



9 key policies

needed to safeguard Ireland's tourism industry

Ireland's tourism and hospitality industry has been disproportionately impacted by the Covid-19 pandemic. It took an 85% hit in revenue last year with the loss of a staggering 160,000 jobs. With businesses in the sector continuing to be shut for public health reasons for at least the first few months of 2021, Government support is critically needed to ensure the essential fabric of Ireland's tourism industry is preserved. Recovery will commence in the latter half of 2021 but only if the following policies are delivered for Ireland's largest indigenous industry and biggest regional employer:

<p>Urgent roll-out of vaccination programme and publication of key milestones</p> <p>1</p>	<p>Double Covid Restrictions Support Scheme and extend to all tourism businesses with removal of current cap</p> <p>2</p>	<p>Extend Employment Wage Subsidy Scheme at current levels for the rest of 2021</p> <p>3</p>
<p>Double tourism budgets including business continuity grants, marketing funds and upskilling programmes</p> <p>4</p>	<p>Relaunch and redesign of Stay & Spend Scheme as a consumer-friendly voucher to encourage Irish people to holiday at home in 2021</p> <p>5</p>	<p>Extend waiver on local authority rates for all of 2021</p> <p>6</p>
<p>Replace current PCR testing regime with a cost-effective, rapid and scalable testing regime for international travel and to enable events</p> <p>7</p>	<p>Continue Vat at 9% with no review until 2025</p> <p>8</p>	<p>Secure 6 month moratorium on bank loans for businesses and mortgages for tourism employees</p> <p>9</p>

A little more detail on each policy:

1. The vaccine breakthrough was the positive news at the end of last year and the **vaccination programme needs to be rolled out urgently, effectively and speedily**. There is significant frustration within the industry that Ireland seems to be slower than other countries in this regard. Only with comprehensive vaccination can the tourism and hospitality industry reopen fully and begin trading again. Every week that there is a delay is another week that businesses risk going under.
2. The current **CRSS scheme** is good in principle but flawed in practice with reports showing the scheme costing the state significantly less than envisaged. Too many businesses, including a significant proportion within the tourism and hospitality industry, are not able to draw down the support. The criteria for CRSS needs to be relaxed for tourism and hospitality enterprises with the 10% calculation of weekly turnover doubled to 20% and the €5,000 cap removed. The scheme should be made eligible to all tourism and hospitality businesses that see their turnover down 75% as a result of Covid restrictions. No other caveats or conditions should apply. Furthermore, certain tax paying tourism sectors – including tour operators, boat rental businesses, visitor attractions, conference organisers, outdoor activity providers, and caravan and camping operators amongst others – are being denied access to the scheme and this needs to change as these sectors are key tourism assets that the country will need in a post-Covid world.

3. The **Employment Wage Subsidy Scheme** has proven a key measure for tourism businesses since the onset of the pandemic but, based on negligible demand in the coming months, it needs to be extended at current levels for the sector for the rest of 2021. Tourism is an extremely labour-intensive sector, with a significant regional bias, and people are vital to the industry and everything must be done to keep employees linked to their employers.
4. The announcement in Budget 2021 of €55 million for tourism business grants was welcome however it needs to be distributed urgently to businesses throughout the country. Furthermore, such is the scale of the crisis and the devastating impact of the current lockdown, that the fund needs to be increased. €100 million was quickly found for food producers at the end of December as a result of Brexit distribution challenges with applications to open at the end of this month - equally the tourism industry is facing its own massive challenges so funding needs to be ramped up above current levels with a speedy distribution to vulnerable businesses. **Tourism budgets should be doubled to include business continuity grants, upskilling supports, and international marketing funds**, the latter vital to allow Ireland to compete on the global stage once the pandemic has passed.
5. The **Stay & Spend Scheme** – launched as part of last year’s July stimulus package – was flawed from the outset and was an unnecessarily complicated tax rebate. Even before the current Level 5 draw-down was negligible with Revenue Commissioners confirming last month a take-up of just 0.2% of original projections. The current restrictions - allied to the poor design – mean that the scheme needs to be relaunched as a consumer-friendly upfront voucher for every household redeemable against any tourism and hospitality businesses, as opposed to just accommodation and food. Evidently the voucher needs to be extended to the end of the year rather than the scheme’s current end date of April 30th.
6. The **waiver on commercial rates** introduced last year was an important measure to allow industry retain cash within their business. This now needs to be extended for the tourism and hospitality industry for all of 2021. With demand set to be very low for the rest of the year, additional cost must not be charged to business by the state.
7. With 75% of the Irish tourism economy dependent on international visitation there is a fundamental necessity to restart international inbound access in a safe and sensible manner. The current PCR test requirement allied to the quarantine period effectively means there is a closed sign above the country for holiday visitors. As an island nation we are exclusively dependent on air and sea access. ITIC has been of the view for some time now that a **multi-lateral cost-effective, rapid and scaleable testing regime** should replace the PCR tests – as used elsewhere in Europe – and these should be deployed so that flights and ferries can resume and domestic events and functions can take place safely.
8. The **reduction in Vat to 9%** for tourism services was important as it puts Ireland back on a competitive footing with our European peers. However the ending of the measure in December 2021 is nonsensical and this tax policy needs to be continued until 2025 to allow the industry to recover over this period of time. Furthermore, there are a number of Vat anomalies within the tourism industry that need to be addressed – the 9% rate should be applicable to all tourism and hospitality businesses including purpose-built convention centres and boat rental operators amongst others.
9. At this critical time keeping business afloat is the priority and a **moratorium on bank loans needs to be re-introduced** to support business cash-flow. Vulnerable but viable businesses need to be supported in 2021. Furthermore, it is becoming increasingly apparent that employees of tourism and hospitality businesses are being viewed by financial institutions as high risk in relation to loans and mortgages. This is causing further unnecessary stress to our most valuable asset in tourism, ‘our people’, and will cause an even greater exodus of vitally important skills. Banks should therefore also be asked to provide moratoriums to individuals employed in the tourism sector, assuming good credit ratings prior to Covid.

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