

## Competitiveness and Investment:

Preparing for  
Tourism's Future

Budget 2019



The Irish tourism industry is the country's leading indigenous industry employing 237,720 people throughout the country according to latest available data. In 2017 CSO and Fáilte Ireland figures valued the sector at €8.7 billion with €1.93 billion returned to the exchequer in direct tourism related taxes.

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism businesses in the country, has devised a sectoral strategy to 2025 which can lead to growth of 65% in tourism export earnings and 80,000 more jobs nationwide.

But only if the right policies and investment strategies are pursued.

ITIC estimates that a hard Brexit could cost Irish Tourism upward of €260 million next year alone. It is thus vital that Budget 2019 delivers a competitive Ireland and invests productively.

## Taxation Measures

## Staying Competitive to Deliver Growth

The Irish tourism industry returned €1.93 billion to the exchequer in direct tourism-related taxes last year. It is a key business sector within the national economy. Staying competitive is critical for Irish tourism which competes in a global marketplace for international visitors.



### 1 Maintain tourism Vat rate at 9%

The decision to change Ireland's tourism Vat rate to 9% has proved very successful for the sector, the regions and the exchequer. Since 2011 79,100 more jobs have been created nationwide. In the first full year of the 9% rate (2012) VAT income to the exchequer was €630 million, in 2018 the Revenue Commissioners anticipate that this will be €1.04 billion. It is vital that in Budget 2019 this tourism Vat rate is maintained as it places Ireland in line with other European destinations – any change would damage Ireland's competitiveness.

### 2 Monitor labour and business costs

The National Competitiveness Council's latest scorecard (July 2018) shows Ireland's competitiveness score weakening. It is vital that this is addressed. As Ireland's largest indigenous industry more than 20,000 tourism businesses feel this strain more than others. Labour costs, utility, excise duties, insurance premiums, and local authority rates must all be closely monitored to ensure Ireland does not lose more ground and move out of line with international competitors.

### 3 Continue suspension of Airport Departure Tax

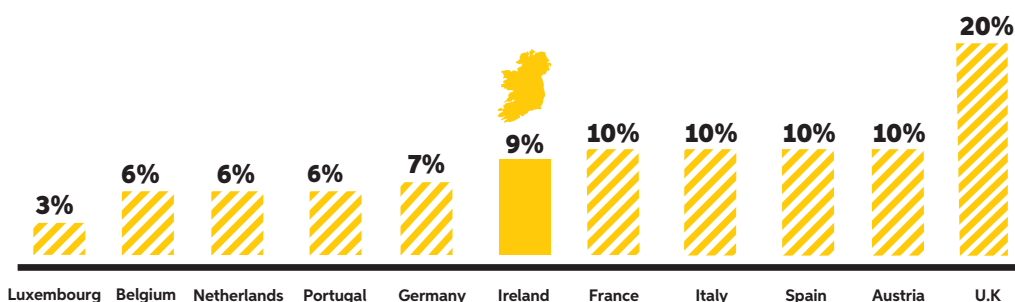
Since the Airport Departure Tax was suspended, airlines have added new routes into all Irish airports and driven tourism's growth. It is critical that this remains the case to allow Irish tourism deliver on its full potential, provide regional balance and economic activity. Direct air access is a key determinant of growth.

## EU VAT Rates on Tourism Services

How Ireland compares

Source: pwc Report for European Commission

**Ireland's tourism VAT rate is competitive with the rest of the Eurozone. It must remain so.**





## Expenditure Measures

## Productive investment to drive sustainable growth

The Irish tourism industry is making a serious investment in its own future; spending €92 million per annum on overseas marketing and over the next 3 years committing €2.5 billion in capital development including ferries, aircraft, new hotels, restaurants and attractions. However, the Government too must play its role particularly in light of Brexit pressures which have seen Britain – Ireland's largest single market – in retreat despite growth in other markets.

ITIC's strategy to 2025 identifies that public investment in Irish tourism will deliver a 34:1 return to the exchequer.

A Brexit market diversification fund for exposed businesses.

### 1 Increase current spending on tourism by €50 million per annum

ITIC's strategy to 2025 highlights that given the right policies and investment plans Irish tourism can grow by 65% and the sector can employ another 80,000 people nationwide. However current spending by the state must be increased in Irish tourism by €50 million per annum to increase overseas marketing budgets, provide a Brexit market diversification fund for exposed businesses, and increase operational budgets for tourism agencies. This would restore budget cuts imposed since the recession and help deliver the Taoiseach's commitment to double Ireland's global footprint.

### 2 Increase capital spending to deliver new products of scale and international appeal

If Irish tourism is to continue growing increased tourism capital investment must be allocated to ensure the Irish tourism product is enhanced and improved. The recent 10 year €91 billion National Development Plan allocated only €300 million to Irish tourism in the next decade and ITIC feels this should be doubled to allow for new attractions, greenways, improved interpretation of facilities and regional experiences of international appeal.

**34:1**

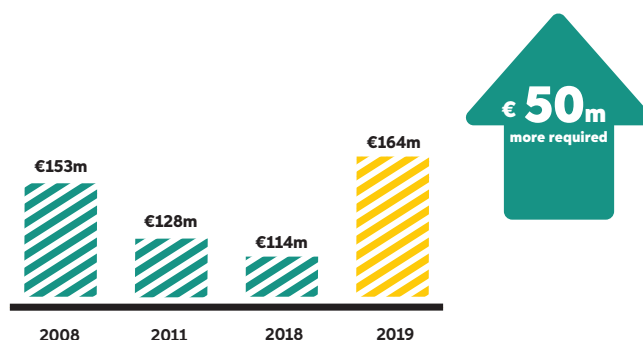
Return on current spending investment

### Tourism's Current Budget

Decline since 2008

Source: National Accounts

Ireland's tourism sector has seen a 25% decrease in investment since 2008. This must be reversed.



## Tourism: Ireland's great regional jobs provider

Tourism is Ireland's largest indigenous industry employing 237,720 people, according to latest data. 68% of jobs are outside of Dublin and in many regions tourism is the only industry of note. Crucially tourism cannot be outsourced or off-shored and has much more potential to deliver. Budget 2019 must help Ireland remain competitive with appropriate investment in key sectors such as tourism to help the sector continue adding jobs and regional employment.

Regions	Q1 2011	Q1 2018	% Growth	New Jobs
Dublin (City and County)	40,040	76,160	90%	36,120
Mid East (Kildare, Meath, Wicklow)	16,520	27,860	69%	11,340
Midlands (Laois, Longford, Offaly, Westmeath)	7,280	11,760	62%	4,480
South East (Carlow, Kilkenny, Tipperary South, Waterford, Wexford)	16,240	19,460	20%	3,220
South West (Cork, Kerry)	26,180	34,300	31%	8,120
Mid-West (Clare, Limerick, Tipperary North)	16,100	22,960	43%	6,860
West (Galway, Roscommon, Mayo)	16,660	27,720	66%	11,060
Border (Cavan, Donegal, Leitrim, Monaghan, Sligo, Louth)	19,600	17,500	-11%	-2,100
<b>Total</b>	<b>158,620</b>	<b>237,720</b>	<b>50%</b>	<b>79,100</b>

Source: CSO, Fáilte Ireland, ITIC

## ABOUT ITIC

**The Irish Tourism Industry Confederation (ITIC) represents the leading tourism interests and businesses throughout the Republic of Ireland. Through independent research, analysis and interpretation ITIC aims to help the tourism sector realise its full potential.**

## MEMBERS

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AIPCO  
(Association of Irish Professional  
Conference Organisers)  
AVEA  
(Association of Visitor  
Experiences & Attractions)  
B&B Ireland  
Car Rental Council of Ireland  
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Association-Ireland  
Inland Fisheries Ireland  
Ireland's Blue Book  
Irish Boat Rental Association

Irish Caravan & Camping Council  
Irish Ferries  
Irish Heritage Trust  
Irish Hotels Federation  
Irish Self Catering Federation  
Jameson Visitor Centres  
Office of Public Works  
Restaurants Association of Ireland  
Shannon Group plc  
Stena Line  
Tourism Ireland (Associate Member)  
Vintners' Federation of Ireland

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