Tourism Strategy Implementation Group

Report to the Minister for
Arts, Sport and Tourism
Martin Cullen TD

New Horizons for Irish Tourism

An Agenda for Action

June 2008

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Chairman's Introduction and Overview

1. The tourism industry is the most significant internationally–traded driver of social and economic development, at both national and regional levels, within the services sector in Ireland. It is a largely Irish–owned sector of enterprise, arguably the most successful indigenous sector of sustained enterprise since the foundation of the State. Rapidly increasing visitor numbers from overseas and domestic sources and associated increased expenditure and market share in a sector that is, *par excellence,* an internationally trading sector, bear testimony to the fundamental resilience and competitiveness of the tourism industry over the past twenty years. In particular, Irish tourism directly sustains some 150,000 jobs in the Irish economy throughout the length and breadth of the country. It plays an important role in creating a positive image and perception of Ireland in the minds of tens of millions of overseas visitors, which is of significant benefit to the international standing of the country and to the activities of the other internationally trading sectors of the economy.

2. The significant contribution of tourism to the regional and national economies of Ireland has not happened by chance. It is a result of the imagination, vision and hard work of the many people operating and working within the industry and of the framework of supportive policies put in place by successive Irish Governments in partnership with the industry. Today the Irish tourism product, across its many facets, is immeasurably stronger in quality, range and depth than was the case twenty years ago. And these improvements are built on the solid foundations of an Irish natural and built environment, people and culture that offer unique experiences to visitors. In a world where the widespread homogenization of many aspects of the tourism product is rife, authenticity and uniqueness provide Ireland's tourism industry with strong opportunities for differentiation and development.

3. It is true, however, that any complacency with respect to past achievements would do much to undermine the potential stronger contribution which Irish tourism can make to national and regional development in Ireland in future years. This was one of the key messages in the *New Horizons for Irish Tourism*: *An Agenda for Action* Report that has provided the policy framework and operational plan for the development of the industry over the past five years. The analysis underlying the strategy emphasised the inherent volatility that surrounds the key drivers for success in the tourism industry. It stressed the consequential necessity of continuous adjustment and adaptability by the industry itself and by the Government support system to the realities of an internationally trading environment, which evolves in unforeseen and unexpected ways very differently from those on which the plans and policies of businesses and Government are formulated.

4. The Tourism Strategy Implementation Group (TSIG) was established by the Government in 2006, to provide a continued impetus for the implementation of the *New Horizons* strategy and action plan. As part of its mandate, the Group, in partnership with the industry and Government Departments and agencies, has monitored changing trends in the national and international economic and business environment within which the industry operates. In doing so, it has sought to determine the continued relevance, or otherwise, of the assumptions underlying the *New Horizons* strategy and the actions recommended in the strategy as well as the progress made in the implementation of these actions. The conclusions of the Tourism Strategy Implementation Group on these matters and on the broad progress achieved in the implementation of the strategy are set out in the report that follows this Introduction. An overview of some of the main conclusions of the report is set out in the following paragraphs.

4.1 Performance Targets

Overseas Visitors: Overall, the number of overseas visitors to Ireland, at the roughly half-way stage of the *New Horizons* ten-year strategy period, is ahead of target. This is the case for all main overseas markets apart from Britain. In the case of "promotable" visitors (i.e. those coming for holiday, business/conference, language study and incentive travel reasons but excluding those visiting friends and relations), arrivals were a little below target due primarily to the performance of the highly important British and U.S. markets. Nevertheless, Ireland has increased market share in all key source markets since 2002 – a significant achievement given the strength of competition in the international tourism market over the period.

Revenue Earnings: Revenue from overseas visitors increased in real (2002 deflated) terms by over 9.5 per cent to 2006. This compared with an increase of over 25 per cent in visitor numbers and was well below target. In this respect, performance mirrored the global trend, identified by the UN World Tourism Organisation, which indicates that international tourist receipts in Europe and globally have been lagging international tourist arrivals since 1997. These trends have been exacerbated in Ireland's case in recent years by the significant weakening of the value of sterling and of the US dollar against the euro. A further contributory factor has been an inflation rate in Ireland considerably higher than that of key source markets. Some delays in the roll-out of a number of recommendations of the *New Horizons* strategy have also affected the achievement of the mid-term targets (e.g. the delay in the introduction of "Open Skies" arrangements between the EU and the US for the aviation industry).

Domestic Holidays: In the case of domestic holidays, both the number of visitor stays and revenue in real (2002-deflated) terms exceeded target, by significant margins, between 2002 and 2006.

4.2 Business Environment

Government commitment to the tourism industry has further strengthened in recent years. This is clear from the record level of funding committed under the successive National Development Plans to the support of product development, marketing and training in the industry. The commitment of Government to tourism has been reflected also in the clear-cut acceptance of responsibilities by a range of Government Departments and state agencies that carry out important functions in the implementation of tourism policies. While good progress has been made in areas such as infrastructure provision, including roads access, rail services and airport enhancement at national and regional locations, the business environment for tourism is more challenging in the areas of cost-competitiveness and inflation than was the case when the *New Horizons* strategy was formulated. At the present time, considerable uncertainties surround the prospects for the international and domestic economies. While the tourism industry in Ireland continues to demonstrate its resilience and potential for growth in the face of these uncertainties, the reality is that these developments are likely to curtail the development of tourism below the target rates of growth set out in the *New Horizons* strategy in important respects.

4.3 Competitiveness & Value for Money

A fundamental *modus operandi* for any successful tourism (or other) business is the optimisation of its competitive position within whatever external operating environment prevails at international or domestic levels. By extension, the same principle of operation holds true for the tourism sector overall. The overall pace of economic growth in Ireland's main tourism markets at home and abroad has been generally favourable in recent years. This fortunate position is unlikely to be the case in the years immediately ahead. These developments, taken with other negative elements of the business environment (e.g. inflation and domestic input costs, energy price increases and economic uncertainty), mean that the tourism industry faces a major challenge in providing value for money – the touchstone of competitiveness - in the years ahead. Appropriate Government policies in respect of inflation, cost containment, and incentivising investment and training in tourism are all essential prerequisites in meeting this challenge. The ultimate objective and responsibility for any business is to survive and prosper by providing value for money - in whatever economic and business environment prevails - and to take whatever actions are open to it, collectively or individually, to promote improvements in the business environment in which it operates. The tourism industry has been adept in doing this in recent years - both through individual actions of business enterprises and through its representative bodies. It will need to show such leadership, in the context of the difficult competitive environment emerging at the present time.

4.4 Access Transport

Good direct international and domestic access links are essential to a competitive tourism sector. Steady progress in maintaining and improving such links has been made in recent years and is set to continue within the framework of the Government's National Development Plan and the Government's framework for investment in the transport sector to 2015, *Transport 21*. Increased capacity on international air routes is in place, a significant new investment programme in regional airports is under way, and progress is being made in addressing the deficiencies in capacity and passenger facilities at Dublin Airport within the framework of a major capital investment programme. Significant improvements in improving interurban and public transport and road links and a major programme of further investment in these links are being rolled out.

Significant emerging issues for tourism policy arising in the area of transportation include major business restructuring within the airline industry and the consequential higher prospects of volatility in service provision and in serving particular routes, higher aviation fuel costs, more stringent and more pervasive security arrangements and increasing concerns surrounding the environmental impact of transportation (including air) services and infrastructure.

4.5 Communications & Information Technologies

Technological and process evolution in communications and information technologies is transforming the traditional models of operation in all businesses, including tourism. These changes represent a major challenge, particularly for small business enterprises in tourism. Fáilte Ireland, Tourism Ireland, Dublin Tourism and the tourism representative bodies, particularly the Irish Tourist

Industry Confederation (ITIC) and the Irish Hotels Federation (IHF), are providing strong leadership in adapting to these changes and in supporting the adaptation process in individual businesses. Communication and information technologies will remain a strong driver of development for tourism in the future.

4.6 Product Development & Innovation

Continuous product improvement and innovation are central to the competitiveness of any business including those in tourism. The tourism product is complex, encompassing the total experience of visitors from the stage of initial interest in a potential destination, to decision to visit, the making of travel arrangements, local engagement and return home. The Irish tourism product, across its many facets, has improved and strengthened greatly over the years through investment of the industry and the Government in visitor attractions and other physical facilities, access management systems, cultural facilities, people development and so on. The range of recommendations set out in the *New Horizons* strategy to support product development and innovation has been well advanced. New initiatives are under way within the framework of a new product development strategy published by Fáilte Ireland covering the period 2007 – 2013. One product area with considerable potential lies in the development of Irish food as a unique differentiator to that of other destinations in terms of high-quality ingredients, environmentally friendly production processes and highly professional presentation. It is an area of further strong development potential that fits well with the increasing demand by visitors for unique and authentic experiences and sustainable products.

4.7 Marketing & Promotion

Britain and North America remain the key markets for Irish tourism but mainland Europe is increasing in importance and the new and emerging longhaul markets - the Middle East and Far East - hold major potential. Major marketing reviews of each of these markets have been completed over the past three years by Tourism Ireland in close consultation with the tourism industry. These reviews have provided the framework for more effective marketing activities. Because of the fast-changing trends in competition and customer requirements that characterise the tourism industry, these reviews will be continued on a rotational basis starting with Mainland Europe in 2008. The importance of e-marketing in responding to customer needs continues to increase. Tourism Ireland will allocate some 25 per cent of its marketing budget to these channels and digital marketing by 2010. This is consistent with the increase in e-marketing by the industry itself which ITIC continues to promote strongly and to support, particularly e- marketing activity on the part of small and medium-sized tourism enterprises.

4.8 The People in Tourism

As indicated in the *New Horizons* strategy, the people in tourism are at the heart of the tourist experience in Ireland. They are the ultimate determinant of the quality of that experience. Fáilte Ireland launched a comprehensive *Human Resources Development Strategy for Irish Tourism 2005-2010,* as recommended, within a year of the publication of the *New Horizons* report. Fáilte Ireland has made good progress in rolling out the strategy and is adapting it to the emerging needs of the industry following a mid-term review. Fáilte Ireland has also put in place a *National Recruitment Plan* to promote tourism as a career choice and a *Cultural Diversity Strategy* to support the integration of employees from other countries within the industry. In addition to operating its own training programmes within the framework of detailed information, analysis and objectives underlying these strategies, Fáilte Ireland is also working closely with other providers of education and training for the industry, including in particular the Institutes of Technology, to ensure the needs of the tourism industry are met effectively.

4.9 Government Leadership

The objective of making tourism policy the business of all relevant Government Departments and agencies, as set out in the *New Horizons* strategy, has been well advanced. The process of Government-wide engagement with the tourism industry has been well-managed by the Department of Arts, Sport and Tourism. In that context, the Department has become a member of the National Competitiveness Council, indicating the increased acknowledgment of tourism as a key internationally trading driver of national and regional development. The reorganisation of the regional tourism organisations to become more effective advocates and promoters of tourism at regional level, recommended in the *New Horizons* strategy, has also been accomplished by Fáilte Ireland.

4.10 Information, Intelligence & Research

Progress has been made in improving the information, intelligence and research base on which good policy formulation and implementation for the tourism industry depends. This has taken place under the aegis of a research, advisory and coordination group established by Fáilte Ireland and which was active immediately following the publication of the *New Horizons* strategy. A first pilot set of tourism satellite accounts have been developed for Ireland and published. These show clearly, in National Accounts terms, the economic importance of tourism. Further work is required on the more timely publication of tourism-related data by the Central Statistics Office (CSO). The CSO are working with the tourism development agencies and the Department of Arts, Sport and Tourism to establish how improvements in this area can best be achieved.

4.11 Implementation

Overall the implementation process for the *New Horizons* strategy and Action Plan has worked well. The partnership approach adopted between the Government and the industry in the formulation of the Strategy and Action Plan has been a strong contributory factor. The establishment of the special-purpose follow-on bodies – the Tourism Action Plan Implementation Group (2003-2005) and the Tourism Strategy Implementation Group (2006-2008) - with tight terms of reference and a defined (two year) life span to monitor, promote and energise the implementation process served their purposes well. The Department of Arts, Sport and Tourism, in close consultation with ITIC, provides leadership at the highest levels to give substance and direction to the implementation process. Together these structures have provided an effective and resilient implementation process for the strategy and action plan set out in the *New Horizons for Irish Tourism* Report.

5. The *New Horizons* report has itself provided a strong and effective policy framework for the development of Irish Tourism over the past five years. The time is now appropriate to undertake a significant review of that framework, taking into account all that has been achieved over the past five years and the emerging changes facing tourism at the present time, both in Ireland and internationally. The review of Irish tourism now required should result in a comprehensive strategy and action plan which includes the following elements:

- The identification and analysis of the factors that will drive the development of Irish tourism over the next ten years and beyond.
- The specific actions that should be taken within the industry itself and by Government to achieve the optimal development of Irish tourism in the context of the expected evolution of factors that will drive the development of the industry.
- The outputs/milestones and economic return that will be achieved if the actions recommended are effectively implemented.
- The arrangements required to ensure the ongoing relevance of the strategy and actions recommended.
- The appropriate follow-through arrangements to effectively monitor, direct and energise the implementation of the strategy and action plan recommended.

6. The essential requirements to ensure the relevance and quality of the review of Irish tourism proposed are that it is

- Conducted by Government through the Department of Arts, Sport and Tourism in close consultation with the industry.
- Directed by a Steering Group, appointed by the Minister for Arts, Sport and Tourism, comprising people with distinguished records of achievement in the tourism industry, in business more widely, in policy formulation and implementation and in economic analysis.
- Provided with resources commensurate with the depth and range of analysis required and the importance of tourism in terms of national and regional development in Ireland.
- Strongly managed by the Department of Arts, Sport and Tourism and supported by the secondment of highly-competent personnel from the Department, the tourism development agencies and the industry. The commissioning of external consultancy support within well-defined terms of reference would be appropriate to facilitate the timely completion of the review of strategy.
- Completed within six months of initiation.

7. Finally, it is appropriate for me in this Introduction to record my appreciation for the high level of commitment and deep knowledge of the tourism industry brought to the Tourism Strategy Implementation Group over the past two years by the members of the Group. The dedication and professionalism of the staff of the Department of Arts, Sport and Tourism and of the tourism development agencies and ITIC, who have worked closely with the Group, have been exemplary and the basis for all that the Group has achieved. A special word of thanks and admiration is due to Ray O'Leary, Assistant Principal Officer in the Department, on whose shoulders much of the work of the group has fallen. The Chief Executive of the Irish Tourist Industry Confederation, Eamonn McKeon, was a strong *de facto* member of the group who brought a wealth of knowledge and experience in the tourism industry to the deliberations of the Group.

John Travers
Chairman
May 2008

Summary

1. Introduction and Background

In its 2003 Report, *New Horizons for Irish Tourism: An Agenda for Action*, the Tourism Policy Review Group set out a comprehensive tourism development strategy covering a 10-year period to 2012. *New Horizons for Irish Tourism* has proved itself a robust framework. However, it is now five years since it was launched and it is timely and appropriate to review the approaches and actions set out with a view to maintaining Irish tourism's progress over the coming years.

Tourism is a key driver of social and economic development at both national and regional levels in Ireland. It is one of our longest-standing competitive and significant internationally-traded services and arguably the most consistently successful indigenous sector since the foundation of the State. Its continued success in increasing visitor numbers from at home and abroad over recent decades, in an increasingly competitive international environment and a rapidly changing domestic economy, demonstrates its fundamental resilience and competitiveness. It also plays a central role in creating a positive image of Ireland, which is essential to a country which seeks to maximize the benefits of globalization and position itself as a forward-looking knowledge economy.

The Tourism Strategy Implementation Group (TSIG) was established by the Minister for Arts, Sport and Tourism in May 2006 to follow up the outstanding elements of the strategy set out in *New Horizons*; to review the targets set in *New Horizons* in the light of the performance to end-2006; and to make recommendations on the scope and methodology for a mid-term review of the strategy. Members of TSIG included external experts and representatives of the tourism industry as well as the tourism agencies and the Department of Arts, Sport and Tourism (see Appendix A).

The Tourism Strategy Implementation Group began by reviewing progress on *the New Horizons* Action Plan and the final report of TAPIG, based on which it drew up a work programme. The Group has met six times before its final meeting in April 2008. It looked at key areas where further progress was identified as necessary to achieve the objectives of *New Horizons*. Significant progress has been made on many of the areas, as set out in this Report. The Group reviewed progress against the targets set in *New Horizons*, in accordance with its terms of reference, and issues arising in relation to measuring tourism performance and targets. Finally, the Group considered this Report for submission to the Minister, including the scope and methodology of a mid-term review of *New Horizons*. This brings the work of the Group, as laid down in its Terms of Reference, to a conclusion and the Group accordingly submits this Report to the Minister.

2. Update on Strategic Success Drivers

New Horizons set out in 2003 ten strategic factors – and the specific actions required under each factor - which would determine the development of Irish tourism in the years that followed. These Strategic Drivers were as follows:

1 Business Environment
2 Competitiveness and Value for Money
3 Access Transport
4 Communication and Information Technologies
5 Product Development and Innovation
6 Marketing and Promotion
7 The People in Tourism
8 Government Leadership
9 Information, Intelligence and Research
10 Implementation Arrangements

The Strategic Success Drivers set out in *New Horizons* were the fundamental generic factors within which specific actions would be brought forward to enhance and support Irish tourism. As such, the Drivers themselves provided the strategic framework for key areas of action. As generic factors of development, they remain of relevance for the future development of tourism in Ireland.

There has been substantial progress on the vast majority of actions across all of the Strategic Drivers. For some Drivers, most actions are directly within the control of State or industry bodies; for others, most actions are less directly amenable to control and are largely shaped by external factors and the market as a whole. The overall progress under each Driver is summarised below, based on the more detailed position in relation to the actions recommended in *New Horizons* set out in the following pages.

Taken as a whole, the picture is a positive one in terms of implemented actions. However, as might be expected, important changes in the external environment, which affect the actions relevant to developing Irish tourism within the framework of several Drivers, strengthen the case for a substantive review of strategy and the development of a new Action Plan to guide the development of Irish tourism in the years ahead.

2.1 Business Environment

The Government's commitment to tourism has been clearly asserted since *New Horizons* and is reflected in the National Development Plan (NDP) 2007-2013 and the Agreed Programme for Government. There has been significant progress across a range of infrastructure programmes, including specific projects such as the National Conference Centre as well as programmes such as the National Roads Programme. However, the challenge of competitiveness for Irish enterprise – including Irish tourism – remains. Price pressures in the Irish economy as a whole continue to be a major challenge, not only for tourism, but for Ireland's international competitiveness generally, notwithstanding measures taken under successive social partnership agreements. This is increasingly of concern in those markets for Irish tourism affected by the recent trend of a strengthening euro.

Key emerging trends include uncertainty regarding growth prospects in key overseas markets – particularly Britain and North America. This increases the immediate importance attaching to the continental European market and new and developing markets overseas. At the same time, it is important to maintain marketing activity and investment in major markets, as experience has shown that reduced marketing presence in response to short-term changes in a market can take a long time to recover from.

Similarly, as with other productive sectors of the economy, it is important to maintain investment in the Drivers, such as product development and human resources, if we are to maintain competitiveness and maximise the socio-economic benefits of tourism, in the short- and in the long-term.

The slowdown in the Irish economy in the next year or two – in the context of wider slowdowns worldwide and especially in our largest tourism markets - will present new challenges to an industry that has reaped the benefits of the dramatic transformation on Irish household income and wealth over the past 15 years. The Central Bank has reduced forecast GNP growth in 2008 from 2.5% to 1.9%, rising to 3.25% in 2009 - compared to an annual average of 6.5% from 1994-2007.

Less narrowly, at national and international level, the interrelationship between tourism and travel, on the one hand, and the environment and sustainable development on the other has become a major focus of attention for policy and business purposes. Increasing consumer and industry awareness of these issues needs to be taken into account in both marketing and product development and management and also in broader public policy and services. Retaining a favourable "green image" requires that the services tourists receive and their wider experience of Ireland are consistent with that image.

2.2 Competitiveness and Value for Money

Competitiveness remains a key challenge for tourism, as it does for the Irish traded sector generally. Nationally, Central Bank competitiveness indicators show a fall in Irish competitiveness of nearly 25% between 1999 and 2008 due to both Irish price changes and exchange rate factors. Our exchange rate is outside of Ireland’s control and many cost elements, such as international energy prices, are determined elsewhere. How productively we use resources is, therefore, the key policy issue. For the internationally traded sector, including tourism, a faster productivity growth in relation to competitors is an essential pathway to improved competitiveness. Our competitive advantage, in tourism as in other internationally-traded sectors, is determined by how effectively inputs such as capital, energy, materials, labour and information technology are utilised.

Both the industry and the tourism agencies have increased their focus on value for money and cost control in recent years. The Irish Tourist Industry Confederation (ITIC) provides valuable base information by monitoring overall competitiveness. Working with the tourism agencies, ITIC has identified a number of initiatives to assist enterprises to benchmark and manage costs and improve and maintain quality (e.g. Fáilte Ireland's Performance Plus programme), and more targeted use of value-based promotions. However, the impacts of external factors, in terms of exchange rates, inflation and operating costs (including energy, labour and services) remain a challenge.

Recent Central Statistics Office (CSO) figures suggest that the hotel and restaurant sector is managing its pricing more aggressively, with inflation in the sector lagging the Consumer Price Index (CPI) overall (+3.5% p.a. to end-2007 v. +4.7% CPI) and tending to fall back towards the average in the euro-zone (+3.4% p.a. in Harmonized Index of Consumer Prices (HICP) terms for the sector in Ireland v. +3.4% for euro-zone).

2.3 Access Transport

External Access

Direct and competitive access, particularly by air, from key source markets is essential to sustain and grow tourism. There has been steady growth in new air routes, and while there has been a decrease in ferry capacity, there has recently been renewed growth in ferry traffic. Agreement has been reached on an "Open Skies" policy for air transport between the EU and US, complemented by a bilateral agreement between Ireland and Canada. While facilities and the customer experience at Dublin Airport had deteriorated significantly over the years, there has been significant progress in addressing the problems at the airport in the past 12 months. The new Pier D opened, on time and on budget, in November 2007. Construction work on Terminal 2 began in October 2007 and the new Terminal is scheduled to open in early 2010. The review by the Commission of Aviation Regulation on passenger charges led to a determination that any increase in the charge, consequent on investment in Terminal Two, be postponed until end-2009.

The ongoing process of restructuring in the aviation industry, and the increasing use of the "low-fares" model, will continue to drive change to which Ireland must respond. These developments highlight the more market-driven approach that is now increasingly the norm in the airline industry, as traditional "flag carriers" are increasingly adapting to a new era of competition or are, otherwise, being superseded. This has become evident in recent decisions on certain Shannon routes taken by Aer Lingus. Globally, increasingly strict security (and in some cases public health) controls are leading to a less pleasant experience for travellers by air. Increasing energy costs (primarily oil) present a specific challenge for the transport and tourism sectors, and are converging with concerns over greenhouse gas emissions, creating a potentially challenging policy environment, especially for an island destination where alternative modes of access are limited.

Internal Access

Following the major investment in transport facilities in the NDP 2000-2006, Transport 21 is the capital investment framework agreed by Government for the development of transport infrastructure for the period 2006 to 2015. It provides for investment in national roads, public transport and regional airports and has a projected cost of just over €34 billion – including completion of inter-urban national routes, new and improved rail services and the Dublin Airport Metro link. There are complementary investment plans, along with revised design parameters, for investing in signposting on both national and regional routes - which are now being implemented. A new policy for tourism signage on National roads has been agreed; Fáilte Ireland are working with the Department of Transport on a policy for tourism signage on Regional and Local roads.

2.4 Communication and Information Technologies

In line with the emphasis placed in the *New Horizons* strategy on developing the capability of Irish Tourism in information and communications technology, Fáilte Ireland has developed the Tourism Content System (TCS), Ireland’s Destination Management System. It contains full profiles and information on over 25,000 tourism products and services and is available through multiple distribution channels. The TCS is unique in its scale and sophistication and is intended to be a key lever in helping to maintain a competitive advantage for Ireland in eBusiness.

The next phase of development of Fáilte Ireland's e-business strategy is based on the foundation of the TCS database, broadening and deepening the use of e-business throughout the organisation.

E-Marketing has become a strong focus within overseas marketing actions for tourism. As part of its leadership and advocacy role and as a component of its overall emarketing strategy, Tourism Ireland has organised a number of eSymposia, to give industry a clear understanding of how current eMarketing strategies and technology can help them to access more customers and grow their business. Co-operative networks and best practice models have been incorporated into the development of the successful www.irelandhotels.com website by the IHF. Fáilte Ireland run a range of IT training programmes for industry and are actively developing capability in this area, with a particular emphasis on small providers such as B&Bs.

However, adoption of cutting-edge IT in large parts of the industry and the many agencies directly and indirectly involved in the marketing and distribution of Irish Tourism continues to present a significant challenge. The use of ICT has huge potential to deliver major results in tourist numbers and spend. The overall external market is also moving at a very rapid pace in adopting e-marketing and it is essential that the tourism industry in Ireland move ahead of the curve in this area. Research by the Irish Tourist Industry Confederation has shown a 'digital divide' in tourism between Small- and Medium-sized Enterprises (SMEs) and larger enterprises. The ITIC research also highlights the need for greater co-ordination on promotional websites, training and enterprise supports.

2.5 Product Development and Innovation

The Tourism Product Development Strategy 2007-2013 is being implemented, drawing on information gathered in the Tourism Product Audit conducted in 2006 and building on the investments made under the last NDP. As well as the allocation of €137m in the National Development Plan 2007-2013 for Product Development, a range of other funding sources will support product development, including the new EU co-funded "Interreg IVA" Programme and the pilot Gateways Innovation Fund and the Rural Development Programme.

The Minister for Arts, Sport and Tourism launched the new Failte Ireland Tourism Capital Investment Programme in February 2008, providing €98 million for the development of international-class visitor attractions and leisure activities. Of the total funding available, €50m will target the upgrading of some 20 key existing visitor attractions to international standard. €14m is set aside to encourage the development of two or three major new iconic Irish cultural attractions of international appeal. €6m is allocated for the development of historical and major ornamental gardens. €28m is allocated to supporting investment in outdoor and other activity pursuits.

Other important recent initiatives in tourism product development include the commencement of construction of the Convention Centre Dublin and the Lansdowne Road Stadium redevelopment. Planning is under way for the new National Theatre and enhancement of the National Concert Hall. The new Hotel Classification system is being implemented. The new Mid-Shannon Corridor Tourism Infrastructure Investment Scheme is to be rolled out shortly and a recent call has been made for submissions on new World Heritage Site designations in Ireland.

A range of measures by agencies working together is significantly enhancing countryside access: these include investment support from Fáilte Ireland and the Department of Community, Rural & Gaeltacht Affairs (D/CRGA) on the capital side along with support for Rural Recreation Officers in local development (Meitheal) groups and for a new Walks Scheme engaging landowners by D/CRGA – within the Irish Trails Strategy agreed under the aegis of the Irish Sports Council.

Fáilte Ireland's new Environment Action Programme 2007-2009 provides a framework for engaging with a range of issues and actors in environmental issues affecting tourism, which is complemented by an increasing industry commitment and recognition of their importance. Increasing consumer and industry awareness of various aspects of how tourism and travel relates to the environment and sustainability issues needs to be taken account in product development and management.

Ireland has strong potential to build on its historic strengths in terms of authenticity and culture, while also maximising the benefits from newer strengths e.g. in outdoor activities and food tourism.

2.6 Marketing and Promotion

Tourism Ireland, in close consultation with industry steering groups, has completed major reviews of all market areas: Mainland Europe in 2004, Great Britain in 2005, North America in 2006 and New & Developing Markets in 2007. Tourism Ireland has implemented findings from each of these reviews and plans further reviews going forward on an annual rotational basis, starting with Mainland Europe in 2008. Following on from these reviews, over its next three-year corporate plan, a strong focus will be kept on Great Britain and North America, while Mainland Europe will be supported in continuing the strong growth achieved in recent years. Special funds and new resources have been obtained to bring more focus on New & Developing Markets and promoting the regions through the Super-Regions Initiative. Recent developments in Northern Ireland are providing a further opportunity to build on the existing all-island approach to international tourism marketing.

In terms of overseas marketing, E-Marketing has become a strong focus. Tourism Ireland revised its E-Marketing Strategy in 2004, increasing its activities each year, and in 2006 put in place a central E-Marketing department. Its strategy is to commit 25% of its marketing budget to e-channels and digital marketing by 2010.

Taking a wider and more long-term view, a major review of the Ireland tourism brand was carried out in 2007 and will provide an up-to-date basis for future progress and initiatives – not only in marketing Ireland but also in giving a market focus to tourism development in other areas. The global tourism market is continuing to evolve rapidly, presenting both opportunities and threats that require a flexible and adaptable policy and strategy formulation and implementation approach for Irish tourism.

Increasing consumer and industry awareness of various aspects of how tourism and travel relates to the environment and sustainability issues needs to be taken account in both marketing and product development and management.

2.7 The People in Tourism

In 2004 Fáilte Ireland launched its strategy '*Competing Through People: A Human Resource Development Strategy for Irish Tourism 2005-2010'* (HRDS).

At this stage, most recommendations under the responsibility of Fáilte Ireland have been implemented; some further support will be required to assist industry bodies and education institutions to address the full range of actions associated with those sectors. Fáilte Ireland is currently working to influence and support the Institutes of Technology to address the challenges – for example work-based programmes of learning; and for Institutes, in collaboration with local industry, to review tourism and hospitality programmes to ensure their relevance and accessibility to local SMEs. The Mid-Term Review of the HRDS, completed in December 2007, made recommendations in relation to:
Supporting SMEs and Micro Enterprises; Supporting international workers;
Supporting Learning Networks; Supporting Learning in the Workplace;
Supporting Skills Development; Strengthening Information for Policy Making.

A key challenge remains in building on the diverse origins of the Irish tourism workforce – reflecting the overall tightness of the Irish labour market as well as the labour-intensive nature of the sector. In the third quarter of 2007, nearly 30% of those working in hotels and restaurants were classified by the CSO as non-Irish nationals – the highest proportion in any sector, nearly three times the average of 11.6% and accounting for 9,200 of the additional employment of 9,400 recorded in the sector in the most recent CSO Quarterly National Household Survey. This has particular implications for ensuring that staff have the depth of local knowledge and communications skills that enhance visitors' experience of a locality.

Particular attention needs to be given to developing part-time and flexible programmes. Greater links need to be forged between the industry and education and training providers at local, regional and national level. There is a need to develop 'centres of excellence' in terms of training. More understanding is needed of the career path and achievements of tourism and hospitality graduates and others entering the sector.

More generally, quality customer service is absolutely central to the competitiveness of the Irish tourism product, and this needs to be supported through continuing staff development by management in tourism enterprises as well as State bodies.

2.8 Government Leadership

The key actions identified in *New Horizons*' strategy for Government leadership have been well-advanced. The wider and overlapping scope of tourism policy is now recognised and has been pursued bilaterally and through the Tourism Action Plan Implementation Group, the Tourism Strategy Implementation Group, and by the Department of Arts, Sport and Tourism and tourism agencies. The Department is also now represented at the National Competitiveness Council, signifying the widespread acceptance of tourism as a key driver of national and regional development.

A new Executive Team at Fáilte Ireland was brought together in 2003, was reconfigured in 2007 and has delivered both short-term annual business plans and a Corporate Strategy. A new Statement of Strategy has been prepared for 2008-2010 together with an Operations Plan for 2008, consistent with Government policy for the tourism sector. The objectives of agreeing new regional structures for the discharge of Fáilte Ireland's functions and determining the appropriate relationships and arrangements at regional level has been accomplished with the integration of 5 of the 6 Regional Tourism Authorities into Fáilte Ireland in 2006.

Working in partnership with the four Dublin local authorities, Fáilte Ireland reconfigured Dublin Tourism who launched a new identity and Strategic Plan in January 2008. There are new 3-year Strategic Tourism Development Plans which will act as the blueprint for the development of tourism in each region and which identify key projects and interventions over the coming years for all stakeholders, within the framework of the Tourism Product Development Strategy as well as the overall Government tourism strategy. Each plan also maps out the growth prospects of the industry, identifying best prospects for growth and puts forward a set of targets for the performance of tourism in each region. The Shannon/Mid-West Plan is being completed at present.

2.9 Information, Intelligence and Research

While there have been significant improvements by the Central Statistics Office (CSO) in their data collection in this area since 2003, including a pilot Tourism Satellite Accounts project, there are ongoing challenges in ensuring that tourism statistics are given the necessary priority. In the context of ever-increasing data requirements across Government, the case for tourism needs to be strongly advocated at every opportunity. Sound data is essential to monitor sectoral and agency performance and also to shape effective policy.

Information is valuable, and like most things of value, it has a cost. Ensuring that information is available that can inform tourism policy, as well as the activities of the tourism development and marketing agencies, will require the allocation of resources, both within the agencies but also in the Central Statistics Office. There is also scope to improve data through pragmatic cross-border cooperation.

2.10 Implementation

The Tourism Action Plan Implementation Group 2003-2005 and its successor, the Tourism Strategy Implementation Group, have provided a solid and effective basis for driving forward the recommendations of *New Horizons.* The strategy framework and action plan set out in *New Horizons* have been fully embraced within the strategies and operational plans of both Fáilte Ireland and Tourism Ireland and more widely across Government Departments and agencies under the guidance of the Department of Arts, Sport and Tourism.

The Tourism Forum has been held regularly since 2004, providing a useful opportunity for the industry and all those interested and engaged in tourism to exchange and inform each others' views.

3. New Emerging Issues

As well as the emerging issues noted above in the context of the key Drivers of tourism performance (a number of which cross over one or more of the Drivers), a number of other issues have come to the forefront for Irish tourism in recent years:

Ireland's International Image: The image of Ireland as a stable and peaceful island is a major strength. Equally, tourism retains a key role in the projection of Ireland's international image.

New Prospects in North-South Relations: The all-island dimension is growing in importance in tourism, in particular with the re-establishment of effective Government institutions in Northern Ireland.

The Spatial Challenge: While Ireland's tourism performance has been impressive in recent years, not all regions have benefited to the same extent. The optimal development of each region to its potential remains a challenge.

Diversity: The increasing cultural diversity of Ireland has been a significant boost to tourism development; reflection is needed on how best to build on this in a way that maximises its potential. Equally there is a need to ensure a balanced approach to migration issues in relation to both travel from overseas tourism markets and access to the Irish labour market for international workers.

Global Economic Uncertainty: The key emerging challenge in the short term is the national and global economic environment. The current global economic environment is, perhaps, the most difficult and uncertain for many years, and certainly poses the most serious challenge for Irish tourism since 2001.

These external conditions are also expected to create additional pressures on the public finances. At the same time, there is a need to ensure that the longer-term investment plans, set out in the National Development Plan 2007-2013, remain on track if tourism, like other sectors of the Irish economy, is to maintain competitiveness and continue to contribute to economic growth and ultimately the public finances. It is particularly important to ensure that the productivity-enhancing potential of different forms of investment in tourism are recognised and maintained – including training and marketing as well as product development.

4. Review of targets in *New Horizons for Irish Tourism* in light of performance to end 2006

The Tourism Strategy Implementation Group (TSIG) was charged with reviewing the targets set out in *New Horizons* in light of performance to end-2006. As well as targets for 2012, the end of the *New Horizons* timeframe, mid-term targets were set for 2006. These were the focus of the review by TSIG, summarised in the following table.

Summary of Performance against Targets

	2002 Base	2006 Target	2006 Actual	% Variance above+/below-target
Overseas Visitor Revenue in real (deflated 2002) terms (€m)	3,088	3,835	3,381	-11.8%
Revenue in current terms (€m)	*3,088*	*n.a.*	*3,809*	*n.a.*
No. of Visitors (m)				
Britain	3.5	4.1	3.8	-6.2%
Mainland Europe	1.4	1.7	2.3	+34.4%
North America	0.8	1.0	1.0	+1.9%
Other Areas	0.2	0.3	0.3	+9.5%
TOTAL	5.9	7.0	7.4	+5.3%
Promotable Visitors (m) [1]				
Britain	1.8	2.2	1.8	-14.6%
Mainland Europe	0.8	1.1	1.3	+21.9%
North America	0.6	0.7	0.7	-3.4%
Other Areas	0.1	0.2	0.2	+30.1%
TOTAL	3.4	4.1	4.0	-1.5%
% of all overseas visitors	*57%*	*58%*	*54%*	*-4.0*
Promotable to BMW Region (000s)	1.0	1.3	1.2	} Broadly on target
BMW share (%) of Promotable	*30%*	*31%*	*30%*	
Domestic Holidays				
Revenue in real (deflated 2002) terms (€m)	502	596	775	+19.7%
Revenue in current terms (€m)	*502*	*n.a.*	*873*	*n.a.*
Numbers (m)	2.8	3.4	3.8	+13.1%

Visitor Targets

Both overseas and domestic visitor numbers exceeded 2006 targets. Ireland's market share in all markets has increased as trips to Ireland grew faster than the total of each market's total outbound trips to Europe.

Compared with the annual growth target of +5.0%, Traditional European markets[2] grew at +8.1% per year and European Emerging Markets grew at +60.7% (from a low base) - the latter has been strongly influenced by economic migration. However, in the case of Ireland's most important tourism market, 3.8 million British visitors came to Ireland in 2006, against a target of 4.1 million. This shortfall was exacerbated by a decline in the average number of nights theses visitors spent in Ireland.

Revenue Targets

The revenue target for domestic tourism was also exceeded, but revenue from overseas tourism did not achieve the mid-term target. With the exception of Mainland Europe, total overseas revenue has grown at a slower rate than targeted,

[1] Percentage variance may not be apparent from the 2006 target and actual figures, as they are rounded for presentation purposes

[2] Traditional Markets are: France, Germany, Italy, Netherlands, Spain, Portugal, Nordic Countries, Austria, Switzerland, Belgium / Luxembourg.

growing at half the targeted rate overall. *Per capita* spend declined year on year since 2002; *per diem* spend in constant 2002 terms has also declined. Per capita spend by North American tourists has dropped by 20% between 2002 and 2006. The decline in the dollar-euro exchange rate has contributed to this. Revenue growth in constant terms over 2002 to 2006 has been limited by general Irish economic trends as well as international travel trends:

- Ireland's above average rate of inflation relative to source markets
- Falls relative to the euro in the value of the Dollar and Sterling – the currencies of 70% of visitors to Ireland
- A global trend towards shorter stays
- A global trend (and one associated with economic migration) towards higher than average growth in the category of visitors labelled as Visiting Friends & Relatives – a category characterised by a lower than average per capita tourism spend.

Domestic Targets

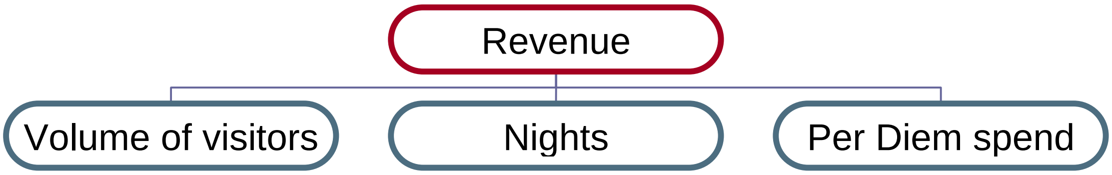
Domestic holidays have comfortably exceeded the 2006 mid-term targets in respect of both numbers and revenue. Over the period 2002 to 2006, domestic holidays grew by almost 8% per annum while revenue in constant 2002 terms grew by 11.5% per annum. Growth in domestic holidays was due primarily to growth in short breaks of 1-3 nights. Whereas the domestic sector has achieved impressive growth over the past four years (in the context of broad domestic growth), it will be more difficult to maintain such growth rates in a more challenging economic environment.

Overview

The original targets were based on a number of key assumptions. These related not only to broad economic growth but also to wider actions needed to support the development of the industry, a number of which were not achieved within the time-frame envisaged. The Group noted that, while visitor numbers have exceeded the mid-term targets set, continued growth at that level given the current international and Irish economic climate will be difficult to achieve. The original revenue targets outlined in the *New Horizons* Report in 2003 are not now likely to be realised, given trends to date, the impact on overseas expenditure of higher Irish costs and the difficult economic environment likely to prevail in the years immediately ahead. These developments strengthen the case for a review of strategy at this point in order to chart a new way forward that fully takes them into account.

A Note on the Factors that determine Tourism Revenue

Tourism revenue is the key measure of economic impact of tourism policy. However, revenue is a function of three elements – visitor numbers, visitor nights and per diem spend. The key measures of tourism performance can be illustrated as follows:



Revenue targets can be based on a number of strategies:

- Increase visitors numbers; Increase visitor nights; Increase per diem spend; or a combination of the above.

Ideally, targets should be based on CSO surveys due to the size and robustness of their surveys in general. The Group examined the availability of data from CSO and elsewhere, and related issues such as the pilot Tourism Satellite Accounts (TSA). The Group has stressed the importance of sound, comprehensive and timely statistics on the numbers, activities and expenditure of tourists, both foreign and domestic, given the importance of tourism to the Irish economy. For that reason, the Group recommends and advocates strongly that the CSO, along with the tourism agencies, update the pilot Tourism Satellite Accounts at the earliest opportunity, in order to support databases and statistical models that facilitate tourism policy-making and its implementation in a dynamic way.

Update on the Outturn for 2007
While the terms of reference were to review progress to 2006, the Group noted the outcome of the 2007 season. This featured continued strong growth from European markets of 13.6% (new and traditional), flat growth from Britain and slower than expected growth from North America (+1.8%), in more difficult economic conditions, and a continued strong domestic performance for the first three quarters.

5. Mid-Term Review of *New Horizons for Irish Tourism: An Agenda for Action*

Under its terms of reference, the Tourism Strategy Implementation Group is to make "recommendations on the scope and methodology for a mid-term review of the strategy which should be carried out in 2008 at the latest". The approach of New Horizons, in creating and maintaining a coordinated and multifaceted approach to tourism, remains central. The following recommendations on the scope and methodology for such a review are made in that light.

Scope

The Irish tourism industry and its external environment have undergone many and rapid changes since 2003. While substantial progress has been made on the actions recommended in *New Horizons*, it is clear that a review of the Strategy is necessary and timely. The essential need for policy, strategy and related actions to adapt to changing circumstances was a major theme of *New Horizons.*

The Group considers that a review should be based on the Strategic Drivers identified in *New Horizons.* It should examine priorities, actions and targets in the light of

- Changes in the international tourism and travel market, and their implications for Ireland
- Performance of Irish tourism since 2003
- The Irish tourism policy, operational and business environment

and in light of that set out a Framework for Action, with a set of key actions following on the review, for the remainder of the period 2008-2012.

The review should seek to refresh the approach to tourism development within what is widely accepted as a sound policy framework. Fundamentally, the review does not need to start from scratch. Rather it can build on the work carried out to date (including the work of TAPIG and TSIG), while seeking to ensure that any recommendations made are robust in the light of anticipated developments over the remaining period to 2012.

Methodology

There are a number of possible approaches that may be adopted for the mid-term review. These include the following:

- An in-house Departmental policy review
- An expert Group
- Consultants

Taking account of the recommended scope and the experience to date, it is suggested that the preferred option should seek to draw on the most desirable elements of each of these approaches. For example, a Steering Group could be set up based on the existing TSIG model (i.e. ITIC, Department, Fáilte Ireland, Tourism Ireland), which could then seek bids for a tightly specified and limited review by consultants on the lines set out, with a clear and limited time frame and budget.

The benefits of independent expertise could be optimised by the Minister appointing an independent Chair (as well as the broad representation suggested) to the Steering Group – and further by actively seeking bids from experts with wider experience e.g. from international and world-class institutions.

1. Introduction & Background

1.1 "New Horizons" and its follow-up

In its 2003 Report, *New Horizons for Irish Tourism: An Agenda for Action*, the Tourism Policy Review Group set out a comprehensive tourism development strategy covering a 10 year period to 2012 and a detailed plan of specific actions over an initial two-year period. This formed the basis for subsequent tourism policy at Government and agency level.

The Tourism Action Plan Implementation Group (TAPIG) was set up in 2003 to give an initial impetus to delivering the strategy and action plan. TAPIG issued its third and final report in March 2006, which concluded that progress in the implementation of the new Tourism Strategy and Action Plan had been relatively good - 63 of the 76 actions recommended in the New Horizons two-year Action Plan had made satisfactory progress. The final report also highlighted a limited number of key issues on which further progress was needed.

1.2 The Tourism Strategy Implementation Group: Terms of Reference & Membership

The Tourism Strategy Implementation Group (TSIG) was established by the then Minister for Arts, Sport and Tourism in May 2006 to follow up the work of TAPIG, with the following terms of reference:

- addressing the implementation of the outstanding elements of the strategy set out in *New Horizons for Irish Tourism: An Agenda for Action* on a partnership basis
- reviewing, in 2007, the targets set out in New Horizons for Irish Tourism in light of the performance to end 2006
- making recommendations on the scope and methodology for a mid-term review of the strategy to be carried out in 2008 at the latest – its timing to be kept under review
- discussing with lead actors their operational plans for, and commitment to, the implementation of actions falling within their remit including the identification of effectiveness indicators against which performance will be measured
- highlighting constraints to progress and identifying appropriate action to address them
- convening each year an Annual Forum representative of all those involved in the tourism sector to present reports on the main issues influencing the development of the sector and to obtain feedback from the participants
- monitoring progress on the preparation of the National Development Plan 2007-2013 and its contribution to tourism development.

The members of TSIG included people from the tourism trade, external experts with a policy analysis background, as well as the tourism agencies and the Department of Arts, Sport and Tourism (see Appendix A). The Minister appointed as Chairman John Travers (former Chief Economic Adviser in the Department of Industry and Commerce and founding CEO of Forfás and of Science Foundation Ireland), who also chaired the Interim Board of the National Tourism Development Authority as well as the original Tourism Policy Review Group and the Tourism Action Plan Implementation Group.

1.3 The Work of TSIG

The Tourism Strategy Implementation Group began by reviewing progress on the *New Horizons* Action Plan and the final report of TAPIG, based on which it drew up a work programme. The Group has met six times before its final meeting in April 2008. In its meetings, as well as getting regular updates on developments in the Irish and overseas markets, it looked at key areas where further progress was identified as necessary to achieve the objectives of *New Horizons*. These included:

- Transport and Access Issues, such as improved facilities at Dublin Airport, the introduction of "Open Skies" and bilateral agreements on wider air access over the North Atlantic, signposting, public transport and marine transport issues
- The investment plans in the Tourism Product Development and Infrastructure, International Marketing and Training & Human Resources Sub-Programmes under the National Development Plan 2007-2013
- Improved walking and other trails, and developments on access to the countryside
- Fiscal incentives and adjustments to support tourism-related activity, including changes to the treatment of VAT on accommodation for Conference Business and the Mid-Shannon Tourism Infrastructure Investment (Tax) Scheme
- Tourism and the Environment, including Fáilte Ireland's Environmental Action Plan 2007-2010
- Next steps on tourism policy, including the planned review of *New Horizons*
- Progress on areas highlighted in the TAPIG report generally.

Significant progress has been made on many of these areas, as set out in this Report. The Tourism Strategy Implementation Group, through its representations and interaction with key actors, made an important contribution to that progress. The Group also reviewed progress against the targets set in New Horizons, in accordance with its terms of reference, and issues arising in relation to measuring tourism performance and targets.

Finally, the Group considered this Report for submission to the Minister, including the scope and methodology of a mid-term review of *New Horizons.* This brings the work of the Group, as laid down in its Terms of Reference, to a conclusion and the Group accordingly submits this Report to the Minister.

1.4 The Tourism Forum

New Horizons also recommended establishing an annual forum of the tourism industry to consider developments in the sector. The Tourism Forum met previously in November 2004 and November 2005. The Tourism Strategy Implementation Group oversaw the organization and focus of the Tourism Forum held in 2007.

The main themes of the presentations and discussions at the Forum held in Killarney in April 2007 can be summarised as follows:

In terms of broad strategic issues affecting tourism in Ireland:

- The continuing importance of access and transport infrastructure and operations
- Pressures on and means of maintaining cost competitiveness

In terms of industry- or firm-level issues:

- The importance of a clear and focused approach to markets and customers
- The increasing profile of cultural tourism (in a broad sense)

- The increasing profile, scope and challenges of business tourism
- The continuing role of focused product development

And at both the broad strategic level and the operational level:

- The significant progress made in many areas, including recent developments on conference tourism and air transport
- The environment and tourism – at a strategic level, in terms of the overall position of Ireland; at the operational level, a desire for specific advice and support in ensuring that emerging environmental issues are effectively dealt with in tourism businesses
- Making the objective of balanced regional spread/development work.

2. Update on Strategic Success Drivers

New Horizons set out in 2003 ten strategic factors – and the specific actions required under each factor - which would determine the development of Irish tourism in the years that followed. These Strategic Drivers were as follows:

1 Business Environment
2 Competitiveness and Value for Money
3 Access Transport
4 Communication and Information Technologies
5 Product Development and Innovation
6 Marketing and Promotion
7 The People in Tourism
8 Government Leadership
9 Information, Intelligence and Research
10 Implementation Arrangements

The Strategic Success Drivers set out in *New Horizons* were the fundamental generic factors within which specific actions would be brought forward to enhance and support the development of Irish tourism. As such, the Drivers themselves provided the strategic framework for key areas of action. As generic factors of development, they remain of relevance for the future development of tourism in Ireland.

There has been substantial progress on the vast majority of actions across all of the Strategic Drivers. For some Drivers, most actions are directly within the control of State or industry bodies; for others, most actions are less directly amenable to control and are largely shaped by external factors and the market as a whole. The overall progress under each Driver is summarised below, based on the more detailed position in relation to the actions recommended in *New Horizons* set out in the following pages.

Taken as a whole, the picture is a positive one in terms of implemented actions. However, as might be expected, important changes in the external environment, which affect the actions relevant to developing Irish tourism within the framework of several Drivers, strengthen the case for a substantive review of strategy and the development of a new Action Plan to guide the development of Irish tourism in the years ahead.

2.1 Business Environment

Government has stated and restated its commitment to tourism, in the context of *New Horizons* and its follow-up and also in the NDP 2007-2013, the Agreed Programme for Government and elsewhere. The broader concept of tourism development has been pursued bilaterally and through the Tourism Action Plan Implementation Group, the Tourism Strategy Implementation Group, and by the Department of Arts, Sport and Tourism and tourism agencies with a range of key external actors. The Department, agencies, and tourism bodies continue to strongly support competition and/or regulation, as appropriate, in the provision of services. (It is notable that the smoking ban in the workplace, which was a concern in 2003-2004, has now settled down and is even being copied widely among competitor destinations.)

Price pressures in the Irish economy as a whole continue to be a major challenge, not only for tourism, but also for Ireland's international competitiveness generally, notwithstanding measures taken under successive social partnership agreements. This is increasingly of concern in those markets affected by the recent strengthening euro. The Central Bank of Ireland's Harmonised Competitiveness Indicator (deflated by consumer prices, which takes into account relative price changes along with exchange rate movements) is a useful measure of changes in Irish competitiveness overall. On that, Ireland's competitiveness fell by 24.35% between the start of 1999 and February 2008 – of which 11.38% was due to exchange rates alone – over 6 percentage points of which occurred in 2007-2008.

The Government has maintained the overall competitive personal and corporate taxation regime, while facilitating investment by both general (in hotels) and specific (e.g. the Shannon Corridor scheme) capital allowances. Indirect tax levels have remained broadly the same since 2004, except for tobacco products. In addition, the impact of indirect taxes on tourism is subject to ongoing examination; for example, the VAT regime in relation to accommodation at conferences now facilitates recoupment or set-off as an input cost.

The Insurance Reform Programme, together with industry actions, has addressed many of the factors generating high levels and increases in insurance costs with consequent moderation in its impact on business.

A number of key infrastructure programmes and projects have made significant progress.
Work is well underway on the Convention Centre Dublin and it is expected to open in September 2010; work has also begun on the new stadium at Lansdowne Road.

Good progress has also been made on the inter-urban routes in the National Roads programme, as well as investment continuing in other key routes. Signposting remains a source of concern, but recent new policies and funding commitments are beginning to deliver improvements.

The Tourism Product Development Strategy 2007-2013 provides the framework for investment in tourism infrastructure under the NDP, taking account inter alia of a nationwide Product Audit and Quality Assessment – see section 2.5.

Both Fáilte Ireland and Tourism Ireland operate within a business planning framework, preparing annual business plans within a medium-term corporate planning framework, linked to the overall tourism policy agenda and the Department's strategic plans.

Emerging Issues

Since *New Horizons*, there have been a number of developments in the policy environment. These include the NDP 2007-2013 and related programmes, such as Transport 21 and the Tourism Product Development Strategy; the Ten-Year Framework Social Partnership Agreement, "Towards 2016"; the restoration of devolved institutions under the Good Friday Agreement; and the Agreed Programme for Government of June 2007. Many highlight the connections between tourism and broader economic and social development – including heritage and environmental considerations, rural and regional policy, and North-South aspects.

There are also a number of issues emerging at both national and international level with more direct tourism impacts. These include uncertainty regarding growth prospects in key overseas markets – particularly Britain and North America - and an associated slowdown in the Irish economy already evident, along with more modest growth prospects in the short to medium term. This increases the immediate importance attaching to the continental European market and new and developing markets overseas. At the same time, it is important to maintain marketing activity and investment in all major markets, as experience has shown that reduced marketing presence in response to short-term changes in a market can take a long time to recover from. As with other productive sectors of the economy, it is important to maintain investment in the Drivers, such as product development and human resources, if we are to maintain competitiveness and maximise the socio-economic benefits of tourism, in the short- and in the long-term.

The slowdown in the Irish economy in the next year or two – in the context of wider slowdowns worldwide and especially in our largest tourism markets - presents new challenges to an industry that has reaped the benefits of the dramatic transformation on Irish household income and wealth over the past 15 years. The Central Bank in April reduced its forecast for GNP growth in 2008 from 2.5% to 1.9%, rising to 3.25% in 2009 - compared to an annual average of 6.5% from 1994-2007. The European Commission's economic forecast projects GDP growth at 2.0% in 2008 and 1.8% in 2009 in the EU (1.7% and 1.5% for the Eurozone) - ½ percentage point lower than predicted in the autumn forecasts.

At national and international level, the interrelationship between tourism and travel, on the one hand, and the environment and sustainable development on the other has become a major focus of attention. This relationship will impact on tourism product, promotion and consumer behaviour as well as access and transport – which are explored further under those Drivers. It also means that there is a need to minimize developments which negate a positive image of Ireland as a "clean, green" island, e.g. through episodes of pollution.

2.2 Competitiveness and Value for Money

Competitiveness remains a key challenge for tourism, as it does for the Irish traded sector generally. In 2003 to 2005, inflation generally in Ireland moderated significantly. Irish inflation trends deteriorated somewhat over 2006-2007. As of March 2008, annual CPI inflation stood at 5.0%. Annual Harmonized Index of Consumer Prices (HICP) inflation in February 2008 stood at 3.5%, as against 3.3% for the euro-area. These figures are largely driven by housing and energy costs and more recently by food prices.

Recent CSO figures suggest that the hotel and restaurant sector is managing its pricing more aggressively, with inflation in the sector lagging the Consumer Price Index (CPI) overall (+3.2% p.a. to end-March 2008 v. +5.0% CPI) and falling below the average in the euro-zone (+3.2% p.a. in HICP terms for the sector in Ireland v. +3.3% across the euro-zone).

As highlighted in November 2007 by the Minister for Finance in his Indecon Public Policy lecture, competitiveness is best defined in terms of unit costs vis-à-vis competitors in other countries. Our exchange rate is outside of Ireland's control and many cost elements, such as international energy prices, are determined elsewhere. How productively we use resources is, therefore, the key policy issue. For the internationally traded sector, including tourism, a faster productivity growth compared to competitors should result in improved competitiveness. Ireland cannot, and indeed should not, attempt to compete on the basis of costs with low cost countries. Our competitive advantage must lie in other areas. This requires increased capital intensity and an increasingly skilled and educated workforce, i.e. increased net fixed investment by both foreign-owned and domestic firms, increases in infrastructure, and increases in human capital. Our competitive advantage, in tourism as in other internationally-traded sectors, is determined by how effectively inputs such as capital, energy, materials, labour and information technology are utilised.

The industry sectors continue to offer tactical promotional offers, through their own direct marketing activity and joint promotions with Fáilte Ireland and Tourism Ireland while ITIC continues to lobby for an improved fiscal environment for tourism and continues to raise awareness of the competitiveness challenge and industry costs. However, the Irish Tourist Industry Confederation (ITIC) does not accept the view in *New Horizons* that the tourist industry has "primary responsibility for restoring competitiveness and better value for money" as, in the view of ITIC, most of the influencing factors are outside the industry's control. In 2005, ITIC commissioned a study of Ireland's competitive position and identified the actions that should be taken to improve the situation. The report was completed and published in 2006 and has subsequently been updated in 2007. ITIC intends that this report will be updated and reviewed on a regular basis.

While the agencies and the industry have taken a number of important steps towards comprehensive benchmarking of Irish tourism against the competition, there is still scope to further develop and apply benchmarks at national, sectoral and enterprise levels. At industry level, Tourism Ireland now uses a basket of countries for comparison. The Irish Tourist Industry Confederation has issued reports on competitiveness and e-business, including comparisons with competitors. Individual firms, too, are increasingly looking abroad.

At the enterprise level, Fáilte Ireland has rolled out the Performance Plus programme, incorporating an extranet facility for use by the Irish tourism industry. This facility allows each enterprise to benchmark its own performance across a range of areas, including finance, energy and environment. It also includes recommendations on how to improve capabilities in these areas.

Fáilte Ireland's interventions to support industry development are very much focused on Capability Building. In the main these interventions cluster around two broad activities – People Development and Enterprise Development; distinct interventions need to be devised and applied depending on whether the focus of the activity is the individual employee, teams of employees, or the organization as a whole.

A range of new industry support programmes were launched in 2004-2007, including:

- the Performance Plus programme
- high e-learning content in the wider HRD programmes
- a county based learning network programme specifically targeted at tourism SMEs and micro-enterprises

- a Management Development Programme which is delivered in collaboration with Cornell University; to date a total of 150 senior managers have participated in this programme and feedback from the industry is very positive
- a counterpart development programme for academic staff in Higher Education Institutions involved in teaching tourism and hospitality, to improve the skills of educators
- a Master Class series of seminars (in collaboration with DCU)
- a suite of development programmes for senior managers focusing on HR, Marketing and Finance in conjunction with the relevant professional bodies (CIPD, MII and ACCA[3]). (See also Strategic Driver 7 – People in Tourism).

The B&B sector participates in training courses on customer care, standards, marketing and using the web and cost management, etc. run by Fáilte Ireland (FI). The work of FI is complemented by other activities in management development for SMEs, including Enterprise Boards (which are now integrated with Enterprise Ireland) and FÁS.

A Tourism Best Practice Initiative, *Optimus*, was developed by Fáilte Ireland with Excellence Ireland and launched in 2004. It is a total business excellence model and is linked to the European Foundation for Quality Management (EFQM) family of awards. To date 102 tourism enterprises have joined the *Optimus* programme and are working towards securing quality awards across the scheme's three levels of achievement. *Optimus* is all about supporting enterprises to develop a culture of continuous improvement. Businesses are encouraged to establish smarter systems, innovate on products and services and strive for higher standards across the board with the ultimate goal of considerably improved business performance. Fáilte Ireland provides hotels with an approach to managing their business, which matches worldwide standards in hospitality through the provision of customised training, consultancy and marketing services to support the development and implementation of the quality system.

Fáilte Ireland promotes awareness and helps to develop a deeper understanding of Customer Relations Management (CRM) through a range of professional development programmes e.g. yield management, e-business, Certificate in Marketing Practice. CRM principles are integrated into the business process component of the Optimus programme, described above.
Effective implementation of workplace partnership remains a challenge across the economy, particularly in SMEs – which constitute the vast majority of tourist enterprises. There has been some implementation of workplace partnership arrangements in the larger enterprises, e.g. major hotels with the support of the Irish Hotels Federation.

Role of the Tourism Industry Representative Bodies
ITIC has broadened its membership base to include organisations that while not primarily engaged in tourism play an important part in delivering the tourism product. ITIC has increased its level of activity in research and planning and continues to raise the profile of tourism.

[3] Chartered Institute of Personnel and Development, Marketing Institute of Ireland and Association of Chartered Certified Accountants.

Emerging Issues

Addressing the challenge of a long-term trend towards higher energy costs, whether as a result of supply and demand factors, or of environmental policies will be central to competitiveness across the economy – and presents both risks and opportunities. Recent fiscal changes are intended to facilitate responses at firm level.

An increasing concern in the industry is the impact of local taxes and charges, which like energy costs require careful and skilled management to control. While Performance Plus and recent EPA initiatives are assisting firms in responding to these, they remain a challenge. The ongoing challenge of developing and making the most of the skills and capabilities of people who work in Irish tourism is also key to a competitive and value-for-money product offering.

2.3 Access Transport

External Access

Direct and competitive access, particularly by air, from key source markets is essential to sustain and grow tourism. There has been steady growth in new air routes, and while there has been a decrease in ferry capacity, there has recently been renewed growth in ferry traffic.

The position in regard to air access is undergoing major change, with the broader EU/US "Open Skies" agreement which came into force on March 31st 2008. Ireland will benefit from Open Skies, and will do so even in 2008, because of 3 new gateways opened, Washington, Orlando and San Francisco. However, the introduction of "Open Skies" coincides with a more challenging environment and it may take longer than hoped for all its benefits to come on stream. In addition, a new Ireland/Canada agreement will allow air carriers to provide services between any city in Canada and Ireland. Canadian carriers will be allowed to use Ireland as a platform to serve a third country and vice versa.

Substantial progress has been made in delivering additional air routes into Ireland. The table below shows increases in weekly seat capacity from the 4 market areas from Summer 2003 to Summer 2007 and from Winter 2002/2003 to Winter 2007/2008.

	Winter			Summer		
	02/03	***07/08***	***% change***	***2003***	***2007***	***% change***
G. Britain	120,400	179,466	+49%	129,180	164,974	+28%
M. Europe	52,100	146,652	+181%	66,436	162,137	+144%
N. America	15,529	25,336	+63%	25,325	36,614	+45%
Other Areas	0	2,184	-	0	1,479	-
Total	**188,029**	**353,638**	**+88%**	**220,941**	**365,204**	**+65%**

Table 2: Weekly one-way scheduled seat capacity on air routes to Ireland by market area

Overall, between 2003 and 2007, there was a 65% increase in weekly air seat capacity to Ireland in the summer months and an 88% increase in the winter months. This increase includes many new routes including 84 new European city pairs to Ireland and the opening of the first routes between Ireland and the Middle East.

While facilities and customer experience at Dublin Airport had deteriorated significantly over the years, there has been significant progress in addressing the problems in the past 12 months. A number of steps were taken to improve capacity in Summer 2007, including slot co-ordination, additional check-in capacity in the basement (Area 14), additional security points, and a new coach park. The new Pier D opened, on time and on budget, in November 2007, serving largely European short-haul routes. This new €120 million boarding gate facility will, when fully operational, provide 12 new gates and can handle up to 10 million passengers a year. In August 2007, An Bord Pleanála approved Terminal 2, which will increase capacity to over 30m passengers. Construction work on T2 began in October 2007 and it is scheduled to open in early 2010. An Bord Pleanála has now given approval for the second parallel runway, with conditions. Planning permission has been sought for an extension to Terminal 1 to improve capacity. The recent review by the Commission of Aviation Regulation on passenger charges led to a determination that any increase in the charge, consequent on the investment in Terminal Two, has been postponed until end-2009.

Globally, increasingly strict security (and in some cases public health) controls are leading to a less pleasant experience for travellers by air.

Following further consideration in the Tourism Action Plan Implementation Group and engagement with the Department of Communications, Marine and Natural Resources and the industry, the creation of a seaports regulator was no longer seen as a priority. Investment in a number of seaports has seen a significant improvement in the visitor facilities, although some are still lagging behind.

Internal Access

Good progress has been made on the inter-urban routes in the National Roads programme, even as investment continues in other key routes. Following completion of the M50, work has already begun on widening and junctions upgrades; key routes from Shannon have been and are being improved (including the completion of the Limerick Ring).

Signposting remains a source of concern, but recent new policies and funding commitments are beginning to deliver improvements. The National Roads Authority (NRA) is responsible for the provision of signage on Motorways and National roads, while the Local Authorities are responsible for signage on Regional roads and Local roads. The NRA is currently spending €60m over the period 2006-2009 on re-signing all Motorway and National routes. This re-signage scheme includes both directional signs and white-on-brown tourist signs. In late 2007, Fáilte Ireland's Environment Unit conducted an assessment of directional and tourism signage across the country’s road network. This has resulted in an improved working collaboration between Fáilte Ireland and the National Roads Authority in relation to guidelines and principles governing the provision of directional signage on Motorways and national Routes. An action plan has also been developed to support improved signage on regional and local roads, and to ensure the fullest drawdown of available funds earmarked specifically for this purpose. During 2007, Fáilte Ireland provided detailed recommendations for the provision of tourist signage on a junction-by-junction basis to the NRA on the following national routes:

M1, N2, N3, M4/N4, N7, N17, N18, N20, N24, N27, N28, N29, N30, N51, N52, N53, N67, N87.

Fáilte Ireland has liaised with Shannon Development and Dublin Tourism on the above recommendations. A procedure has also been recently agreed with the Irish Hotels Federation on incorporating the recommendations of the IHF in this area.

The Department of the Environment, Heritage and Local Government made available a fund of €25m for the period 2006-2009, for investment through Local Authorities, on the re-signage of all Regional roads. In June 2007, responsibility for this road network transferred to the Department of Transport. There are approximately 11,000km of Regional roads in Ireland.

This fund is being spent through the Local Authorities, and provides for the numbering of Local Roads, which heretofore were not numbered, and for directional signs; it does not include the provision of white-on-brown tourist signs. In 2006 €6.5m of the €25m was allocated and only €1.5m was spent by the local authorities; almost €4m was taken up in 2007. Local authorities must give greater recognition to the importance of investment in local signage, as essential infrastructure in tourism and economic terms.
There has been very significant investment in rail infrastructure, stations and rolling stock, which in turn has supported improved services. (New rolling stock has presented a particular difficulty, as the scope to carry bicycles is extremely limited.) Transport 21 provides for further very major investment in public transport, particularly in respect of the Dublin Airport Metro (on which the procurement process has begun), which will improve services for visitors.

The Integrated Ticketing project for public transport in the Dublin area remains unimplemented to date. While this is disappointing, the Group has been informed that the Department of Transport is working to advance progress on this issue which is so important to transport users, including visitors to the Dublin area.

Emerging Issues

As an island with around 80% of visitors arriving by air, Ireland is particularly susceptible to changes in the airline industry, or changes in consumer attitudes to air travel. The ongoing process of restructuring in the aviation industry, and the increasing use of the "low-fares" model, will continue to drive change to which Ireland must respond. These developments highlight the more market-driven approach that is now increasingly the norm in the airline industry, as traditional "flag carriers" are increasingly adapting to a new era of competition or are, otherwise, being superseded.

This market-led approach can leave access routes to Ireland vulnerable. This has been become evident in recent decisions on certain Shannon routes taken by Aer Lingus and, in the context of a more negative economic outlook, may be reflected in further decisions by carriers. At the same time, more traditional models still dominate longer-haul routes (with some exceptions) but are equally challenged by higher fuel prices and negative economic conditions. This requires tourism development and marketing agencies to be flexible and to respond rapidly to changing conditions, and more broadly to ensure that support services are competitive.

Globally, increasingly strict security (and in some cases public health) controls are leading to a less pleasant experience for air travellers and may make other options more desirable. Equally, fears of airline terrorism or air-borne epidemics such as SARS or Bird-Flu could make other transport options more desirable.

On the other hand, some of these trends may present an opportunity to renew growth in, for example, ferry-based car visits – with the associated benefits in terms of length of stay and regional dispersal. A related issue is the growth in cruise tourism – which is not fully captured in most current statistics given the "day" nature of visits.

Increasing energy costs (primarily oil) present a specific challenge for the transport and tourism sectors, and are converging with concerns over greenhouse gas emissions, creating a potentially challenging policy environment. The planned inclusion of airlines in the EU Emissions Trading Scheme will also help shape future developments.
In that context, we should not lose sight of the fact that the tourism and travel market is multimodal and Ireland should seek to ensure that arrangements are non-discriminatory not just between rival air carriers but also between different modes (e.g. air, sea, road and rail). Defensive responses (e.g. airline carbon offset schemes) also can carry the risk of increasing the negative perception of air travel as against other modes.

At national level, Transport 21 will lead to a qualitative change in internal access, particularly in public transport in Greater Dublin, the Western Rail Corridor and elsewhere – as well as new road projects such as the Atlantic Road Corridor. At the same time, the potential impact of new policies on sustainable travel and transport may present both opportunities and threats from a tourism perspective.

2.4 Communication and Information Technologies

Fáilte Ireland developed the Tourism Content System, Ireland's Destination Management System. The Tourism Content System (TCS) was proposed in 2002 to address the fragmentation of tourism information, both in data format and location, and to underpin online marketing efforts. The project required significant effort from both content and technology perspectives. The implementation phase required content collection and classification while the database development required detailed analysis, design and development. TCS came online in 2005 and has continued to be developed to broaden its capability. It contains full profiles and information on over 25,000 tourism products and services and fulfils multiple distribution channels, including approximately 15 websites such as the Fáilte Ireland, Tourism Ireland and Shannon Development sites. Fáilte Ireland works with the industry to ensure that the information in the TCS is up to date. It has been fully integrated with maps to allow defined geographical searches.

The next phase of development of Fáilte Ireland's e-business strategy is based on the foundation of the TCS database and aims to broaden and deepen the use of e-business throughout the organisation. In particular, implementation of the strategy

will allow more customised services to, and integration with, industry. In combination with e-business education and enablement, internet applications will facilitate delivery of new services and maximise the use of existing content to enhance those already in place. In particular, Information and Communications Technology (ICT) (especially the web) is being used to deliver training and development, e.g. through
Performance Plus (see 2.2);
a web-based learning programme for training tour guides;
on-line and e-learning content to support participants on the Management Development Programme and to support craft skills students;
a website to support tourism SMEs in the nationwide Tourism Learning Networks;
specialised CDs and DVDs for craft and service skills; and
an on-line Careers Portal.

ICT skills development is an integral component of Fáilte Ireland's Optimus programme and includes competitor benchmarking/case studies; in-company consultancy/mentoring; and seminars. Fáilte Ireland has also updated the 'Guide to Marketing your Product/Service on the Web'. Training courses operated directly, or supported, by Fáilte Ireland involve a computer use and operation module. Fáilte Ireland run a range of IT training programmes for industry and is actively developing capability in this area, with a particular emphasis on small providers such as B&Bs.

In early 2008, a dedicated E-Business Unit tasked with supporting the capability of tourism SMEs and micro-enterprises to sell their services in an online environment was set up. It is taking a three-phased approach to:
Support 500 tourism SMEs across six regions to undergo technology assessments and identify how ICT could be further applied in support of their business models;
Provide grant aid to enable 300 tourism SMEs to establish websites with functionality in on-line booking / sales;
Provide follow-up training and support to 450 SME owner/managers on profile and sales optimisation on the web.
An industry consultative body will be set up to direct the next phase of e-business development for SMEs.

E-Marketing has become a strong focus for actions in overseas marketing of Irish tourism. Key elements of Tourism Ireland's current e-Strategy (2008 to 2010) are: *e-Marketing* – world class innovations to drive traffic; *Website excellence* – to continuously evolve to become first choice site for consumers; *Conversion and engagement* – deepening interaction between Tourism Ireland and consumers and trade; *Empowerment* – increasing skills, competence and knowledge; *Analytics and research* – consumer, external benchmarking, site performance, consumer behaviour. As part of its leadership and advocacy role, Tourism Ireland has organised a number of e-Symposia which featured a range of international speakers. These events are designed to give industry a clear understanding of how current e-Marketing strategies and technology can help them to access more customers and grow their business. (*See also Section 2.6, Marketing and Promotion which deals at more length with e-marketing*.)

Co-operative networks and best practice models have been incorporated into the development of the successful www.irelandhotels.com website. To increase effectiveness, the IHF has established strategic partnerships to enhance the awareness of www.irelandhotels.com with the aim of increasing the number of visitors to the site. Examples are the availability of IHF special offers on Tourism Ireland and market websites.

Fáilte Ireland went to tender with consultants to examine the feasibility and business case for the establishment of a tourism award framework. In early 2007, the consultants reported back that there could be opportunities for awards and recognition in the non-accommodation and non-hospitality aspects of tourism. However the consultants pointed out that that such awards may not be the most appropriate means of encouraging good practice in such areas e.g. technology.

Emerging Issues

Adoption of cutting-edge IT in large parts of the industry and the many agencies, county councils and other bodies directly and indirectly involved in the marketing and distribution of Irish Tourism continues to present a significant challenge. The use of ICT has huge potential to deliver major results in tourism numbers and spend, but the overall external market is also moving at a rapid pace in adopting e-marketing techniques. It is essential that the Irish tourism industry moves ahead of the curve in this area.

ITIC commissioned a study of Small and Medium sized tourism enterprises (SMTEs) to determine how they were faring in this area and what the impact is on business and marketing Ireland. This research has shown a ‘digital divide’ in tourism that, given the significant impact of the internet, is of serious concern. The study makes 25 recommendations, including increasing awareness and up-skilling of SMTEs, addressing the gaps in the TCS, improving online marketing capabilities, continued co-ordination of State agencies and a more robust enterprise strategy to support SMTEs in adapting and addressing ICT shortcomings.

Evidence from the study suggests that specific actions set out in *New Horizons* have not been delivered and there remains a need for greater co-ordination between various arms of the State that fund promotional websites, training and enterprise supports.

(The new dedicated e-business unit within Fáilte Ireland, as well as expanding the existing range of ICT based supports provided to the industry, should help to strengthen ICT capability at SME and micro-enterprise level.)

The accelerated shift in consumer travel purchases through the internet makes this area even more important – particularly as a distribution and payment channel (whereas in 2003 the emphasis was equally on the internal management aspects of IT use in tourism).

2.5 Product Development and Innovation

The industry effectively used funding under the National Development Plan 2000-2006 (NDP) to encourage development of the range and quality of the Irish tourism product under the Tourism Product Development Scheme 2000-2006 (TPDS). In line with NDP objectives, employment has been created and sustained on a geographically dispersed basis. The TPDS had among its objectives the development of major visitor attractions; it is notable that 14 visitor attractions in Ireland now attract over a quarter of a million visitors each annually. The Cliffs of Moher Visitor Centre, where a major development was funded under this Scheme, features among those top visitor attractions, while others assisted, such as the new Lough Key Forest Park, have potential to join this elite group very soon. The increasing importance of proactively managing our environmental resources was recognised in the third and final call for proposals under the TPDS which was focused exclusively on the Tourism and Environment Management sub-measure. The breakdown of aid under the three specific sub-measures was as follows:

Aid Measure	Proposals Received	Proposals Approved	Proposals Withdrawn /rejected	Grant Aid Approved net of decommitments
Major Attractions and Clusters	102	13	89	€22,866,305
Special Interest Leisure Pursuits	240	46	194	€19,726,954
Environment Management	33	12	21	€3,339,034
Overall Total	**375**	**71**	**304**	**€45,932,293**

(All projects approved under the 2000-2006 TPDS are listed in Appendix B)

In the run-up to the current National Development Plan, 2007-2013, Fáilte Ireland established an expert group to research and review the strategic options for addressing the development and presentation of the key product components of Irish tourism. The work of this group resulted in the Tourism Product Development Strategy 2007-2013. With the development of new strategies for angling, golf, wellness, culture, walking, cycling, inland cruising and equestrian, there is a significant improvement in the understanding of the pattern of demand and supply of these 'products'. Fáilte Ireland also recently commissioned research to determine the potential to attract holidaymakers from the six main overseas markets to engage in six different activities (golf, fishing, riding, cycling, walking and health and wellness). Initial indications are that whereas all products have potential to grow significantly, walking, cycling, health and wellness and golf offer the best prospects in the short term. Fáilte Ireland is using the data from the study to further develop niche product strategies. In addition to the development of a number of product marketing groups, Fáilte Ireland has also piloted an approach to developing new tourism propositions namely family holidays, adventure and food.

The new Tourism Product Development Strategy 2007-2013 was launched at the start of 2007 and the €137million directly allocated to Fáilte Ireland to administer under the NDP tourism product development sub-programme has been prioritised across a range of capital grant programmes. An implementation team is in place to manage and oversee spending. Funding will be provided for a number of key elements of the tourism product over the Plan period. At the outset, during 2007, the emphasis was on supporting local authorities and other key infrastructure providers to develop a set of facilities for tourists, such as looped and coastal walking routes, angling facilities, environmental management plans, pilot beach management plans and heritage trails and signage. Since the Tourism Product Development Strategy was launched in February 2007 over €11m has been invested in 130 different projects (see Appendix C). A further €15.2m of NDP funding will be invested during 2008 and by 2013 the NDP investment will total €137m.

While the Infrastructure sub-programme will continue over the lifetime of the Plan, in 2008 and later years the focus will move to reinvestment in Visitor Attractions and the expansion of various commercial Visitor Activities. The Minister for Arts, Sport and Tourism launched the new Failte Ireland Tourism Capital Investment Programme in February 2008, providing €98 million for the development of international-class visitor attractions and leisure activities. Of the total funding available, €50m will target the upgrading of some 20 key existing visitor attractions to international standard. €14m is set aside to encourage the development of two or three major new iconic Irish cultural attractions of international appeal. €6m is allocated for the development of historical and major ornamental gardens. €28m is allocated to supporting investment in outdoor and other activity pursuits.

Fáilte Ireland's pilot Tourism Innovation Fund encouraged innovation and investment across a range of new products, with a strong emphasis on products designed to attract and hold visitors outside the mature urban tourism areas. Funding was provided for feasibility studies and specific expansionary Business Plans. The pilot programme closed in late 2007 and a new programme was launched in April 2008. Fáilte Ireland is also currently working on a study to identify and develop a strategy to build a culture of innovation in Irish tourism.

As well as the allocation of €137m in the National Development Plan 2007-2013 for Product Development, a range of other funding sources will support product development, including the new EU co-funded "Interreg IVA" Programme and the pilot Gateways Innovation Fund and the Rural Development Programme. The Mid-Shannon Corridor Tourism Infrastructure Investment Scheme will provide complementary tax incentives for product investment in a region which is historically less developed in tourism terms.

In relation to specific major national projects, the contract for the provision of a National Conference Centre in Dublin was awarded in April 2007 to Spencer Dock Convention Centre Dublin Ltd under a public private partnership arrangement. Work is well underway on the Convention Centre Dublin and it is expected to open in September 2010. Work has also begun on the new stadium at Lansdowne Road. Planning is under way for the new National Theatre and enhancement of the National Concert Hall.

Access Rights

There has been useful progress in addressing countryside recreation facilities recently. Fáilte Ireland has focused on developing "looped walks" and other routes that would be attractive to tourists, could be improved and on which access was not in question. Over 60 were developed by end-2007, with funds from Fáilte Ireland and the Department of Community Rural and Gaeltacht Affairs and participation by Coillte, local authorities and other partners. The Department of Community Rural and Gaeltacht Affairs is funding a number of Rural Recreation Officers around the country through local development (Meitheal) groups who will support the management and marketing of local trails; they are being recruited in 2008. An expert group set up to examine the legal issues surrounding land access for recreational use reported to the Minister for Community Rural and Gaeltacht Affairs in May 2007. Significant progress has been made towards agreeing a framework for support for farmers and rural landowners maintaining walkways on their land, through Comhairle na Tuaithe. A new Walking Scheme, providing payments for landowners who undertake maintenance work on walks that cross their lands, was launched in March 2008, and is being piloted in four areas from early 2008.

Heritage and Environment

In September 2007, Fáilte Ireland launched its three-year *Environmental Action Plan 2007-09.* The plan sets out actions that will be taken by Fáilte Ireland, in association with other bodies and organisations, to advocate a high quality physical environment for tourism, and identify and promote good environmental practice within the tourism industry. A review of good environmental practice with the tourism industry has been completed and will be published in early 2008 and the Environment Unit has begun to publish a series of good practice guidelines for various sectors of the industry. For example, *Environmental Guidelines for Festivals and Events*, and *Guidelines on the Protection of Biodiversity in Tourism* have already been published (the latter in association with the Department of the Environment, Heritage and Local Government) with environmental guidelines for the cruising, golf, equestrian and angling sectors currently being drafted.

ITIC is launching an awareness campaign in 2008 that will provide the industry with regular information and data on the environment. The objective of this campaign is to provide the industry with well-informed information thereby supporting industry best practice on environmental issues. Industry sectors continue to work on areas such as waste management strategy for hotels, energy use, litter abatement and planning and design and supports the Fáilte Ireland Environment Unit.

Since the establishment of the Environment Unit at the beginning of 2006, Fáilte Ireland has liaised closely with Planning Authorities on the preparation of their Development Plans as well as providing comments on a number of key applications for planning permission around the country. A feasibility study was also published in 2007 on the identification of scenic landscapes in Ireland. The primary focus of the report is a review of the approaches taken by Local Authorities in identifying and designating landscapes of scenic value. The report concludes that this process would benefit from a single, national, co-ordinated methodology. (The Environment Unit has also been working on road signage, see Access Transport above)

Results from the National Litter Monitoring System, together with the work of non-statutory bodies, indicate that there is steady improvement across the country generally. Further national measures include the www.litter.ie website and the Annual Litter Seminar to assist local authorities. Irish Business Against Litter recently reported that "despite increased urbanisation, there is no doubt that our towns are becoming a cleaner place to live and work in. In 2002, we had just 2 towns achieving ‘litter-free status’ and we now have 22."

Since 2006, Fáilte Ireland has been represented on the National Litter Monitoring Body which was established by the Department of the Environment, Heritage and Local Government, to monitor litter pollution in each Local Authority area. As part of this process, Local Authorities continually monitor litter in their administrative areas and prepare Litter Management Plans for those areas. Fáilte Ireland contributes to the preparation of Local Authority Litter Management Plans as they arise. In 2006, a number of additional questions relating to litter were included in the Visitor Attitudes Survey.

No further designations for UNESCO World Heritage Sites were sought, pending finalisation of arrangements for the existing two sites. The Department of the Environment, Heritage and Local Government in 2007 commenced consideration of new nominations and hopes to be in a position to make an application in September 2008.

The Accommodation Sector

Fáilte Ireland have supervised and monitored the implementation of the new classification scheme for hotels and guesthouse throughout 2007, and it is now complete. Classification is now mandatory and results for all hotels and guesthouses throughout Ireland including percentage rating can be found on www.discoverireland.ie.

Following EU approval of the extension of the Business Expansion Scheme (BES) and Seed Capital Scheme (SCS) to 31st December 2013, with funding and investor limits being increased to €2 million and €100,000 - €150,000 respectively, Fáilte Ireland has amended guidelines approved for tourism projects.
More generally, hotels are now treated as industrial buildings and fall within the treatment given such buildings in capital allowances generally. This follows the very significant tax-based investment in accommodation stock in recent years.

Unified Representation Structure for the B&B sector

Irish Farmhouse Holidays and Town & Country Homes Association have come together and represent the B&B sector in a unified way through the following:

- development programmes and actions for the B&B sector, such as the Specialist B&B Programme,
- pursuing LEADER for regional assistance to help develop excellence and local/regional product innovation;
- a single position on the need for compulsory licensing and the testing of a voluntary classification system; and
- a joint approach to marketing, with joint guide, web portal, and shared and joint programmes of marketing for 2007 – 2008.

The two groups will continue working together as separate bodies but agree and communicate common positions. (Attempts to engage a third organisation, Family Homes, in the joint approach have been unsuccessful to date.)

Town and Country Homes Association and Irish Farmhouse Holidays are working jointly on a number of marketing activities in association with Fáilte Ireland and Tourism Ireland including the production of a single guide in 2007 and 2008 and joint attendance at promotions and fairs. They are also working with activity providers on the development of themed holiday packages.

Emerging Issues

The relationship between tourism and the environment is increasing in prominence both nationally and internationally in relation to product development (as well as access and competitiveness). The European Commission has recently issued a Communication on Sustainable Tourism. The Agreed Programme for Government, too, places a new emphasis on environment and heritage in relation to tourism, including a commitment to "Place much greater emphasis on the protection, conservation, interpretation and access to Ireland’s natural and built heritage". At agency level, Fáilte Ireland have set up an Environmental Unit and agreed a new Environmental Action Plan. The Tourism Strategy Implementation Group discussed the issue at its meeting in September 2007, basing its consideration on a presentation from Fáilte Ireland. The Group welcomed the strategic approach framework and stressed the need for balance between industry concerns and environmental priorities. The Group agreed that the focus should not be on the constraints but rather how to maximise the business opportunities to develop areas such as ecotourism and to safeguard the green/clean Ireland image that we have had up to now.

Globally, there is increasing demand for an authentic experience on holiday, paralleled by the development of cultural tourism, ecotourism and sustainable products. Niche products, e.g. business and educational tourism, are becoming more significant. In that context, clarification on the details of responsibility for various policies affecting the marine sector will be helpful.

One sector where Ireland has an emerging potential for competitive advantage is the food sector. The improved Irish food offer can enhance the general experience of visitors to Ireland in terms of quality and value for money, and also through a more distinctive and authentic experience. In addition, food tourism is itself a growing niche worldwide in which Ireland has the potential to make itself a leader. To maximise these opportunities will require continuing effort on both the product and marketing/awareness fronts, given the previous historic lack of a well-known Irish food offering.

More broadly, the role of innovation in enhancing the competitiveness of tourism is one that is not as widely recognised as it could be and merits further exploration and development, in the context of the overall national strategy.

2.6 Marketing and Promotion

Tourism Ireland’s total marketing budget is allocated across markets in line with their size and potential. In 2007 the split was: Great Britain 38%, North America 25%, Mainland Europe 31%, New & Developing Markets 6%. Over the last three years Tourism Ireland, in close consultation with industry steering groups, has completed major reviews of all market areas. Mainland Europe in 2004, Great Britain in 2005, North America in 2006 and New & Developing Markets in 2007. Tourism Ireland has implemented findings from each of these reviews and plans further reviews going forward on an annual rotational basis, starting with Mainland Europe in 2008.

In particular, following the *New Horizons* report in 2003, Tourism Ireland carried out a review of the Mainland European Market in 2004, including widespread consultation with industry, both in Europe and Ireland. Recommendations were based around market focus, target audience and identifying new segments, marketing channel choice, partnerships with trade and industry and exploiting access opportunities. The implementation of these recommendations has been successful and growth from Mainland Europe has far exceeded targets over the 2002 to 2006 period for visitors, revenue and promotables. (While traditional European markets have grown faster than targeted, particularly strong growth has been seen from Emerging eastern European markets; this is expected to slow down with changes to the pattern of economic migration.) Following on from these reviews, over Tourism Ireland's next three-year corporate plan, a strong focus will be kept on Ireland's two most important tourism markets - Great Britain and North America, while Mainland Europe will be supported in continuing the strong growth seen in recent years. Special funds and new resources have been obtained to bring more focus on New & Developing Markets (with the aim of unlocking future potential from these long-haul markets in the longer term) and on promoting the regions, through the Super-Regions Initiative.

Issues around marketing programmes are looked at carefully in the context of the corporate and business planning process and followed up in the course of the ongoing formal and liaison arrangements for the Department and the agencies – including any necessary reprioritisation in the light of unanticipated contingencies.

Increased capacity on Irish air routes, and the opening-up of many new routes, present real opportunities for growing Irish tourism. Tourism Ireland assesses new capacity and routes to see if they have sustainable potential for additional inbound business and responds in partnership with the industry where opportunities exist. Tourism Ireland also works in partnership with airport authorities in Ireland and with individual airlines to support new routes.

In terms of overseas marketing, E-Marketing has become a strong focus. Tourism Ireland revised its E-Marketing Strategy in 2004, increasing its activities each year, and in 2006 put in place a central E-Marketing department. Its strategy is to commit 25% of its marketing budget to e-channels and digital marketing by 2010. Tourism Ireland is constantly innovating in the area of E-Marketing, as recognized through different awards. They currently own a central database of 325,000 consumers across 14 markets, who have invited E-Marketing information. Work is ongoing in evolving this database further with a completion date of June 2008, when all lists of consumer contacts held locally in the markets will have been migrated to the centre.

Tourism Ireland’s E-Marketing is also directed at targeted copy-cat lists, selected to match the profile of Ireland’s key target audience. Tourism Ireland's website, www.discoverireland.com, attracted over 6.7million visitors in 2007, with 2.4 million clicks through to partner sites. It has 36 international sites, available in 15 languages across 29 countries, and contains the largest all-island database of tourism products. It won the Northern Ireland Goldeneye Tourism Technology Award in 2006.

All-island Marketing Initiatives

Product: Annual marketing plans are developed for each of the main products on an all-island basis and a range of brochures for these products have been produced.

Super Regions: A comprehensive campaign was developed and executed in 2006 around three Super Regions in Ireland. A new suite of materials was developed, aligned to the Discover Ireland proposition and creative, which enables these wider areas to tactically promote their special product and holiday opportunities.

Emerging Issues

Overall world travel growth has been increasing at a higher rate in less developed tourism regions, such as Asia/Pacific, than in the Americas and Europe. While this makes the task of attracting more international visitors to Ireland more challenging, it also presents new opportunities. There is a new focus on marketing Ireland to New and Developing Markets (e.g. China, India). Other new markets, such as Eastern Europe (notwithstanding the difficulty of interpreting data relating to visitor flows), present a real market opportunity - linked to new migration to Ireland – which is redefining the nature of the Visiting Friends and Relatives (VFR) segment of our markets.

Existing geographical markets are continuing to develop and change. Visitors are continuing to take more but shorter breaks. There are demographic changes in some markets, with ageing populations giving rise to a growing "grey market". The structure of the industry is rapidly changing, as the wider use of technology, particularly the internet, changes how customers plan and spend their holidays and how travel and tourism operators market and sell their product.
International competition is becoming ever more intense, as globalisation opens up a wider range of possible destinations.

In 2007, Tourism Ireland commenced a major review of the island of Ireland brand. There is an important opportunity to use the results of the review to enhance the impact of our international marketing – but also as a tool to develop our product in line with customer requirements.

Increasing consumer and industry awareness of various aspects of how tourism and travel relates to the environment and sustainability issues needs to be taken into account in marketing and promotion as well as the tourism product.

2.7 The People in Tourism

In 2004 Fáilte Ireland launched its strategy ‘*Competing Through People: A Human Resource Development Strategy for Irish Tourism 2005-2010’* (HRDS). Of the 44 recommended actions in the strategy 10 were actions required by tourism enterprises, 8 by the Tourism Industry Representative Bodies, 10 by the Education and training providers and 16 by Fáilte Ireland. Generally good progress has been made in implementing the recommendations which are the responsibility of Fáilte Ireland. However some further support will be required to assist industry bodies and education institutions to address in full the range of actions associated with those particular sectors.

Fáilte Ireland is currently working to influence and support the Institutes of Technology to address the challenges to implementation of HRDS recommendations and provision of funding to the areas of most need – for example work-based programmes of learning will help to address some of these. Among the key areas of need is for the Institutes, in collaboration with local industry, to review their tourism and hospitality programmes to assess and ensure their relevance and accessibility to local SMEs and MEs.

The conclusions and recommendations of the HRDS Mid-Term Review, referenced under the strategic themes in the HRDS are as follows:

<u>Supporting SMEs and Micro Enterprises</u>
Need for greater focus on access and relevance of programmes to SMEs and ME's in the tourism industry. Greater links need to be forged between the industry and education and training providers at local, regional and national levels.

<u>Supporting international workers</u>
Particular attention needs to be given to developing part-time and flexible programmes. Also there are currently no statistics on the rates or trends in relation to progression of international trainees, or numbers of international workers entering the industry and their distribution.

<u>Supporting Learning Networks</u>
Most of the Institutes of Technology have not been involved in the Tourism Learning Networks (TLNs); those which have become active in the TLNs have made a notable and valued contribution, e.g. Waterford Institute of Technology. (As drivers of social and economic development at regional level, they have a central role to play in this process.) The TLNs have highlighted the value of linking with business schools in facilitating learning in business areas such as finance and marketing.

<u>Supporting Learning in the Workplace</u>
The Institutes of Technology need to develop new, innovative models of learning including on-site delivery, accreditation of prior learning, and involvement in local and regional learning networks.

<u>Supporting Skills Development</u>
There is a need to review the mix of programmes available in the Institutes, identify improvement and efficiencies that might be secured through consolidation of education and training activity and developing 'centres of excellence' in terms of this training. A Forfás Expert Group recently produced a *Future Skills needs Report*. A similar exercise focused on the tourism industry would be useful.

<u>Strengthening Workplace Practices (HRM)</u>
The Institutes of Technology need to be more proactive in the provision of external consultancy and continuing professional development services and the strengthening of workplace practices in the local tourism sector.

<u>Strengthening Information for Policy Making</u>
Work needs to be done to understand the career path and achievements specifically of tourism and hospitality graduates through structured and routine tracking studies.

Fáilte Ireland is developing a mechanism and criteria for determining funding priorities and for allocating and assessing the return on investment of that funding. A review needs to be undertaken to determine the extent to which the projected number of new entrants identified in the HRDS (i.e. approx 6,000 annually to 2010) had materialised and to revise these projections if needed.

National Recruitment Plan

A Tourism Career Promotions Group was set up in 2005 to promote the benefits of a career in tourism among the public generally and among students specifically. Fáilte Ireland recently commissioned a TV series called 'The Master's Apprentice' which aimed to positively affect perceptions of careers in the tourism industry, and, in conjunction with the IHF, also oversees the publication of an annual careers magazine 'Get a Life In Tourism'.

Managing Cultural Diversity

A key challenge remains in building on the diverse origins of the Irish tourism workforce – reflecting the overall tightness of the Irish labour market as well as the labour-intensive nature of the sector. In the third quarter of 2007, nearly 30% of those working in hotels and restaurants were classified by the CSO as non-Irish nationals – the highest proportion in any sector, nearly three times the average of 11.6% and accounting for 9,200 of the additional employment of 9,400 recorded in the sector in the most recent CSO Quarterly National Household Survey. This has particular implications for ensuring that staff have the depth of local knowledge and communications skills that enhance visitors' experience of a locality.

Fáilte Ireland published a Cultural Diversity Strategy in 2005. As programmes are reviewed and revised by Fáilte Ireland, content related to cultural diversity is incorporated where appropriate. Training for instructors in Fáilte Ireland training centres is also being provided to enhance their provision of training to international trainees.

In response to the growing internationalisation of the trainee population and the tourism workforce Fáilte Ireland translated the content of basic skills course notes into CD Rom format and 14 languages.

Support for SMEs

Uptake by owner/managers of SMEs has been improving with more participants engaging with the Tourism Learning Networks. Other support for SMEs will be provided through a new on-site mentoring unit. Significant resources will be invested in enhancing the range of services supporting management and business development in SMEs.

By the end of 2008 Fáilte Ireland will have invested over €5million in the Tourism Learning Networks with over 1,500 managers enrolled and participating in the networks.

Management Development Programmes

The numbers of managers attending development programmes has increased steadily since 2002 and over 1,000 managers now participate in management development programmes with Fáilte Ireland.

Emerging Issues

Particular attention needs to be given to developing part-time and flexible programmes for workers in employment. There is a lack of statistics on the rates or trends in relation of progression of international trainees, or numbers of international workers entering the industry and their distribution.

There is a need to strengthen systems to ensure the right fit between the training and education programmes provided by Higher Education Institutes and the development needs of SMEs and ME's in the tourism industry. Greater links need to be forged between the industry and education and training providers at local, regional and national levels.

As drivers of social and economic development at regional level the Institutes of Technology need to become involved in the Tourism Learning Networks. There is a need to review the mix of programmes available and to consolidate education and training activity (i.e. future skills needs) and develop 'centres of excellence' in terms of training. The Institutes of Technology need to be more proactive in the provision of external consultancy and continuing professional development services and the strengthening of workplace practices in the local tourism sector.

Work needs to be done to understand the career path and achievements specifically of tourism and hospitality graduates through structured and routine tracking studies. A review is needed to determine the extent to which the projected number of new entrants identified in the HRDS (i.e. approx 6,000 annually to 2010) had materialised and to revise these projections if needed.

More generally, quality customer service is absolutely central to the competitiveness of the Irish tourism product, as an experience, and in terms of ensuring that customers see the Irish product as value for money. This needs to be supported through continuous staff development by management in tourism enterprises as well as State bodies. In that context, also, simply controlling staff costs through headcount reductions carries risks – unless staff are also redeployed in a way that protects front-line customer service.

2.8 Government Leadership

The Scope of Tourism Policy

Tourism policy has been clearly redefined in a series of policy statements, moving beyond its traditional domain within the specific Department responsible for tourism to encompass all areas of Government activity that impact in a significant way on tourism. This was clearly shown in the Government's response to the Tourism Policy Review Group's *New Horizons for Irish Tourism: an Agenda for Action.*

The broader concept of tourism development has been pursued bilaterally and through the Tourism Action Plan Implementation Group and the Tourism Strategy Implementation Group, and by the Department of Arts, Sport and Tourism and tourism agencies with a range of key external actors.

Through the Tourism Action Plan Implementation Group, the Tourism Strategy Implementation Group and through its close liaison with the tourism agencies and other relevant bodies, the Department of Arts, Sport and Tourism has generally been able to effectively leverage its internal resources to pursue the recommendations of *New Horizons.*

The Department of Arts, Sport and Tourism is also now represented at the National Competitiveness Council signifying the widespread acceptance of tourism as a key driver of national and regional development.

Fáilte Ireland and the Regional/subnational structure

A new Executive Team at Fáilte Ireland was brought together in 2003, was reconfigured in 2007 and has delivered both short-term annual business plans and a Corporate Strategy. A new Statement of Strategy has been prepared for 2008-2010, together with an Operations Plan for 2008 consistent with Government policy for the tourism sector.

The objectives of agreeing new regional structures for the discharge of Fáilte Ireland's functions and determining the appropriate relationships and arrangements at regional level has been accomplished with the integration of 5 of the 6 Regional Tourism Authorities into Fáilte Ireland in 2006. Each of Fáilte Ireland's Regions has three key areas of responsibility, namely:

- Organisation development and staff management
- Product and market development
- Enterprise development.

Working in partnership with the four Dublin local authorities, Fáilte Ireland reconfigured Dublin Tourism who launched a new identity and Strategic Plan in January 2008. There are new three-year Strategic Tourism Development Plans which act as the blueprint for the development of tourism in each region and which identify key projects and interventions over the coming years for all stakeholders, within the framework of the Fáilte Ireland Tourism Product Development Strategy and overall Government tourism strategy. Each plan also maps out the growth prospects of the industry, identifying best prospects for growth, and puts forward a set of targets for the performance of tourism in each region. The Shannon/Mid-West Plan is being completed at present.

Emerging Issues

There is increased scope for integration of tourism and broader enterprise policy in the context of the growing emphasis on internationally-traded services - tourism is perhaps our longest-established internationally competitive service industry – and also given the potential interactions between tourism and the knowledge economy. Many challenges facing tourism are similar to those facing services generally e.g. how to measure productivity; managing fixed and labour costs while adding value; availability of skilled labour; and creating innovation.

A particular challenge will be maintaining strong and effective working relationships, while ensuring continued best practice in corporate governance, during the decentralisation of the Department and, in the medium-term, of Fáilte Ireland, the Arts Council and the Irish Sports Council.

Given that arts, culture, film and sport are an integral part of our tourism offering, there is further scope to exploit synergies across the Department and bodies under its aegis. There are, for example, opportunities to enhance the role of the National Cultural Institutions as tourist attractions, e.g. through improved access to their collections and exhibits. Film, too, can complement tourism development. There are further opportunities to develop both arts and sport tourism building on successes to date.

The all-island dimension is particularly important in tourism and there is scope to build on this in the new institutional arrangements now in place. There is already substantial North/South cooperation through Tourism Ireland, with further opportunities to develop overseas marketing of the island and to examine other potential areas of tourism cooperation e.g. product development, statistics, environmental protection and human resource development.

2.9 Information, Intelligence and Research

The Research Advisory and Coordination Group, initially set up after publication of *New Horizons,* facilitated a number of measures in the area of research and statistics, including the research register compiled by Fáilte Ireland, improvements to statistics and the pilot Tourism Satellite Accounts project. The Group has been less active in recent years but, following the review of targets by TSIG, a number of further developments and issues have been identified which will require the Group to reconvene.

Fáilte Ireland has compiled a research register which is published on their corporate website www.failteireland.ie. It contains information and research from Fáilte Ireland, Tourism Ireland, NITB and the industry. The register is updated on an ongoing basis by Fáilte Ireland through internet searches and direct requests to organisations and associations, however many organisations have failed to respond to repeated requests. As a result the register is not as comprehensive as originally envisaged.

As a result of the First Steps pilot Tourism Satellite Accounts project, Fáilte Ireland published in 2005 the first Tourism Satellite Account for Ireland. The Tourism Satellite Account is a standard set of tables based on core data on tourism expenditure and the value of the activities of tourism-related businesses that provides a measure of tourism's economic significance. A Satellite Account is an extension to a System of National Accounts (SNA) which enables an understanding of the size and role of economic activity in a sector such as tourism which is usually hidden. The First Steps project also helped to identify gaps in the data currently collated.

Emerging Issues

CSO have made a number of improvements in this area since 2003, including the Quarterly Household Survey, and improvements in data collected using their Country of Residence Survey and Passenger Card Inquiry, as well as a pilot Tourism Satellite Accounts project. However, there are ongoing challenges in ensuring that tourism statistics are given the necessary priority given the competition for CSO resources from other sectors.

In the context of ever-increasing data requirements across Government, the case for tourism needs to be made at every opportunity. Sound data is essential to monitor sectoral and agency performance and also to shape effective policy.

The industry has acknowledged the need for more detailed and timely statistics and following discussion with CSO a revised programme has been discussed which would improve the quality of statistics available; the industry has a role in articulating the need to deliver on these proposals.

Information is valuable, and like most things of value, it has a cost. Ensuring that information is available that can inform tourism policy, as well as the activities of the tourism development and marketing agencies, will require the allocation of resources, both within the agencies but also in the Central Statistics Office.

Ongoing benchmarking of the Irish tourism product is required vis a vis our competitors. There is scope to strengthen the information base in the context of all-island marketing and approaches (e.g. on cross-border flows), including through pragmatic cross-border cooperation.

2.10 Implementation Arrangements

The Tourism Action Plan Implementation Group was set up following publication of *New Horizons* to give effect to this recommendation and oversaw follow-up to the report. After the conclusion of its two-year term, the Tourism Strategy Implementation Group was set up to continue oversight of the implementation of *New Horizons.* These Groups have provided a solid and effective basis for driving forward the recommendations of *New Horizons.* The strategy framework and action plan set out in *New Horizons* have been fully embraced within the strategies and operational plans of both Fáilte Ireland and Tourism Ireland and more widely across Government departments and agencies under the guidance of the Department of Arts, Sport and Tourism.

The Tourism Forum has been held regularly since 2004, providing a very useful opportunity for the industry and all those interested and engaged in tourism to exchange and inform each others' views.

3. New Emerging Issues

As well as the emerging issues as noted above (a number of which cross over one or more Drivers e.g. environmental and energy issues), there are other emerging issues which have arisen in recent years, which will influence tourism in Ireland in the medium to longer term, as set out below. However, the key emerging challenge in the short term is the national and global economic environment.

Short-Term Economic Trends

The broader economic context is illustrated by the latest economic forecasts for Ireland, Europe and the World.
The Central Bank of Ireland in April reduced its forecast for Irish GNP growth in 2008 from 2.5% to 1.9%, rising to 3.25% in 2009 - compared to an annual average of 6.5% from 1994-2007.
The European Commission's economic forecast projects GDP growth at 2.0% in 2008 and 1.8% in 2009 in the EU (1.7% and 1.5% for the Eurozone) - ½ percentage point lower than predicted in the autumn of 2007.
Global growth is projected by the International Monetary Fund in its April World Economic Outlook to slow to 3.7% in 2008, ½ percentage point lower than projected in January and 1¼ percentage points lower than growth in 2007. Moreover, growth is projected to remain broadly unchanged in 2009. The US is expected by the IMF to tip into mild recession in 2008 before staging a modest recovery in 2009.

The recent volatility in financial and commodity markets, combined with more negative expectations of growth and asset values, have had a particularly sharp effect on consumer confidence – which is a key influence on tourism and travel activity.

It is therefore perhaps the most challenging global economic environment for many years, and certainly the most difficult environment for Irish tourism since at least 2001.

These external conditions are also expected to create additional pressures on the public finances. At the same time, there is a need to ensure that the longer-term investment plans, set out in the National Development Plan 2007-2013, remain on track if tourism, like other sectors of the Irish economy, is to maintain competitiveness and continue to contribute to economic growth and ultimately the public finances. It is particularly important to ensure that the productivity-enhancing potential of all forms of investment are recognised – including training and marketing as well as product development.

Medium-Term Trends

<u>Ireland's international image</u>
Tourism is particularly vulnerable to short-term external health and security shocks. In that regard the image of Ireland as a stable and peaceful island is increasing on the back of the peace process. By the same token, tourism retains a key role in maintaining and enhancing Ireland's international image, in the context of economic, enterprise, innovation and foreign policy.

The perception and experience of Ireland as a place to visit, on holidays, on business or to learn, has direct bearing on how individuals and firms view its potential in other respects. In an increasingly globalised world in which more and more locations compete for investment, trade, skilled labour and influence, this should not be underestimated. This is paralleled by the development of cultural tourism, eco-tourism and sustainable products and niche products, e.g. business and educational tourism.

The Spatial Challenge

While Ireland's tourism performance has been impressive in recent years, it has not been uniform across the country with some regions and localities doing better than others. There is a particular challenge in improving the seasonal distribution of tourism while also seeking to improve geographical spread, as seasonality tends to be greater in less urban areas – reflecting the patterns of activities associated with urban and rural areas.

New prospects in North-South relations

The all-island dimension is particularly important in tourism. There is already substantial North/South cooperation through Tourism Ireland, with further opportunities to develop international marketing of the island and to examine other potential areas of tourism cooperation e.g. product development, statistics, environmental protection and human resource development. The re-establishment of the political institutions in 2007 presents an important opportunity to pursue these issues in a constructive fashion.

Diversity and the Irish Welcome

The increasing diversity of Ireland has been a significant boost to tourism development, widening and deepening the labour pool. However, further reflection is needed on how best to build on this diversity in a way that maximises its potential without generating unnecessary negative impacts on the uniqueness of the Irish experience or impinging on the Irish welcome.

Equally there is a need to ensure a balanced approach to migration issues in relation to both travel from overseas tourism markets and access to the Irish labour market for international workers. A related issue is ensuring a visa service for overseas visitors in line with best international practice.

4. Review of targets in *New Horizons for Irish Tourism* in light of performance to end 2006

4.1 Introduction

The Tourism Strategy Implementation Group was charged with reviewing, in 2007, the targets set out in *New Horizons for Irish Tourism* in light of the performance to end-2006. As well as targets for 2012, the end of the *New Horizons* timeframe, mid-term targets were set for 2006. These were the focus of the review carried out by the Group.
Strategic targets set in *New Horizons* included the following: -

- Overseas visitor numbers in total and by main market area;
- Overseas visitor revenue (total);
- Promotable overseas visitor numbers in total and by main market area;
- Regionality, i.e. proportion of overseas promotable visitors spending at least an overnight in the BMW region;
- Domestic holiday trips and revenue from domestic holiday trips.

All the targets in *New Horizons* were based on those figures for 2002 which were available at the time (i.e. 2003). The Central Statistics Office (CSO) subsequently provided revised baseline data for 2002 for Promotable Visitors and Domestic Holidays. Target numbers for overseas promotable visitors and for domestic holidays were re-calculated as a result, using the original target annual average growth rates – in effect, setting the same target in terms of growth effort. Revenue targets were set in 2002 prices. For comparison purposes the actual revenue to 2006 has been adjusted for inflation using the Consumer Price Index (CPI).

4.2 Summary of Performance

Summary of Performance against targets (based on revised CSO 2002 baseline)

	2002 Base	**2006 Target**	**2006 Actual**	**% Variance above+/below-target**
Overseas Visitor Revenue in real (deflated 2002) terms (€m)	3,088	3,835	3,381	-11.8%
Revenue in current terms (€m)	*3,088*	*n.a.*	*3,809*	*n.a*
No. of Visitors (m)				
Britain	3.5	4.1	3.8	-6.2%
Mainland Europe	1.4	1.7	2.3	+34.4%
North America	0.8	1.0	1.0	+1.9%
Other Areas	0.2	0.3	0.3	+9.5%
TOTAL	5.9	7.0	7.4	+5.3%
Promotable Visitors (m) [4]				
Britain	1.8	2.2	1.8	-14.6%
Mainland Europe	0.8	1.1	1.3	+21.9%
North America	0.6	0.7	0.7	-3.4%
Other Areas	0.1	0.2	0.2	+30.1%
TOTAL	3.4	4.1	4.0	-1.5%
% of all overseas visitors	*57%*	*58%*	*54%*	*-4.0*

[4] Percentage variance may not be apparent from the 2006 target and actual figures, as they are rounded for presentation purposes

	2002 Base	2006 Target	2006 Actual	% Variance from target
Promotable to BMW Region (000s)	1.0	1.3	1.2	} Broadly on target
BMW share (%) of Promotable	*30%*	*31%*	*30%*	
Domestic Holidays				
Revenue in real (deflated 2002) terms (€m)	502	596	775	+19.7%
Revenue in current terms (€m)	*502*	*n.a.*	*873*	*n.a.*
Numbers (m)	2.8	3.4	3.8	+13.1%

<u>Numbers</u>

Both overseas and domestic visitor numbers exceeded 2006 targets. Ireland has increased its market share in all markets, as trips to Ireland have grown faster than that market's total outbound trips to Europe. With the exception of 2003, Ireland grew at a higher rate than both Europe and the World each year from 2001 to 2006. We grew by +27.0% compared with World growth of 22.4% and European growth of 15.7%. Ireland therefore increased its share of World arrivals from 0.83% in 2001 to 0.88% in 2006, and of European arrivals from 1.45% to 1.62% over the same period.

Visitor numbers from Mainland Europe have grown by 63% since 2002; within this, emerging markets in Eastern Europe have grown by almost 300% while traditional tourist markets have grown by 34%. Compared with the annual growth target of +5.0%, Traditional European markets[5] grew at +8.1% per year and Emerging Markets grew at +60.7% - the latter is likely to be inflated by economic migration.
3.8 million British visitors came to Ireland in 2006, against a target of 4.1 million. This shortfall on the target was exacerbated by a decline in the average number of nights these visitors stayed in Ireland.

<u>Revenue</u>

The revenue target for domestic tourism was also exceeded, but revenue from overseas tourism did not achieve the mid-term target. *Per capita* spend declined year on year since 2002; *per diem* spend in constant 2002 terms has also declined. With the exception of Mainland Europe, revenue has grown at a slower rate than targeted, growing at half the targeted rate overall.

Per capita spend by North American tourists has dropped by 20% between 2000 and 2006, to which the falling dollar since 2002 has contributed. Average spend by tourists from other long haul markets declined by 22% since 2002, with a drop in average nights from 15.1 nights in 2002 to 12.4 nights in 2006.

Revenue growth in constant terms over 2002 to 2006 has been limited by four factors, two reflecting broad economy trends and two reflecting international travel trends:

- Ireland’s above average rate of inflation relative to source markets
- Falls relative to the euro in the value of the Dollar and Sterling – the currencies of 70% of visitors to Ireland

[5] Traditional Markets are: France, Germany, Italy, Netherlands, Spain, Portugal, Nordic Countries, Austria, Switzerland, Belgium / Luxembourg.

- A global trend towards shorter stays
- A global trend towards higher than average growth in Visiting Friends & Relatives

In real terms, Ireland in 2006 was 14% more expensive for British visitors, 34% more expensive for North American visitors and 4% more expensive for Mainland European visitors than in 2002. Globally, the UN World Tourism Organisation has noted that for the World and in Europe international tourist receipts have been lagging international tourist arrivals since 1997.

Domestic Holidays

Domestic holidays have comfortably exceeded the 2006 mid-term targets in respect of both numbers and revenue. Over the period 2002 to 2006, domestic holidays grew by almost 8% per annum while revenue in constant 2002 terms grew by 11.5% per annum. Growth in domestic holidays was due primarily to growth in short breaks of 1-3 nights.

Table 2: Domestic Holidays by length of stay

	2002	**2006**	**Av Growth % p.a.**
Total Holidays (000s)	2,819	3,827	+7.9
Total Revenue (€m)	501.6	774.4	+11.5
- Long Holidays (4+ nights)	*1,002*	*1,089*	*+2.1*
- Long Holiday Revenue (€m)	*260.6*	*334.0*	*+6.4*
- Short Holidays (1 – 3 nights)	*1,818*	*2,738*	*+10.8*
- Short Holiday Revenue (€m)	*241.0*	*440.4*	*+16.3*

4.3 Discussion and Review of Performance and Targets

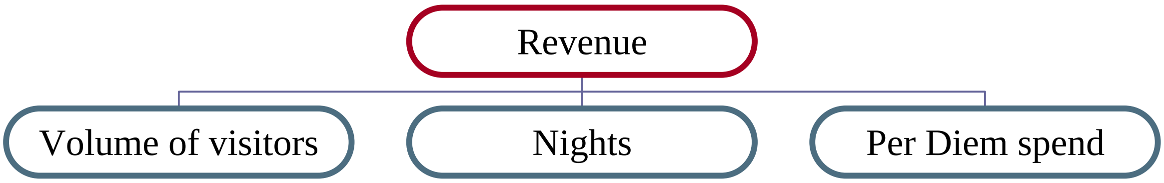
The *New Horizons* Report recognized that many outcomes would be out of line with targets because of changing and unforeseeable circumstances as well as the possible failure to implement all its recommendations within the ambitious timescales set. It was envisaged that targets would likely need to be adjusted. The Group noted that the original targets were based on a number of key assumptions in relation to wider actions to support the industry, a number of which were not achieved within the time frames recommended. The Group considered that the setting of targets is a policy matter. It noted that there are valid reasons to consider a review of the *New Horizons* targets, with specific follow-through actions to achieve any new targets.

Visitor numbers were generally in line with the mid-term targets set but Ireland's performance remains susceptible to international trends in travel and the wider economy. Compound growth of over 5% per year would be required between now and 2013 in order to reach the targets for that year. This would be difficult to achieve.

In terms of revenue, the Group noted that the original revenue targets as outlined in the *New Horizons* Report in 2003 were not now likely to be realised, given trends to date and the impact on overseas expenditure of higher Irish costs. Any new strategy for the industry will need to take these facts into account.
Whereas the domestic sector has achieved impressive growth rates over the past four years (in the context of broad domestic growth), it may be more difficult to maintain such growth with a rapidly slowing domestic economy, a trend of continuing growth in Irish resident trips abroad and possibly the legacy of the bad summer weather in 2007.

4.4 Measuring Tourism Performance: Approaches

Tourism revenue is the key measure of economic impact. However, revenue is a function of three elements – visitor numbers, visitor nights and per diem spend. The key measures of tourism performance can be illustrated as follows:



Revenue targets can be based on a number of strategies:
- Increase visitors numbers – revenue target can be achieved even if additional trips are shorter and lower yield;
- Increase visitor nights – targeting longer stays in order to increase visitor yield;
- Increase per diem spend – going for high yield tourists even though numbers or nights may not increase;

or a combination of the above.

In the context of the broad strategic approach to the development of tourism in Ireland, a comprehensive suite of targets for monitoring tourism performance could include:

Economic:	Overseas tourist revenue – numbers, nights, per diem spend Regional share of overseas tourist numbers and revenue Domestic tourist revenue – numbers, nights, per diem spend Regional share of domestic tourist numbers and revenue
Strategic:	Overseas promotable revenue – numbers, nights, per diem spend Regional share of overseas promotable numbers and revenue Domestic promotable revenue – numbers, nights, per diem spend Regional share of domestic promotable numbers and revenue

Benchmark: Ireland's market share of European tourist arrivals by main market area.

Ideally, targets should be based on CSO surveys due to the size and robustness of those surveys in general. CSO currently produce measures of overseas tourist numbers, revenue and nights by main market area, overseas holidaymaker numbers by main market area and holiday revenue and nights in total.

4.5 Future Data Needs

TSIG also discussed the availability of data from CSO and elsewhere, the scope and use of statistical information on tourism, and related issues such as the pilot Tourism Satellite Account (TSA) and the work of the Tourism Research Advisory and Coordination Group. The Group noted improvements that the CSO had made to collection of data on visitors to Ireland and also domestic tourism.

The Group have stressed the importance of sound, comprehensive and timely statistics on the numbers, activities and expenditure of tourists, both foreign and domestic, given the importance of tourism to the Irish economy.

Addressing all the needs would have resource implications and the CSO may not in every case be best positioned to address them on its own. However, given the importance of tourism to the Irish economy, there is a substantial case for commensurate resources to be dedicated to collection of the necessary data.

For that reason, the Group recommend and advocate strongly that the CSO, along with the tourism agencies, update the pilot Tourism Satellite Accounts at the earliest opportunity, and to develop databases and statistical models which support tourism policy-making and its implementation in a dynamic way. The availability of such data can help inform decision-making, at national and enterprise levels.

Some points noted included:

- The issue of economic migration and the impact that may be having on numbers;
- The importance of data on regional distribution of overseas tourists, including nights and revenue
- The desirability of details of activities engaged in by visitors, including sectors such as conference/business tourism, language study etc
- The need for greater details on revenue, nights and purpose of visit by country of residence, on a more regular and timely basis
- The usefulness of a survey of domestic same-day visits
- The need to better address the question of North-South cross-border tourist traffic, and the desirability of improved all-island approaches to data collection
- The need to better understand patterns of expenditure by tourists and if necessary to improve its measurement
- The usefulness of confidence intervals showing statistical robustness of data.

The 2007 Season

Trips to Ireland by Region – 2007

Area of Residence	2007	2006	YoY Change
Great Britain	4,031,900	4,059,800	-0.7%
Other Europe	2,590,400	2,280,700	+13.6%
North America	1,073,100	1,054,600	+1.8%
Other Areas	316,800	313,800	+1.0%
Total Visits to Ireland	**8,012,200**	**7,709,000**	**+3.9%**

2007 saw continued strong growth in European markets – including "Traditional markets" such as Germany (+5.7%), Italy (+5.6%), France (+11%), and Spain (+19.5%) as well as newer markets such as Poland (+32.3%).

While there was no growth from the British market, indications are that Ireland continued to hold or gain market share in a falling outbound market.

North American figures also fell short of targets in a more difficult economic climate than anticipated, but again Ireland appears to be gaining market share.

Domestic tourism continued to perform strongly in 2007. The latest available domestic tourism figures are for the third quarter of 2007 (Q3 2007). Total domestic trips increased by 10% to end-September 2007, reaching 6.01 million. Domestic expenditure increased by 10% in Q3 2007 from Q3 2006, to €594.6m; the total for Q1-Q3 was €1,223.2 million, up 16.8% from €1,047.7m for Q1-Q3 2006.

5. Mid-Term Review of *New Horizons for Irish Tourism: An Agenda for Action*

As part of its original terms of reference, TSIG was asked to make "recommendations on the scope and methodology for a mid-term review of the strategy which should be carried out in 2008 at the latest".

5.1 Overall Progress to date

The Group consider that the *New Horizons* strategy for the development of Irish tourism, published in 2003 and endorsed by the Government, has served its purpose well as a sound framework for tourism policy and also for operational strategies of the tourism agencies over the past five years. The Action Plan, set out as part of the *New Horizons* strategy, has been well advanced and implemented on almost every front – supported by a strong partnership approach to the implementation process between the Government and the tourism industry itself. The overall process has contributed strongly to the record levels of visitor numbers and spending that have been achieved.

A significant objective of the *New Horizons* strategy was to make tourism policy and its implementation the business of all Government Departments and agencies whose actions impact significantly on the development of tourism. Good progress has been made in achieving this objective and this progress provides stronger and more solid foundations for the future development of Irish tourism.

It is axiomatic in the rapidly changing world in which the business of tourism operates that the strategies, policy frameworks and associated actions plans put in place from time to time to support the development of the sector are subject to review at appropriate intervals, to reflect new and emerging market realities. These include changing characteristics and demands of actual and prospective customers of the Irish tourism product and the changing profiles of competing destinations. The time interval for such fundamental reviews should neither be so short as to create uncertainty and confusion in relation to the consistency and stability of policies, nor so long as to lead to policies becoming irrelevant to changing market conditions or to the stifling of fresh and innovative thinking in policy and in the associated follow-through actions.

TSIG consider that, in the light of the wide range of emerging issues which affect the development of Irish tourism as outlined throughout this report, that the time is now right for a significant review of the scope of the policies and actions that will drive the further development of Irish tourism in the years ahead.

As is evident from the content of this Report, the basic principles in *New Horizons*, of creating and maintaining a coordinated and multifaceted approach to tourism development, remain central. The following recommendations on the scope and methodology for such a review are made in that light.

5.2 Scope

While the Irish tourism industry and its external environment have undergone many and rapid changes since 2003, the Group considers that a review should be based on the Strategic Drivers identified in *New Horizons.* The fundamental approach of *New Horizons*, in creating and maintaining a coordinated and multifaceted approach to tourism, remains central. It should examine priorities, actions and targets in the light of

- o Changes in the international tourism and travel market, and their implications for Ireland
- o Performance of Irish tourism since 2003
- o The Irish tourism policy, operational and business environment

and in light of that review set out a Framework for Action, with a set of key actions following on the review, for the remainder of the period 2008-2012.

The review should seek to refresh the approach to tourism development within what is widely accepted as a sound policy framework. The review need not be comprehensive or start anew. Rather it should build on the work carried out to date (including the work of TAPIG and TSIG), while seeking to ensure that any recommendations made are robust in the light of anticipated developments over the remaining period to 2012.

5.3 Methodology

There are a number of possible approaches that may be adopted for the mid-term review. These include the following:

(a) An in-house Departmental policy review
While such a review could be done solely by Departmental staff, it would be good practice to also have the relevant agencies engaged - through, for example, a Steering Group - and also assisting in some of the development work. This option uses existing resources, but it does have implications in terms of "opportunity costs" for the time involved and hence the overall capacity of the Tourism Division.

(b) An expert Group
This approach was successfully adopted for the Tourism Policy Review Group, the Tourism Action Plan Implementation Group and the Tourism Strategy Implementation Group. As well as Departmental representation, such a Group could include the agencies (as in TSIG and TPRG) or exclude them (as in TAPIG). An expert Group would be expected to include appropriate industry representation. Experience of previous groups would indicate that there is value to having external expertise wider than tourism alone (e.g. economic, developmental or other). This approach would also need to draw on Departmental and agency resources – as well as the time, energy and commitment of its participants.

(c) Consultants
While either of the above options may require occasional consultant support for specific specialised tasks, another option would be for the review itself to be carried out by consultants – which would typically be steered by a group made up of Departmental and agency officials. This option would have resource implications in terms of time as well as funding, as consultants generally require significant support and oversight. The use of consultants also requires a formal procurement process. However, for a relatively limited task as envisaged, a restricted procedure could be used, inviting bids from a shortlist of respected and qualified candidates.

Taking account of the recommended scope and the experience to date, it is suggested that the preferred option should seek to draw on the most desirable elements of each of these approaches. For example, a Steering Group could be set up based on the existing TSIG model (i.e. ITIC, Department, Fáilte Ireland, Tourism Ireland), which could then seek bids for a tightly specified and limited review by consultants on the lines set out, with a clear and limited time frame and budget.

The benefits of independent expertise could be optimised by the Minister appointing an independent Chair (as well as the broad representation suggested) to the Steering Group – and further by actively seeking bids from experts with wider experience e.g. from international and world-class institutions.

APPENDIX A: Tourism Strategy Implementation Group - Terms of Reference

Having regard to the strategy for Irish tourism in the period 2003 to 2012 set out in New Horizons for Irish Tourism: An Agenda for Action (September 2003) and building on the progress made over the past two years under the auspices of the Tourism Action Plan Implementation Group (TAPIG) in implementing the major recommendations in the Action Plan, the Government with the support of the tourism sector has decided to set up a Working Group to oversee the continuing strategic development of the sector. Its remit will include:

- addressing the implementation of the outstanding elements of the strategy set out in New Horizons for Irish Tourism: An Agenda for Action on a partnership basis;
- reviewing, in 2007, the targets set out in New Horizons for Irish Tourism in light of the performance to end 2006;
- making recommendations on the scope and methodology for a mid-term review of the strategy which should be carried out in 2008 at the latest – its timing to be kept under review;
- discussing with lead actors their operational plans for, and commitment to, the implementation of actions falling within their remit including the identification of effectiveness indicators against which performance will be measured;
- highlighting constraints to progress and identifying appropriate action to address them;
- convening each year an Annual Forum representative of all those involved in the tourism sector to present reports on the main issues influencing the development of the sector and to obtain feedback from the participants;
- Monitoring progress on the preparation of the National Development Plan 2007-2013 and its contribution to tourism development.

The Members of the Implementation Group are:

- John Travers (Chair), Chairman Tourism Policy Review Group, founding Chairman of the National Tourism Development Authority (Interim Board) and Founding CEO Forfás and Science Foundation Ireland
- Dan Flinter: Founding CEO, Enterprise Ireland
- Con Haugh: Secretary General, Department of Arts, Sport and Tourism
- Margaret Jeffares: Managing Director, Good Food Ireland
- Nancy Moran: Moran's Seaside Farmhouse, Caherdaniel, Co Kerry (Resigned September 2007)
- Luke Moriarty: Chairman of the Moriarty Group
- Paul O'Toole: CEO Tourism Ireland
- Shaun Quinn: CEO Fáilte Ireland
- Paul Tansey: Economic Consultant

Eamonn McKeon, CEO, Irish Tourist Industry Confederation (ITIC) also attends as an observer.

APPENDIX B: Projects approved under the 2000-2006 TPDS

Tourism Product Development Scheme / Projects Approved 2002–2007

TPDS 2000 - 2006 S&E REGION	COUNTY	ELIGIBLE COST €	GRANT TOTAL €	GRANT RATE %	GRANT PAID AT 31/12/07
Beara Breifne Greenway (S&E+BMW)	Various	2,543,963	814,068	32%	497,624
Burren Craft Learning Centre (S)	Clare	778,234	256,817	33%	*256,497*
Cliffs of Moher	Clare	19,975,175	9,987,587	50%	8,539,187
Coillte - Forest Recreation Project	Various	3,174,327	1,508,695	48%	418,479
Dingle Oceanworld	Kerry	1,209,440	435,398	36%	402,957
Ducketts Grove House & Gardens	Carlow	561,000	280,500	50%	132,185
Environment Protection of the Burren	Clare	1,205,500	602,750	50%	0
Kerry & Dingle Ways Upgrading	Kerry	150,000	75,000	50%	36,591
Kerry Walking Routes Upgrading	Kerry	500,000	250,000	50%	0
Kippure Outdoor Pursuits	Wicklow	680,700	190,596	28%	0
Lough Derg International Waterpark	Tipperary	1,921,000	960,500	50%	0
Lough Gur	Limerick	157,904	78,952	50%	0
Mizen Head Visitor Centre	Cork	587,300	211,428	36%	184,030
Mount Juliet Equestrian Centre	Kilkenny	1,422,696	284,539	20%	0
Mount Leinster Amenity Area	Carlow	148,000	74,000	50%	0
N Kerry Arts / Tintean (S)	Kerry	1,419,606	709,803	50%	*706,333*
Rejuvenation ("Parade") Kilkenny City	Kilkenny	2,536,000	1,268,000	50%	0
Rothe House	Kilkenny	482,000	241,000	50%	60,590
Rural Cork Cycling	Cork	247,000	123,500	50%	0
Shannon Region - Walking Upgrading	Shannon	160,000	80,000	50%	45,478
Sheeps Head Way Extension-Upgrade	Cork	489,094	244,547	50%	154,712
St. Mullins Parking & Amenity Area	Carlow	148,000	74,000	50%	0
Tralee Bay Car Park-Bird Observatory	Kerry	136,326	68,163	50%	0
Tramore Eastern Seascape Project	Waterford	181,500	90,750	50%	0
Wexford Tourist Office	Wexford	495,000	247,500	50%	139,370
Wicklow Mountain Ways Network	Wicklow	235,000	117,500	50%	89,360
Woodstock Gardens	Kilkenny	1,039,586	519,793	50%	257,689
TOTAL		**42,584,351**	**19,795,386**		**11,921,082**

Note: The grant paid amounts in italics indicate projects which are fully complete with all grant monies paid to the promoters.

Tourism Product Development Scheme / Projects Approved 2002–2007

NB: Grant Paid in italics indicates projects fully complete with all grant monies paid to promoters.

TPDS 2000 - 2006 BMW REGION	COUNTY	ELIGIBLE COST €	GRANT TOTAL €	GRANT RATE %	GRANT PAID AT 31/12/07
10° West Watersports Centre	Mayo	340,000	187,000	55%	*187,000*
Achill Island Leisure Limited	Mayo	237,381	94,952	40%	*92,920*
Achill Yawl & Sealife Centre	Mayo	275,000	206,250	75%	0
Arigna Energy Valley Project	Roscommon	134,140	100,605	75%	35,663
Ballybay Wetlands Centre	Monaghan	1,270,353	952,765	75%	731,702
Battle of The Boyne Way	Louth	402,471	301,853	75%	0
Beara Breifne Greenway (S&E+BMW)	Various	439,716	238,621	54%	0
Breaffy Sport & Excellence Centre	Mayo	3,347,182	1,171,796	35%	1,053,587
Castle Leslie Equestrian Centre	Monaghan	1,975,992	987,996	50%	775,004
Castlepark Equestrian	Galway	272,490	108,996	40%	*105,330*
Cavan Equestrian	Cavan	2,862,359	1,144,944	40%	0
Coillte - Forest Recreation Project	Various	2,317,579	1,718,327	74%	503,516
Connemara Heritage/History Centre	Galway	1,330,000	731,500	55%	486,044
Culturlann Cois Locha	Donegal	1,614,497	913,483	57%	856,676
Days Hotel Health Leisure, Inishbofin	Galway	1,130,511	553,950	49%	276.975
Donegal Adventure Centre	Donegal	190,299	65,000	34%	51,563
Donegal TIO	Donegal	744,559	558,419	75%	0
Foxford Woollen Mills	Mayo	454,400	334,800	74%	109,415
Galway East 'Wayfinding' Project	Galway	87,421	65,566	75%	0
Gateway to Discovery (King House)	Roscommon	185,175	138,881	75%	107,507
Glencolmcille Adventure Centre	Donegal	275,000	100,000	36%	0
Hodson Bay Aquatic Centre	Roscommon	1,890,826	1,418,120	75%	0
Hodson Bay Sailing School	Roscommon	962,833	722,125	75%	0
Joyce Country Mount Gable Walk	Galway	358,213	160,695	45%	78,326
Killary Adventure Centre	Galway	297,245	117,798	40%	*109,251*
Knockranny House Health & Spa Fac	Mayo	1,337,388	267,477	20%	*215,742*
Lakeside Centre, Assaroe	Donegal	157,990	118,493	75%	110,565
Lough Key Forest Park	Roscommon	8,720,067	6,540,050	75%	5,373,349
Markree Castle Riding Stables	Sligo	565,378	226,151	40%	68,804
Mevagh Diving Centre	Donegal	466,325	256,479	55%	*256,028*
Ravensdale Lodge Phase I	Louth	1,103,869	607,128	55%	*607,128*
Ravensdale Lodge Phase II	Louth	640,971	352,534	55%	0
Carrick Riverside Amenity	Leitrim	533,333	400,000	75%	0
Shandon Hotel Marine Therapy	Donegal	1,487,492	594,997	40%	*594,997*
Silverline Cruisers - Marina Base (S)	Offaly	158,300	87,065	55%	0
Sliabh Bloom Way & Offaly Way	Offaly	395,256	296,442	75%	157,902
Slieve Aughty Riding Centre	Galway	285,500	91,943	32%	*90,050*
Temple Health Spa, Moate	Westmeath	1,499,091	734,556	49%	*734,556*
The Old Lough Veagh Boat House	Donegal	735,881	551,911	75%	*551,911*
Turbet Island Enhancement Scheme	Cavan	180,000	135,000	75%	0
Slieve Bloom & Lough Boora Amenity	Offaly/Laois	240,000	180,000	75%	0
Enniscrone Waterpoint	Sligo	1,935,435	1,451,576	75%	0
Westport Woods Hotel Health Spa	Mayo	334,000	66,800	20%	*40,399*
Yeats Country Health Spa, Sligo	Sligo	419,314	83,863	20%	*82,734*
TOTAL		**44,591,232**	**26,136,907**		**14,444,644**

APPENDIX C: Tourism Product Development Programme 2007-2013, Approved projects Jan '08

Project Name	Project County
1ST ROUND	
Achill Hub Cycle Route	Co. Mayo
Westport Hub Cycle Route	Co. Mayo
Facilities Improvement at Carrowmore Strand, Louisburgh	Co. Mayo
Facilities Improvement at Dooega Beach, Achill	Co. Mayo
Facilities Improvement at Ross Beach, Killala	Co. Mayo
Blackhead Angling Facilities	Co. Clare
Recreation Trail Dev, Environment Man & Heritage Routes & Signage 2007	Co. Limerick
Mullingar - Category One Cycling Hub Town	Co. Westmeath
Blackwater Valley Loop Walks Project - Hillery	Co. Cork
Blackwater Valley Loop Walks Project - Blackwater Valley	Co. Cork
Blackwater Valley Loop Walks Project - Blackwater Valley Railway	Co. Cork
Mullaghareirk Loop	Co. Cork
Reenascreena Loop	Co. Cork
Dunmore East Beach and Tourism Amenity Development	Co. Waterford
Strandhill Visitor Management Project	Co. Sligo
Rosses Point Promenade Enhancement Project (Phase 1)	Co. Sligo
Drumcliffe Visitor Management Project (Phase 1)	Co. Sligo
Doorly Park Looped Cycle/Walking Route Project	Co. Sligo
County Galway Blue Flag Beaches (5 beaches)	Co. Galway
Kilronin Pier	Co. Galway
Lough Derg International Waterpark	Co. Galway
Bray-Greystones Cliff Walk Improvements	Co. Wicklow
The Táin Looped Walks & Enhancement Works	Co. Louth
Meath//Trim/The Bog/Drewstown/Ramparts Heritage Walking Route - Drewstown	Co. Meath
Meath/Trim/The Bog/Ramparts Heritage Walking Route - Ramparts Navan	Co. Meath
Meath//Trim/The Bog/Ramparts Heritage Walking Route- Trim	Co. Meath
Carlow Gardens Heritage Trail/Carlow Town Heritage Trail/Browneshill Dolmen	Co. Carlow
Infrastructure Enhancement Oak Park Forest Park	Co. Carlow
Canal Walk & Annagh Woods, Ballyconnell	Co. Cavan
Killeshanda Looped Walk	Co. Cavan
Killycramph, Cootehill	Co. Cavan
Burren Loops, Blacklion	Co. Cavan
Castle Lake Walks, Bailieborough	Co. Cavan
Swanlinbar Looped Walks	Co. Cavan
River Nore Linear Park-Walkway and Cycleway. Phase 1a	Co. Kilkenny
Comprehensive Signposting Project-Slieve Bloom Mountains - Laois/Offaly	Co. Laois
Fingal Way incorporating Two Coastal Walks, One Pilot Beach Management Project and one Looped Walking Route	Co. Dublin
Limerick City Riverside Strategy-Clancy Strand Upgrade and Creation of Curragour Riverside Park	Co. Limerick

River Lee Walk and Cycle Way, Tralee	Co. Kerry
Lough Doire Bhile - Loop Walk, Angling and Heritage	Co. Tipperary
Gweebarra angling	Co. Donegal
Development Proposals Fishing Eske & Owenea	Co. Donegal
Ballyshannon	Co. Donegal
Inch Lake Woodland Mgt - Environment	Co. Donegal
Donegal Interpretative Infrastructure Project - environment	Co. Donegal
Island Looped Walks	Co. Donegal
Shrove Looped Walk	Co. Donegal
Sliabh League	Co. Donegal
Inishowen Coastal Walk	Co. Donegal
Donegal Pilot Beach Management I	Co. Donegal

2ND ROUND

Kerry Sea Angling Information Boards	Co. Kerry
Lough Kilbrean Angling Programme	Co. Kerry
Waterville Angling Programme	Co. Kerry
River Laune Angling Programme	Co. Kerry
Kerry County Beach Development & Management Project	Co. Kerry
Lough Derg and East Clare lakes	Co. Clare
Lough Derg International Waterpark-Twomilegate Recreation Site	Co. Clare
Athlone-Centre of Angling Excellence	Co. Westmeath
West Cork Coastal Walkway Project	Co. Cork
Inchydoney Beach Management Project	Co. Cork
Angling Infrastructure Programme - sea angling info boards	Co. Cork
Iniscarra Lake Angling	Co. Cork
Lough Aderra Angling	Co. Cork
Ballyhoura Walks	Co. Cork
Sheeps Head	Co. Cork
Leitrim - Cloonecorrick Lake Carrigalen - angling	Co. Leitrim
Leitrim - Cloone River - angling	Co. Leitrim
Leitrim - Lough Roane - angling	Co. Leitrim
Leitrim - Lough Allen Lower - angling	Co. Leitrim
Leitrim - Mudflats Carrick - angling	Co. Leitrim
Leitrim - Lough Allen - angling	Co. Leitrim
Leitrim - Leitrim Amenity Improvements	Co. Leitrim
Leitrim - Glencar Waterfall	Co. Leitrim
Restoration of Leixlip Spa & Waterfall	Co. Kildare
Western Way Walking Route Rerouting	Co. Galway
Monaghan - Drumsnat - angling	Co. Monaghan
Monaghan - Coravoo - angling	Co. Monaghan
Clontibert Envir	Co. Monaghan
Monaghan - Walking - Eshmore	Co. Monaghan
Monaghan - Gortnawinney	Co. Monaghan
Monaghan - Carrickmacross	Co. Monaghan
Monaghan - Drumnat Lake - angling	Co. Monaghan
Monaghan - River Finn - angling	Co. Monaghan

Monaghan - Patrick Kavanagh	Co. Monaghan
Monaghan - Clones Heritage	Co. Monaghan
Monaghan Town Heritage	Co. Monaghan
Loch Muckno Envir	Co. Monaghan
Church Lake, Lough Gowna	Co. Cavan
Corfree, Lough Gowna	Co. Cavan
Development of Canal Walkway and associated signage and info boards	Co. Longford
Suck Valley Way Looped Walk	Co. Roscommon
Disabled Toilet Facilities at Disabled angling stands	Co. Roscommon
Carparking / Access improvements specifically for angling	Co. Roscommon

BALANCE

Lakes of Mayo Access for Anglers Development (at Moore Hall)	Co. Mayo
Lakes of Mayo Access for Anglers Development (at Pontoon)	Co. Mayo
Lakes of Mayo Access for Anglers Development (at Carheen)	Co. Mayo
Lakes of Mayo Access for Anglers Development (at Terrybaun)	Co. Mayo
Lislaughera Pier Development	Co. Mayo
Gortnorabbey Harbour Improvements	Co. Mayo
Carrantuohill Access	Co. Kerry
Killarney Cycling Hub	Co. Kerry
Killarney National Park Looped Walk	Co. Kerry
Extension of Angling Facilities for disabled anglers at Loch an Dochais	Co. Offaly
Lough Boora Parklands Improvement facilities and landscaping	Co. Offaly
Angling Facilities Development Mulcair River	Co. Tipperary
Angling Facilities Development Nenagh River	Co. Tipperary
Angling Facilities Development Nenagh River - Dromineer	Co. Tipperary
Angling Facilities Development Lough Derg - Terryglass	Co. Tipperary
Terryglass Amenity Area	Co. Tipperary
The Lookout Amenity Area	Co. Tipperary
Derrycahill Bridge Angling Access Project	Co. Galway
Clifden Cycle Hub and Looped Routes	Co. Galway
Galway City Canal Walkway	Co. Galway
Laragh Glendaluogh Cycle Hub in Wicklow	Co. Wicklow
Cuillaghan Lakeshore, Ballyconnell	Co. Cavan
Cloone Shore, Lough Gowna	Co. Cavan
Derries Lake, Lough Gowna	Co. Cavan
Inishmuck Lake, Lough Oughter Milltown	Co. Cavan
Lough Oughter, Dreamfield, Killeshandra	Co. Cavan
Derries Lower, Lough Oughter, Killeshandra	Co. Cavan
Killybandrick Lake	Co. Cavan
Skibbereen Cycling Hub Project	Co. Cork
Mallow Town Loop Walk	Co. Cork
Coastal Path (Sli Charman) Rosslare to Ballyhack	Co. Wexford
Wexford Cycle Routes	Co. Wexford
Curracloe Beach Management Plan	Co. Wexford
Provision of Visual Tourism	Co. Leitrim
Jamestown Arch	Co. Leitrim

Star Fort Manorhamilton	Co. Leitrim
Heritage Trails & Signage	Co. Leitrim

ADDITIONAL PROJECTS - APPROVED END NOV	
Local Visitor Management Scheme – Dromleigh South	Cork
Bantry Coastal Walk – Old Railway Pier to Cove, Reenrour	Cork
Kerry Beach Management	Kerry
Tipperary Heritage Trail	Tipperary South
Kilmore Quay Angling Facilities	Wexford
Strandhill Visitor Management Project	Sligo
Doorly Park Looped Cycle / Walkway	Sligo
Coillte Wicklow Way Looped Walks – Cruagh Area	Wicklow
Coillte Wicklow Way Looped Walks – Pine forest Tibradden	Wicklow
Coillte Wicklow Way Looped Walks – Wicklow Way Kilmashogue	Wicklow