of view. These days, what are the greatest challenges faced by pension funds?

Firstly, we have to pay interest on the capital entrusted to us, as we would otherwise be unable to provide benefits. With the current low interest rates we have no choice but to speculate if we wish to earn the technical interest rate. Secondly, there's the disability issue. There are ever more cases of psychological illness that are difficult to assess. As a pension fund we have to think carefully about how to treat these cases. The growing requirement to raise provisions under the new accounting standards could also become a challenge, but that's a problem for the future.

What developments in the employee benefits insurance do you expect in the next three to five years?

We apply the three-pillar principle in Switzerland. I expect that mandatory retirement provision will become even better. The State Pension is likely to put men and women on an equal footing. For the first pillar in particular to remain viable, however, the retirement age must be discussed. I believe that an increase in the retirement age for men and women is absolutely unavoidable, but I'm also in favour of a flexible retirement age. Someone who only needs a small pension must be able to stop working earlier than someone else who wants or has to work longer, for whatever reasons. I also think there's much scope for sector solutions. The life of a construction worker, for example, differs greatly from that of an office worker. I see a big problem in the rising demand for disability pensions.

If you could give the pension funds in Switzerland some advice, what would you tell them?

A pension fund needs to be of a reasonable size if it wants to operate successfully and keep the costs under control. Large industry has solved this issue perfectly, but smaller companies have to investigate carefully if it's worth trying to find an individual solution or if collaboration with a partner wouldn't be better. Sector solutions such as those offered by GastroSuisse are a good option when trying to solve the problem of size. I also see it as a problem if a company with its own pension fund is allowed to invest the pension fund's money in the company. Here too, large industry has found a solution, but it should not be possible for the pension funds of SMEs to invest in the companies themselves. The risk is just simply too great.

Personal information

Josef Schüpfer was born in 1952. A hotelier by trade, he has been self-employed in the hotel and catering industry and real estate sector since the age of 26. At GastroSocial he sits on both the board of trustees and the investment committee. He is a member of the boards of CSS Insurance, GastroSuisse and the Basle Trade Association and serves as the chairman of the Restaurant Association of Basle-City. Josef Schüpfer is also a member of the board of directors of Hostatt Immobilien AG, Felicitas Immobilien AG, Walliserkanne AG Liegenschaften and Walliserkanne Betriebs AG.

