

July 2020

itjc

Tourism

Industry Revival Plan

The Irish Tourism Industry Confederation's
response to Covid-19 and a roadmap
to recovery



Index

| | |
|--|-----------|
| Rescuing, stabilising and growing Irish tourism | 2 |
| An industry perspective on what needs to happen now and in the near future | |
| The impact of the Covid-19 pandemic on Irish tourism | 4 |
| Urgent and immediate steps needed to prevent sector from collapse | |
| Immediate measures needed | 8 |
| External factors at play | 9 |
| Growth scenarios 2021-2025 | 10 |
| Size of the prize | 11 |
| Summary of recommendations | 12 |
| Stimulating demand for Irish tourism | 14 |
| An industry perspective on market recovery | |
| Re-establishing Ireland's connectivity | 16 |
| The crucial importance of restoring aviation for an island nation | |
| A competitive tourism economy | 18 |
| Given a level playing field, how Irish tourism can recover | |
| Delivering a motivated and skilled workforce | 20 |
| Personnel are core to the success of Irish tourism | |
| Securing appropriate exchequer funding | 22 |
| Supporting a sector that gives a significant return on investment | |
| Ensuring concerted Government focus | 24 |
| Ensuring tourism as an economic engine for growth | |

Rescuing, stabilising and growing Irish tourism

An industry perspective on what needs to happen now and in the near future.

With 75% of Ireland's tourism economy based on international visitation, and little realistically expected in 2020, the rest of this calendar year is set to be desperately fallow.

2020 was supposed to be a year of steady growth for Irish tourism, the country's largest indigenous industry and biggest regional employer. The previous year had seen a record number of international visitors at just under 10 million and the industry – when including overseas visitor expenditure, domestic market spend, and fares paid to Irish carriers – was worth €9.3 billion to the economy. The tourism and hospitality industry employed a remarkable 265,000 people up and down the country, 1 in 9 jobs nationwide.

ITIC estimate that the cost of Covid-19 to Irish tourism will amount to €6.9 billion in 2019.

And then Covid-19 hit

A public health issue first and foremost, Covid-19 presents shattering economic challenges to Ireland and the country's tourism and hospitality industry was hit quickest and hardest. Shut for 4 months since mid-March and then opening by degrees – with social distancing rules in place – Ireland's air and sea carriers, hotel and accommodation providers, attractions, tour operators, restaurants, vintners and many others face a challenge like no other.

With 75% of Ireland's tourism economy based on international visitation, and little realistically expected in 2020, the rest of this calendar year is set to be desperately fallow.

ITIC estimate that the cost of Covid-19 to Irish tourism will amount to €6.9 billion in 2019. Such an existential challenge to Ireland's tourism sector requires a comprehensive strategy in order to recover, rebuild and renew. The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality stakeholders across the public and private sectors, sets out this roadmap for the future. *Tourism: An Industry Revival Plan* outlines 3 distinct scenarios for Irish tourism in the years ahead, the best of which shows a recovery to 2019 levels by 2023 / 2024. However, this is predicated on the 45 policy recommendations within this strategy being implemented in full including stimulating domestic and international demand, enhancing access to the country, delivering a competitive tourism economy, motivating a skilled workforce, securing appropriate exchequer funding for the sector, and ensuring concerted and focussed Government support.

Without the recommendations as outlined being enacted, the coming years for Irish tourism will be far tougher than they need be with less growth, fewer jobs, and lower exchequer returns. That is the choice now facing the country. To act and intervene will allow Irish tourism to recover. To be passive and inert will lead to job losses, company closures and regional damage.

The size of the prize is significant. If Irish tourism is to recover and hit the optimistic numbers in 2025 – as per pages 10 and 11 which ITIC believes possible – then an additional €9.5 billion in revenue will have been generated in the intervening years compared to the pessimistic scenario. This equates to additional tax revenue to the exchequer of €2.19 billion during this period and over 320,000 people employed in the sector.

In a volatile world a number of external factors need to go in Irish tourism's favour for the industry to rebound from this immense challenge. This includes a Brexit deal at some level being negotiated, the world economy not falling into a global depression, and of course strict containment of Covid-19 infections. Tourism in Ireland has always been a collaborative sector and this has proven stronger than ever since the onset of the pandemic with industry and tourism agencies working closely with Department officials to chart a way out of this crisis.

Like every nation in the world the Irish economy has been put in deep freeze since the advent of the global pandemic that is Covid-19. But now is the time to get the economy moving again subject to assuaging public health concerns. Immediate tourism sector specific supports are required including a suite of grants and enterprise supports to help business survive this immediate crisis.

This *Tourism Industry Revival Plan* has been developed with the assistance of Tourism & Transport Consult (TTC) and sets out to influence policies, set agendas, and create priorities for tourism for the coming years. Industry-led, Government-enabled, and Agency-supported, Irish tourism can recover from this devastating period and once again prosper for the benefit of business, employment, the exchequer, and the social fabric of the country.

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Irish tourism can recover from this devastating period and once again prosper for the benefit of business, employment, the exchequer, and the social fabric of the country.



Eoghan O'Mara Walsh
CEO on behalf of ITIC
Board and Council

The impact of the Covid-19 pandemic on Irish tourism

Urgent and immediate steps needed to prevent sector from collapse.

Tourism: the hardest hit sector of the economy

Covid-19 has hit the tourism industry harder than any other sector of the economy and is likely to be one of the more challenging to recover in full. Following a total Government-enforced shutdown since mid-March 2020, aggregate tourism earnings are expected to be down by at least 75% this year, a massive €7 billion shortfall. Ireland's inbound tourism collapse this year represents a loss of €27 million per day to the Irish economy over the summer months.

The pandemic has devastated Ireland's largest regional employer with at least 90% of the 265,000 supported jobs in the sector currently on temporary layoff. The 20,000 businesses in the sector, predominantly SMEs, have been decimated, with many facing imminent risk of permanent closure, resulting in job losses and a diminished tourism offering for domestic and international visitors.

Research findings as of June 2020 show:

- Over 90% of businesses are closed;
- Almost half have let all employees go, at least temporarily;
- Three out of five intend to re-open at least for the summer months;
- PUP and TWSS are the most availed of Government's current supports for the sector.

Source: Fáilte Ireland Covid-19 BusinessSurvey (Wave 1)

The pandemic has devastated Ireland's largest regional employer with at least 90% of the 265,000 supported jobs in the sector currently on temporary layoff.

| | 2019 | Projected 2020 outcome |
|-------------------------|----------------|------------------------|
| Overseas visitors | €5.1 bn | €1.0 bn |
| Fares to Irish carriers | €1.8 bn | €0.3 bn |
| Domestic visits | €2.0 bn | €0.9 m |
| N. Ireland visits | €0.4 bn | €0.2 bn |
| Total | €9.3 bn | €2.4 bn |

Sources: CSO, Fáilte Ireland & ITIC estimates for 2020

While the lifting of domestic travel restrictions and the reopening of many tourist businesses from June 29th is welcome, the loss of almost 8 million overseas visitors this year is being felt throughout every county by food producers, transport operators, restaurant, bar, airport and visitor attraction staff, together with downstream service providers and suppliers. Many businesses focused on catering to the international tourist market will not re-open this year, with most not expecting any return of international tourists before Q2 2021 at the earliest.

Tourism and hospitality, amongst the last sectors of the economy to re-open, is facing a most challenging and uncertain future.

A global tourism shutdown

While the pandemic is foremost a public health and human tragedy with significant global economic, social, behavioural and environmental impacts, it has brought international travel to a halt for the first time in history.

The global impact of Covid-19 has far surpassed the downturn from previous external shocks including 9/11 and the 2008 global financial crisis combined. Worldwide international tourism is forecast to contract by up to 80% compared to 2019 according to the UNWTO – the steepest decline in the history of tourism. The International Air Transport Association (IATA) reports that airlines are expected to lose \$84.3 billion in 2020 with Europe experiencing the sharpest fall in demand.

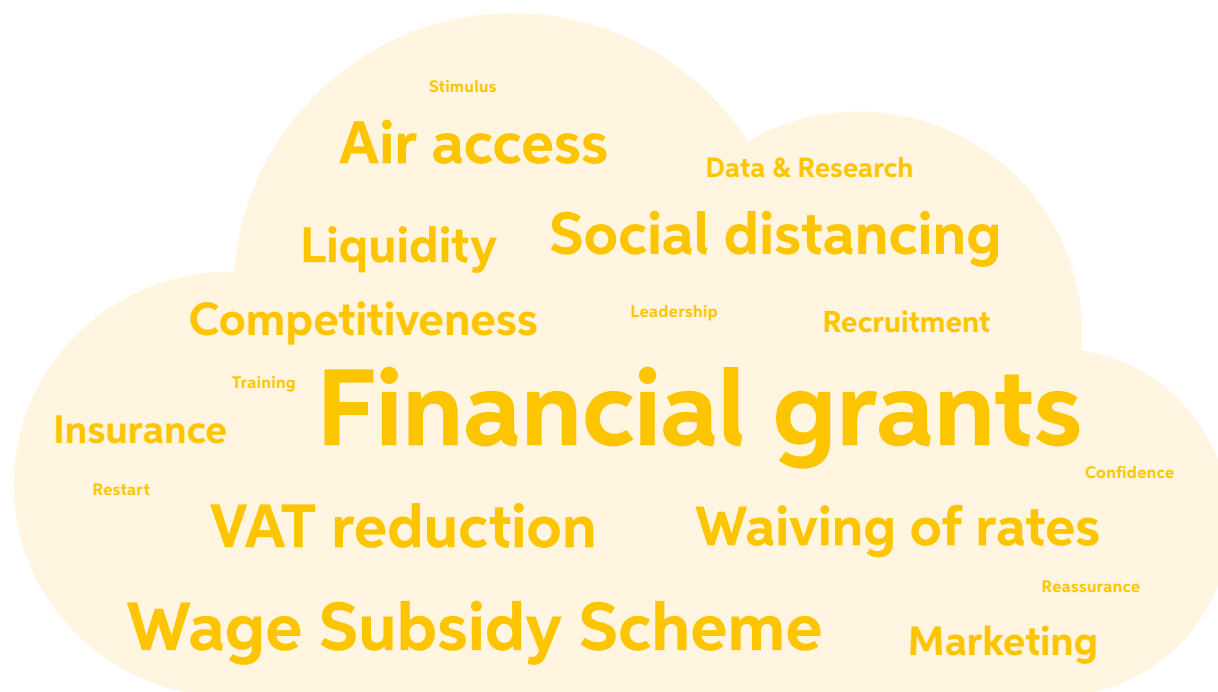
The current expectation is that provided there is not a second and more damaging wave of Covid-19, the worst of the collapse in international tourism demand may be behind us. A key to the recovery is universal implementation of the re-start measures agreed across nations to ensure the safety of tourists, with the help of effective contact tracing. These measures should give governments the confidence to open borders without quarantine measures.

The shape of tourism recovery

The path to the new normal of travel demand scenarios will be a function of the duration of the Covid-19 crisis, and shaped by public health policies, government interventions, travel restrictions, the economic environment, consumer sentiment, and business survival rates. At the macro-economic level, recession or depression will significantly dampen demand for VFR (Visiting Friends & Relatives), leisure and business travel. Beyond that, there is the psychological impact on willingness to travel, which is hard to predict. What is certain is that businesses and national tourism agencies will have to adapt to a changed supply and demand landscape.

Based on current indicators, any re-emergence from lockdown into a rapid bounceback over a few months, or V-shaped recovery, for travel and tourism appears to be increasingly unlikely. The outlook is for a long-term seismic shift in the industry for a duration that is, as yet, unknown. A slower, or U shaped, recovery starting in late 2020 while possible is becoming less likely as the crisis continues. A more gradual prolonged recovery from 2021 is more likely, although there is the added risk that recovery could be set back by a second wave of the virus.

The global impact of Covid-19 has far surpassed the downturn from previous external shocks including 9/11 and the 2008 global financial crisis combined.



Irish tourism focussing on business survival

As part of ITIC's *Tourism Industry Revival Plan* member stakeholders of ITIC were interviewed and surveyed as to the most pressing issues relating to current circumstances. The most common concerns and immediate measures that required addressing are in the above word cloud.

A survey of ITIC members conducted in June 2020 found that the tourism industry anticipate the first green shoots from overseas markets in Q2 2021, with two-thirds of respondents not expecting international arrivals to recover to 2019 levels before 2023 at the earliest.

ITIC has identified immediate measures needed to support Irish tourism as being:

- Business Survival: an urgent €1 billion fund in business continuity grants is required for tourism & hospitality enterprises to help them survive the impact of Covid-19;
- Enhanced liquidity measures including state-backed long-term low interest loans are needed to provide €500 million funding for tourism businesses;
- Sector-specific support including extension of wage subsidy scheme and waiving of local authority rates to March 2021;
- Ending of 14 day quarantine period on international arrivals;
- Relaxing of social distancing rules from 2 metres to 1 metre.

“Tourism is a people business, and our warm welcome and natural hospitality helps us stand out from the crowd. It is essential we take strategic steps to protect, nurture and develop our fantastic resource.”

Niall O’Callaghan, Chair, Association of Visitor Experiences and Attractions

“For Ireland to win internationally in the lucrative conferences industry, we must put in place the necessary supports to develop world-class infrastructure and facilities.”

Nicola McGrane, Treasurer Association of Professional Conference Organisers & CEO, Conference Partners Ireland

“The economic significance of the tourism sector demands that it be recognised as a strategic lever at Government, with a dedicated Minister for Tourism and an all-Government approach working in partnership for sustainable growth.”

Con Quill, CEO, Irish Caravan and Camping Council and owner of Blarney Caravan Park, Co Cork

Immediate measures required

| | | |
|--|--|--|
| Business supports grant package <hr/> <p>An urgent €1bn fund required for tourism and hospitality enterprises to help them survive Covid-19.</p> | Ending of quarantine period <hr/> <p>Removal of the 14 day quarantine period to be replaced by best practice public health measures to ensure safety of visitors and the community.</p> | Enhanced liquidity measures <hr/> <p>State-backed long term low interest loans to provide €500m working capital funding for tourism businesses.</p> |
| Sector-specific support <hr/> <p>Wage subsidy scheme to include seasonal workers and extension – along with waiving of local authority rates – to March 2021.</p> | Relaxing of social distancing rules <hr/> <p>Subject to public health concerns relax social distancing rules to WHO level of 1 metre.</p> | Mass gatherings <hr/> <p>Venue size to be taken into account when determining maximum number attending gatherings & flexibility on conferences.</p> |
| Insurance and banking sector <hr/> <p>Ensure these key sectors give flexibility and understanding to businesses during this period.</p> | | |

External factors at play

For Irish tourism to recover from the devastating impact of Covid-19, a number of external factors need to go in its favour.

| | | |
|---|--|--|
| Vaccination or treatment for Covid-19 <p>Should there be repeated waves of Covid-19 and no treatment or vaccine the outlook for travel and tourism is bleak.</p> | Consumer confidence to travel <p>Massively damaged by the global pandemic, consumers need to retrieve their confidence in international travel.</p> | Avoidance of global depression <p>Recession or depression? The latter will make a strong recovery in the tourism economy extremely difficult.</p> |
| Recovery in aviation <p>Airlines have never seen such a crisis and must recover balance sheet strength if tourism globally is to return to pre-crisis levels.</p> | Expectations exceeded <p>The Irish tourism industry must continue to over-deliver and exceed the expectations of visitors.</p> | Negotiated Brexit <p>The elephant in the room. A hard no deal Brexit will damage Irish tourism in terms of impacts on open skies, state aid regulations, tax free shopping and general competitive landscape.</p> |
| A competitive Ireland <p>Ireland needs to be able to compete favourably with other destinations. Business costs, VAT rates and employee skills must be competitive if Irish tourism is to prosper.</p> | Tourism industry still standing <p>Once Covid-19 passes how much of the world-renowned Irish tourism and hospitality industry will still be trading? Government support is vital to keep business afloat during 2020.</p> | |

International tourism to Ireland has been decimated by Covid-19. Overseas visitors spent €5.1 billion when in Ireland in 2019, a figure expected to fall to less than a billion euro in 2020. Ireland's tourism industry can recover but it will be a steep climb. ITIC has projected 3 growth scenarios: optimistic, baseline and pessimistic.

Optimistic scenario

Assumes that disease suppression is effective through treatment or vaccine and a full return to normal economic activity & faster recovery of travel demand. Assumes all recommendations within this Revival Plan are implemented in full. If the recommendations within this strategy are put in place the optimistic scenario is very possible which would see the country exceeding 2019 levels by 2024.

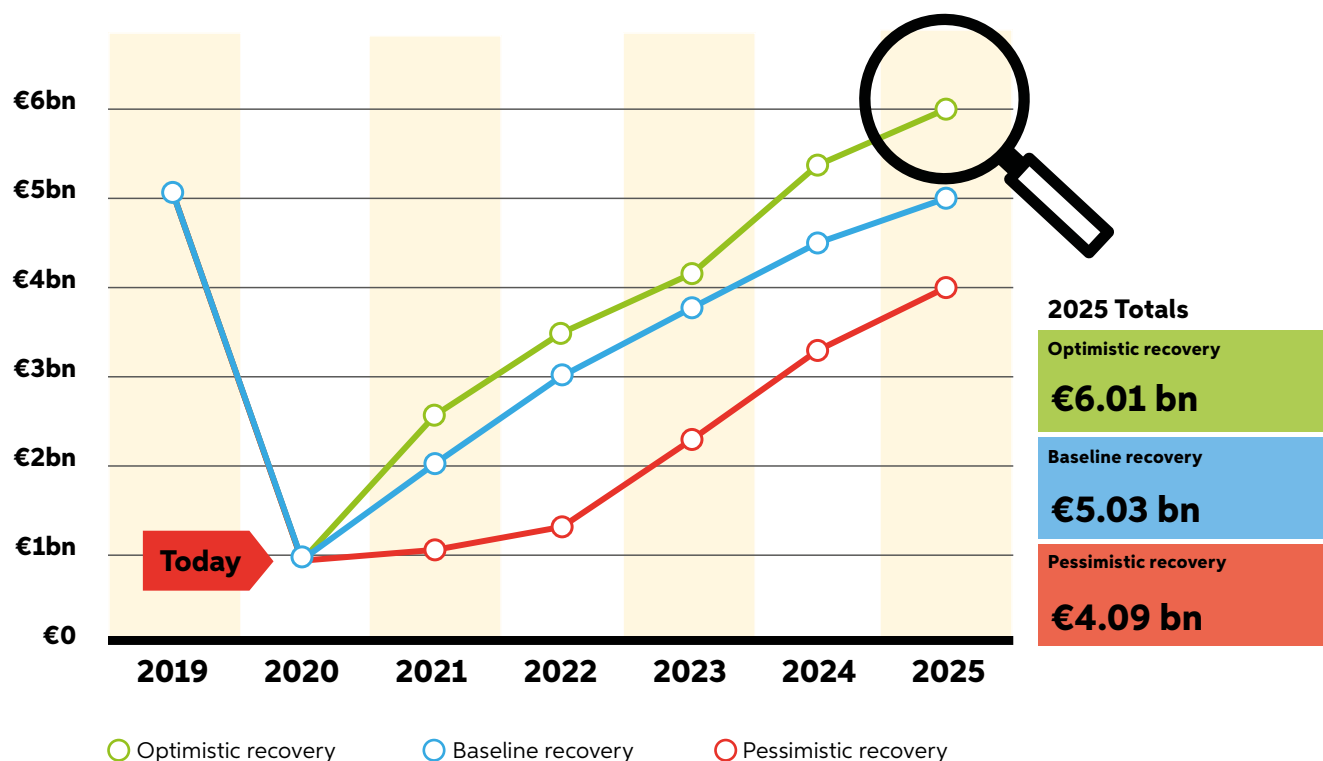
Baseline or 'new normal' scenario

This assumes that the epidemiological phase of the crisis follows the current predictions with social distancing remaining for a number of months. Assumes treatment and containment of Covid-19 and a slow recovery from economic downturn. Assumes some of recommendations within this Revival Plan implemented but not all.

Pessimistic scenario

Assumes a second wave or re-emergence of Covid-19 risk leading to re-imposition of some travel restrictions / border closures in 2021 and 22, followed by a deep recession in major source markets. Recommendations of this Revival Plan not implemented.

Total spend by international visitors to Ireland: 3 scenarios



Scenario projections are the work of ITIC and sources of material & insights have been gathered from: International: ACI Europe, McKinsey, Deloitte, IATA, UNWTO, European Commission, World Travel & Tourism Council, OECD. Domestic: ITIC member survey, BDO, IBEC, daa, Aer Lingus, Ryanair, Fáilte Ireland, Tourism Ireland

Size of the prize

Potential scenarios to 2025.

| 2019 | 2025 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Actual <table> <tr> <td>Overseas Revenue:</td><td>€5.1 bn</td></tr> <tr> <td>Domestic Revenue:</td><td>€2 bn</td></tr> <tr> <td>Total Revenue:</td><td>€7.1 bn</td></tr> <tr> <td>Exchequer Receipts:</td><td>€1.63 bn</td></tr> <tr> <td>Jobs:</td><td>265,000</td></tr> </table> <p>Note: all figures exclude fares paid to carriers and receipts from Northern Irish visitors.</p> | Overseas Revenue: | €5.1 bn | Domestic Revenue: | €2 bn | Total Revenue: | €7.1 bn | Exchequer Receipts: | €1.63 bn | Jobs: | 265,000 | Optimistic <table> <tr> <td>Overseas Revenue:</td><td>€6.01 bn</td></tr> <tr> <td>Domestic Revenue:</td><td>€2.65 bn</td></tr> <tr> <td>Total Revenue:</td><td>€8.66 bn</td></tr> <tr> <td>Exchequer Receipts:</td><td>€1.99 bn</td></tr> <tr> <td>Jobs:</td><td>323,000</td></tr> </table> Baseline <table> <tr> <td>Overseas Revenue:</td><td>€5.03 bn</td></tr> <tr> <td>Domestic Revenue:</td><td>€2.5 bn</td></tr> <tr> <td>Total Revenue:</td><td>€7.53 bn</td></tr> <tr> <td>Exchequer Receipts:</td><td>€1.73 bn</td></tr> <tr> <td>Jobs:</td><td>281,000</td></tr> </table> Pessimistic <table> <tr> <td>Overseas Revenue:</td><td>€4.09 bn</td></tr> <tr> <td>Domestic Revenue:</td><td>€2.25 bn</td></tr> <tr> <td>Total Revenue:</td><td>€6.34 bn</td></tr> <tr> <td>Exchequer Receipts:</td><td>€1.46 bn</td></tr> <tr> <td>Jobs:</td><td>237,000</td></tr> </table> | Overseas Revenue: | €6.01 bn | Domestic Revenue: | €2.65 bn | Total Revenue: | €8.66 bn | Exchequer Receipts: | €1.99 bn | Jobs: | 323,000 | Overseas Revenue: | €5.03 bn | Domestic Revenue: | €2.5 bn | Total Revenue: | €7.53 bn | Exchequer Receipts: | €1.73 bn | Jobs: | 281,000 | Overseas Revenue: | €4.09 bn | Domestic Revenue: | €2.25 bn | Total Revenue: | €6.34 bn | Exchequer Receipts: | €1.46 bn | Jobs: | 237,000 |
| Overseas Revenue: | €5.1 bn | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Domestic Revenue: | €2 bn | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Revenue: | €7.1 bn | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exchequer Receipts: | €1.63 bn | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jobs: | 265,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Overseas Revenue: | €6.01 bn | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Jobs: | 281,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Jobs: | 237,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Cumulative revenue spread 2021-2025

Optimistic V pessimistic

The differential between the two scenarios over a 5 year period is:

€9.5 bn

Revenue

€2.19 bn

Exchequer receipts

Optimistic V baseline

The differential between the two scenarios over a 5 year period is:

€3.55 bn

Revenue

€817 m

Exchequer receipts

Summary of recommendations

The following pages details the overall key strategic recommendations and strategy for a revival plan post Covid-19.

Stimulating demand for Irish tourism

- 1 Domestic marketing investment**
A €10m increase in Fáilte Ireland domestic marketing budgets for 2020 and 2021.
- 2 Staycation voucher**
A staycation voucher for each household to stimulate demand for home holidays.
- 3 Public holiday & review of school breaks**
Creation of a one-off public holiday weekend in late September to lengthen the season and co-ordinated review of ongoing school holiday calendar.
- 4 Business tourism incentive**
A tax dividend or rebate for businesses and associations to hold conferences, events and incentives in Ireland organised by DMCs/PCOs.
- 5 Generating international visitors**
A doubling of overseas marketing budgets.
- 6 World-class destination brands**
Review of leisure & business brand Ireland and regional brand experiences to ensure they are best fit in post-Covid consumer world.
- 7 Research & Development incentive**
R&D grant or fiscal relief for tourism businesses, similar to that available to other sectors for business expansion and market diversification.
- 8 90-day waiver scheme**
Introduce a 90-day free visa waiver scheme across multiple emerging markets to stimulate travel & develop strategy to position Ireland as a high-end shopping tourism destination.

Re-establishing Ireland's connectivity

- 1 Ending of quarantine rule**
Lift international travel restrictions and removal of the 14 day quarantine period to be replaced by best practice public health measures to ensure safety of visitors and community.
- 2 Access development fund**
Develop a multi-million development fund to strategically prioritise the reinstatement and expansion of air and sea services over a three year period. To include principal tourism, trade and FDI stakeholders.
- 3 State aid flexibility**
Secure access to EU funding to support carriers, air and sea ports on a shared risk basis to include route development and capital expenditure.
- 4 Dublin as a hub airport**
Ensure investment in Dublin Airport's air and landside infrastructure development. Completion of 2nd runway including amendment of restrictive planning conditions.
- 5 APD and aviation tax**
The continued suspension of Airport Passenger Duty (APD) and deferral of any aviation tax until air connectivity has resumed to pre-crisis levels.
- 6 Commission for Aviation Regulation**
An urgent review by CAR of its 2019 Determination on maximum passenger charges at Dublin Airport for the period 2020-2024 which pre-dates Covid-19 pandemic.
- 7 Common Travel Area**
Promotion and seamless implementation of the CTA to maximise leisure and business visitors from GB market.
- 8 Connectivity within Ireland**
Ground transportation around and within Ireland vital to improve for visitor and environmental reasons including car hire, coach transport and rail connectivity.

A competitive tourism economy

- 1 VAT reduction for tourism**
A new VAT rate of 5% to replace the 9% category putting Ireland on a competitive footing with European destinations for all tourism services.
- 2 Address uncompetitive VAT anomalies**
Harmonise VAT rate for all conference venues, align coach tourism operators status across island, reinstatement of Vat relief for car hire, VAT reduction for PCO services, VAT competitiveness in On Trade sales.
- 3 Competitiveness monitor**
Develop a monitor internally tracking price inflation in changing demand vs supply environment and externally tracking Ireland's competitiveness vs competitor destinations.
- 4 National Competitiveness Council**
Competitiveness of Irish business and tourism economy to be improved within NCC reports with particular attention to labour, tax and insurance.
- 5 Insurance reform**
Recalibrate book of quantum, set up Garda Fraud unit, and show transparency in relation to calculation of claims. Support development of group schemes.
- 6 Reduce cost of credit**
The cost of credit – very relevant to the Irish tourism and hospitality industry that are often seasonal businesses – is 65% higher than the EU average.
- 7 Improve ranking in global index**
Arrest deteriorating ranking and secure a top 20 position within World Economic Forum's Global Travel & Tourism Index.
- 8 World leader in digital capability**
Implement a step-change in digital transformation, technical know-how, and book-ability of tourism and hospitality businesses.

A new VAT rate of 5% to replace the 9% category putting Ireland on a competitive footing with European destinations.

Delivering a motivated and skilled workforce

- 1 Halving of employer PRSI**
As per initiative in 2011 this made it easier for tourism businesses to recruit and build employment numbers quickly – time to repeat the policy once the wage subsidy scheme ends.
- 2 Professional development**
Continuous Professional Development (CPD) grants to fund accelerated development of tourism personnel for retention of talent and reintroduction of JobBridge style scheme to attract jobseekers.
- 3 Fáilte Ireland role**
Enhanced and strengthened role for Fáilte Ireland in management and co-ordination of tourism education, training, and skills needs.
- 4 Promoting careers**
A strategically managed and funded communications programme to promote careers within tourism sector.
- 5 Talent retention**
An Industry Talent Retention Strategy and Emerging Leaders Programme.
- 6 Tourism education gateway**
Develop a Tourism Education Gateway to provide learning pathways for tourism & hospitality employees to begin and continue with their passport to lifelong learning.
- 7 Tourism Day**
First planned for April 2020 but impacted by Covid-19 this should become an annual calendar day from 2021 onwards to celebrate tourism and highlight attractiveness of sector to jobseekers.

Securing appropriate exchequer funding

- 1 Budget increase**
Current annual budget of €186m to be increased to €300m next year to include a doubling of overseas marketing.
- 2 Enterprise supports**
Resource, support and equip Fáilte Ireland as key economic development agency for tourism industry.
- 3 National Capital Plan**
Frontload allocation of 10 year capital budget for tourism and facilitate PPPs of tourism asset infrastructure.
- 4 Private sector investment**
Incentives for private capital investment such as broaden scope of EIS and CGT rules to encourage investment in impacted tourism businesses.
- 5 Loss relief provision**
Provision to be made to allow for offset of losses against profits of previous 5 years.
- 6 EU funding**
Recent €750 billion EU fund to fight Covid has allocated €1.9 billion to Ireland. Important that tourism gets its fair share.
- 7 Capital Grants for social distancing**
If work needed to premises or vehicles to adhere to social distancing rules then appropriate grants must be made available.

Ensuring concerted Government focus

- 1 Dedicated Department**
Dedicated Department of Tourism to reflect importance of sector economically and as an export industry with Minister of significant economic clout and ability.
- 2 Maximising state assets**
Maximising public investment and operational efficacy in state-owned historic assets to ensure they are tourism-centric.
- 3 Tourism sustainability**
Government support vital for industry and sector to become fully accessible and environmentally sustainable.
- 4 Enhanced and improved data**
Enhanced and improved data be made available in real time from banking sector to tourism industry and agencies. Creation of Tourism Satellite Account to be fast-tracked.
- 5 Maximise PEACE PLUS programme**
The EU's PEACE PLUS programme that runs from 2021-27 is worth €600 million to Ireland and supports economic development in border counties. Vital that tourism secures its share.
- 6 Whole of Government approach**
A "whole of Government" approach and national policies tourism-proofed to ensure best fit with industry and visitor needs.
- 7 A new Tourism Development Act**
Holistic review and reform of tourism legislative powers including current Tourism Development Act (2003) to ensure future-proofing of industry.

Stimulating demand for Irish tourism

An industry perspective on market recovery.

A survey of ITIC members conducted in June 2020 found that the tourism industry anticipates the first green shoots from overseas markets in Q2 2021.

A domestic market bounce

The majority of Irish tourism and hospitality businesses were allowed to open on June 29th following a Government decree to shutdown that lasted 4 months. Saying this social distancing will remain in place for some time damaging the commercial viability of many businesses. With little international visitation expected in 2020, hopes will rest on the domestic market which in a normal year would be worth circa €2 billion. However, the Irish tourism economy is made up of 75% international tourism thus whatever bounce from the domestic market can be secured, this will never get close to covering lost earnings. Furthermore the domestic market will be bruised by the economic fallout of Covid-19 and will need to be stimulated and thus a staycation voucher should be rolled out as well as an additional bank holiday weekend at the end of September.

A survey of ITIC members conducted in June 2020 found that the tourism industry anticipate the first green shoots from overseas markets in Q2 2021, with two thirds of respondents not expecting international arrivals to recover to 2019 levels before 2023 at the earliest.

Following months of pent up demand for personal, leisure and business travel, as well as limited outbound travel options, the domestic market for travel is expected bounce back however, the experience may be dampened by social distancing. The window of opportunity this year for families will be limited by the school calendar and reduced disposable income levels.

The domestic market will provide a life line to many tourism businesses this year helping to secure their survival and restoring employment, at least over a shortened season. The economic importance of the domestic market for the survival of the sector is now paramount, justifying policy and demand stimulation measures by Government and Fáilte Ireland.

The return of overseas markets

The path to the resumption of tourism from overseas markets will be a function of the duration of the Covid-19 crisis, and shaped by public health policies, government interventions, travel restrictions, the economic environment, consumer sentiment, and business survival rates. At the macro-economic level, recession or depression will hit demand levels dramatically for VFR, leisure and business travel. Beyond that, there is the psychological impact on willingness to travel, and what is certain is that businesses and national tourism agencies will have to adapt to a radically changed supply and demand landscape.

Based on current indicators any re-emerging from lockdown into a rapid bounce back over a few months, or V-shaped recovery, for travel and tourism appears to be increasingly unlikely. The outlook is for a long-term seismic shift in the industry. A slower, or U shaped, recovery starting in Q2 2021 is becoming the likely first stage of recovery for Irish tourism, with a gradual prolonged recovery stretching into 2023 and beyond.

What is apparent is that the pace of return of tourism traffic from Ireland's traditional source markets is likely to vary across markets, segments and purpose of visit due to differences in consumer sentiment, economic conditions, and access availability. It is expected that VFR and essential business travel will recover at a faster pace than leisure and discretionary business travel.

This presents a particular challenge for the allocation and timing of destination marketing resources involving a reset of marketing strategy rather than a continuation of what went before. Will Ireland's brand messaging need to be tailored to a post-Covid consumer? Are the country's 4 regional brands robust and compelling? Is adequate funding being allocated by the exchequer to destination marketing campaigns?

The growth scenario planning within this report suggest that North America and Europe offer quicker and better returns than Britain which although our nearest neighbour has to deal with Brexit's fallout and anticipated currency and economic woes. A successful relaunch of international marketing will require a doubling of budget, increased support for carriers, and a more comprehensive research and data collection programme to inform and provide more agile destination and business marketing decisions together with tracking the effectiveness of investment in marketing programmes.

Summary of recommendations

- 1 Domestic marketing investment**
A €10m increase in Fáilte Ireland domestic marketing budgets for 2020 and 2021.
- 2 Staycation voucher**
A staycation voucher for each household to stimulate demand for home holidays.
- 3 Public holiday & review of school breaks**
Creation of a one-off public holiday weekend in late September to lengthen the season and co-ordinated review of ongoing school holiday calendar.
- 4 Business tourism incentive**
A tax dividend or rebate for businesses and associations to hold conferences, events and incentives in Ireland organised by DMCs/PCOs.
- 5 Generating international visitors**
An immediate doubling of overseas marketing budgets.
- 6 World-class destination brands**
Review of leisure & business brand Ireland and regional brand experiences to ensure they are best fit in post-Covid consumer world.
- 7 Research & development incentive**
R&D grant or fiscal relief for tourism businesses, similar to that available to other sectors for business expansion and market diversification.
- 8 90-day waiver scheme**
Introduce a 90-day free visa waiver scheme across multiple emerging markets to stimulate travel & develop strategy to position Ireland as a high-end shopping tourism destination.

"It is essential at this time to heavily promote a positive and proactive message in our overseas markets: Ireland is ready to welcome you. With a strong message of welcome and a coordinated dedication to enhanced health and safety protocols across our industry to ensure peace of mind, we will spur a stronger, smoother recovery."

Elizabeth Crabill, CEO, CIE Tours International

Re-establishing Ireland's connectivity

The crucial importance of restoring aviation
for an island nation.

Global aviation grounded by Covid-19

Worldwide airline services, which acted as a vector for the spread of Covid-19, were effectively grounded in mid-March. Europe, with a total shutdown of passenger air services, has suffered more than other regions. The financial and employment impacts have been immediate and severe for both airlines and airports. April and May saw airline passenger traffic to and from Ireland at a level of just 1% compared to the same period last year. Furthermore the 14 day quarantine period imposed on international visitors has depressed demand just as the pandemic looks to be in retreat.

Arguably no other sector of the economy has seen such a decimation as a result of the Covid-19 pandemic and as an island nation off the west coast of Europe it is self-evident that restoring international air connectivity is fundamental to any recovery hopes for Irish tourism. Simply put, air services are the primary driver of tourism into Ireland.

An airline industry in turmoil

The Covid-19 crisis has seen airlines in a struggle for survival cutting fleets and staff. In Europe, while many airlines have been in receipt of government grants and soft loans to avoid bankruptcy, further airline failures and greater consolidation is likely. The immediate outlook is one of capacity contraction and a risk-averse industry.

IATA, the International Air Transport Association, is projecting that a full recovery of international air service is unlikely before 2023/4. Current best estimates suggest that recovery for international travel will be led by short haul intra-regional routes, with a markedly slower recovery on long haul inter-continental routes. It is anticipated that low cost carriers (LCCs) will recover at a faster pace than full-service airlines which are expected to focus on hub retrenchment

as they cope with a slowdown in corporate travel demand. Low fares are likely to feature as a stimulus to demand in the short term, with average fares increasing in the medium-term due to less competition in the skies.

Rebuilding Ireland's air connectivity

Ireland is fortunate in having two home based resilient airlines – Ryanair and IAG's Aer Lingus accounting for 80% of traffic – each with a strong balance sheet and heavily invested in the market. In the immediate future as airline services contract and fewer airlines operate into the country, tourism will be even more reliant on Ryanair and Aer Lingus – the former on short haul routes and the latter primarily on transatlantic routes – as they compete in what is now a distorted marketplace following the state support provided to airlines in other countries. Low frequency routes to and from regional airports will be particularly at risk as airlines consolidate on key trunk routes.

It is incumbent on the Government to support air connectivity and, as per many other EU countries, be flexible with state aid rules to support carriers and airports. Without resurgent air access Irish tourism, to say nothing of the wider business economy, will struggle in the coming years. Thus now is not the time for an aviation tax which should be deferred until air frequency into the country has returned to normality.

The recommendations of the Aviation Recovery Taskforce need to be implemented in full.

Simply put, air services are the primary driver of tourism into Ireland.

The recommendations of the Aviation Recovery Taskforce need to be implemented in full.

Airports face new challenges

Some of the fundamentals of the airport business model are being challenged as air services re-open. Social distancing requirements could severely reduce passenger capacity, while the cost of new hygiene and safety measures including personal protection equipment and the need to minimise passenger contact points significantly increase operating costs. At the same time the potential for non-aviation revenue – especially retail – is dented by reduced passenger volumes and lower spend. The traditional growth driven business model for airports is severely challenged by the new order.

While DAA project that passenger traffic through Dublin and Cork airports in 2021 could be down as much as 40% on 2019 levels to 22 million passengers, Shannon Airport and the state supported regional airports at Kerry, Ireland-West, and Donegal are facing an even greater challenge to their continued viability.

An opportunity for sea carriers

Although 87% of tourism volume is delivered by airlines, sea access remains a key segment and one that may win market share in a post-Covid environment. The quality of new vessels, the extra space and capacity on board, and the choice of bringing one's own vehicle all offer a reassuring experience to a newly nervous consumer. Furthermore Ireland, without large metropolitan urban centres and plenty of open countryside, lends itself well to the post-Covid world.

Ferry lines serving Ireland experienced a dramatic fall-off in both freight and passenger traffic when the pandemic hit and all efforts must be made to support and enhance sea access which is strategically beneficial to Irish tourism.

Connectivity within Ireland

Getting around Ireland in as seamless and efficient a way as possible is critical to the visitor experience, Car hire, coach tourism, rail transportation all must be enabled to succeed. Major pressure is on these services – unused fleet for tourist car hire companies as an example is currently estimated at €40 million and a package of supports is required to keep vulnerable businesses viable.

Summary of recommendations

- 1 Ending of quarantine rule**
Lift international travel restrictions and removal of the 14 day quarantine period to be replaced by best practice public health measures to ensure safety of visitors and community.
- 2 Access development fund**
Develop a multi-million development fund to strategically prioritise the reinstatement and expansion of air and sea services over a three year period. To include principal tourism, trade and FDI stakeholders.
- 3 State aid flexibility**
Secure access to EU funding to support carriers, air and sea ports on a shared risk basis to include route development and capital expenditure.
- 4 Dublin as a hub airport**
Ensure investment in Dublin Airport's air and landside infrastructure development. Completion of 2nd runway including amendment of restrictive planning conditions.
- 5 APD and Aviation Tax**
The continued suspension of Airport Passenger Duty (APD) and deferral of any aviation tax until air connectivity has resumed to pre-crisis levels.
- 6 Commission for Aviation Regulation**
An urgent review by CAR of its 2019 Determination on maximum passenger charges at Dublin Airport for the period 2020-2024 which pre-dates Covid-19 pandemic.
- 7 Common Travel Area**
Promotion and seamless implementation of the CTA to maximise leisure and business visitors from GB market.
- 8 Connectivity within Ireland**
Ground transportation around and within Ireland vital to improve for visitor and environmental reasons including car hire, coach transport and rail connectivity.

“As an island, air transport will be an early enabler of our economic recovery, allowing people, goods and investment to flow back into the country. Air transport is critical to Ireland's economic recovery.”

Sean Doyle, CEO, Aer Lingus

A competitive tourism economy

Given a level playing field,
how Irish tourism can recover.

The VAT rate increase from 9% to 13.5% in Budget 2019 has severely dented Ireland's competitiveness.

The evidence of the correlation between tourism competitiveness and demand is unassailable. Tourism competitiveness which optimises the attractiveness of the destination and delivers quality experiences while providing good value for money for visitors drives demand.

Competing for tourists in an uncertain and fast changing post Covid-19 marketplace will be increasingly challenging for businesses in the travel and hospitality sectors. Understanding and monitoring Ireland's competitiveness in tourism is a major consideration for policy makers and a serious challenge for business in presenting evidence to inform decision making.

Ireland's tourism's competitive positioning

Ireland was ranked 26th out of 140 countries by The World Economic Forum in its global Travel & Tourism Competitiveness Index in 2019, based on 90 elements ranging from infrastructure and business environment to natural and cultural resources. However, Ireland ranking has been on the slide over recent years from 19th in 2015 through 23rd in 2017.

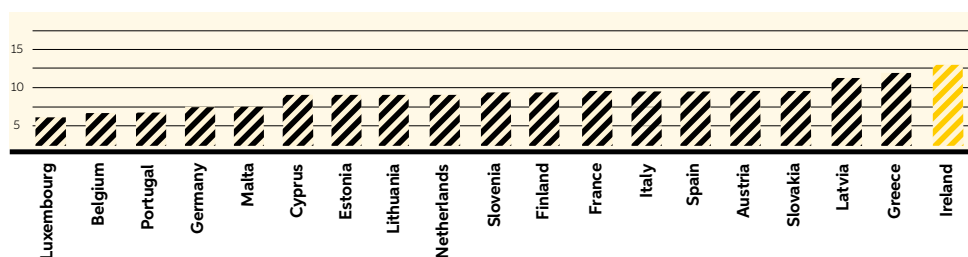
Visitors to Ireland consistently rate their experience highly, giving an almost perfect score on the overall holiday experience, which in most instances exceeded expectation. However, tourists tend to be less effusive in their value for money rating. For the tourist, cost competitiveness is determined by a combination of exchange rates and movements in relative prices between Ireland and their home country.

For the tourist the perceived value versus price is perhaps the most crucial measure of competitiveness. The majority of Americans, German and French visitors ranked their holiday as 'good' or 'very good' value for money in 2018. In contrast, British tourists were less positive with only 44% rating it 'good' or 'very good' value and 14% rating the experience poor value for money. The most common area of complaint regarding costs in Ireland relate to the overall cost of living as experienced by the visitor – the largely 'out of pocket' purchases on eating out, drink, and shopping for food – Eurostat ranked Ireland the 5th most expensive country within the EU for food and drink.

The VAT rate increase from 9% to 13.5% in Budget 2019 has severely dented Ireland's competitiveness. Tourists to Ireland are now burdened with a VAT rate on accommodation

Ireland has the highest tourism VAT rate across the eurozone

Source: Hotrec, PwC



and restaurant bills which is higher than the rate in force in 27 European countries, many of which are competitor destinations.

The reduction in VAT rate in 2011 proved to be a most effective stimulus to demand which in turn resulted in significant growth in tourism receipts, underpinned the creation of 90,000 new jobs, and secured the viability of many businesses. The reduction also encouraged an uptake in investment in the sector resulting in a more appealing and more satisfying visitor experience.

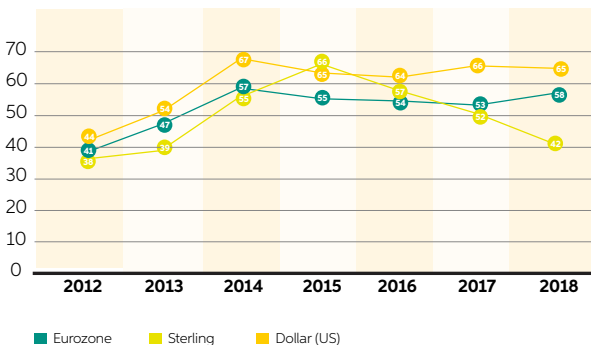
Cost pressures on the tourism sector

Besides the cost of living factor, the cost of doing business has a significant impact on the health and performance of the sector. This in turn is a key determinant of profitability and investment attractiveness. The key costs of doing business which threaten competitiveness include labour, insurance, credit, commercial rates, utilities, compliance. Many of these costs are out of line with those prevailing in competitor destinations.

In addition, several sectors including car and coach hire, business tourism and standalone convention venues, are disadvantaged by anomalies in taxation treatment, including VAT, compared to their competitors in other European destinations.

Addressing competition weaknesses will be vital to achieving a sustainable and balanced tourism recovery as businesses re-open in the face of global uncertainty.

Tourists value for money assessment



Summary of recommendations

- 1 VAT reduction for tourism**
A new VAT rate of 5% for all tourism services to replace the 9% category putting Ireland on a competitive footing with European destinations.
- 2 Address uncompetitive anomalies**
Harmonise VAT rate for all conference venues, align coach tourism operators status across island, reinstatement of VAT relief for car hire, VAT reduction for PCO services, VAT competitiveness in On Trade sales.
- 3 Competitiveness monitor**
Develop a monitor internally tracking price inflation in changing demand vs supply environment and externally tracking Ireland's competitiveness vs competitor destinations.
- 4 National Competitiveness Council**
Competitiveness of Irish business and tourism economy to be improved within NCC reports with particular attention to labour, tax and insurance.
- 5 Insurance reform**
Recalibrate book of quantum, set up Garda Fraud unit, and show transparency in relation to calculation of claims. Support development of group schemes.
- 6 Reduce cost of credit**
The cost of credit – very relevant to the Irish tourism and hospitality industry that are often seasonal businesses – is 65% higher than the EU average.
- 7 Improve ranking in global index**
Arrest deteriorating ranking and secure a top 20 position within World Economic Forum's Global Travel & Tourism Index.
- 8 World leader in digital capability**
Implement a step-change in digital transformation, technical know-how, and book-ability of tourism and hospitality businesses.

"Ireland's international competitiveness is an urgent issue with Irish tourism VAT now higher than 28 European countries."

Elaina Fitzgerald Kane, President, Irish Hotels Federation and Director, Fitzgeralds Woodlands House Hotel & Spa, Adare, Co. Limerick

Delivering a motivated and skilled workforce

Personnel are core to the success of Irish tourism.

Post visit research consistently highlights the value overseas visitors put on the interaction with those employed in tourism in delivering an outstanding holiday.

Tourism and hospitality is a labour intensive industry, with customer service at the heart of a quality tourism experience. Despite increased presence of technology in recent years, personnel are the valued core of the industry. Post visit research consistently highlights the value overseas visitors put on the interaction with those employed in tourism in delivering an outstanding holiday. This experience of hospitality is one which differentiates Ireland from its competitors.

A key challenge as businesses reopen and demand recovers will be the need to ensure that the industry has the personnel in both numbers and quality to foster renewed growth in tourism over the coming years. Any lack of talent, or of a skilled workforce, will compromise Ireland's tourist recovery.

The sector has the potential to increase employment given the right policies.

Tourism: the great employer

In 2019 the tourism industry employed a remarkable 265,000 people throughout the country or nearly 1 in every 9 jobs. As the largest indigenous industry, it is a widely-accepted fact that tourism and hospitality is one of the very few sectors that can provide regional balance and long term economic development in parts of the country other industries simply can't reach. Take Center Parcs as an example, a tourism and leisure business that opened in the Midlands providing 1,000 permanent jobs in the summer of 2019.

It is a widely-accepted fact that tourism and hospitality is one of the very few sectors that can provide regional balance and long term economic development in parts of the country other industries simply can't reach.

Covid-19 though has had a devastating impact on tourism employers with a Government shut down of the industry since March, severe restrictions on international visitors and demand hugely depressed. As a result, similar to the situation in 2011 after the financial crash, Government must proactively look at tourism as a jobs creator and introduce policies to make it easier for employers to recruit and add staff. ITIC is recommending a halving of employer PRSI for new recruits, a policy that worked very effectively in 2011 and saw 90,000 new tourism jobs created in the years that followed.

Creating and sustaining a dynamic and skilled workforce

Developing and sustaining an appropriately skilled and labour pool for the sector at present is complex and involves the collaboration of a broad range of stakeholders. Responsibility for the recruitment, education, training and development of personnel within the sector is shared across a number of stakeholders in the absence of an accountable organisation. The efficiency and effectiveness of current arrangements are less than that which is warranted for a sector which is so dependent for success on personnel resources.

Ireland's tourism industry has a rich and varied range of careers from tour guides through to language schools, from coach operators to attraction personnel, from hoteliers to marine tourism, from adventure operators to cultural experiences, and many others. It is vital that employment is supported and rewarded and sustainable livelihoods secured.

The industry faces a challenge in each of the component elements of ensuring a skilled workforce, including:

- Recruitment – the repositioning of the tourism and hospitality sector as an attractive career choice;
- Basic training and skills development to meet the needs of businesses, including appropriate apprenticeship programmes;
- Professional development through continuous education and training with accredited qualifications for career path progression;
- Personnel retention initiatives to reduce turnover in the sector;
- Monitoring and responding to the industry's staffing requirements to ensure adequate supply of skilled personnel; and
- Attracting talent from overseas where necessary to fill employment shortages through facilitating work permits and temporary visas.

Fáilte Ireland as the National Tourism Development Authority is the appropriate agency to take responsibility for designing and delivering, in partnership with other key stakeholders, an integrated and comprehensive tourism manpower strategy. Investment in personnel recruitment, education and training, based on defined key objectives, priorities and metrics, is justified on the scale of current employment and potential new opportunities which tourism and hospitality can deliver.

Summary of recommendations

- 1 Halving of employer PRSI**
As per initiative in 2011 this made it easier for tourism businesses to recruit and build employment numbers quickly – time to repeat the policy once the wage subsidy scheme ends.
- 2 Professional development**
Continuous Professional Development (CPD) grants to fund accelerated development of tourism personnel for retention of talent and reintroduction of JobBridge style scheme to attract jobseekers.
- 3 Fáilte Ireland role**
Enhanced and strengthened role for Fáilte Ireland in management and co-ordination of tourism education, training, and skills needs.
- 4 Promoting careers**
A strategically managed and funded communications programme to promote careers within tourism sector.
- 5 Talent retention**
An Industry Talent Retention Strategy and Emerging Leaders Programme.
- 6 Tourism Education Gateway**
Develop a Tourism Education Gateway to provide learning pathways for tourism & hospitality employees to begin and continue with their passport to lifelong learning.
- 7 Tourism Day**
First planned for April 2020 but impacted by Covid-19 this should become an annual calendar day from 2021 onwards to celebrate tourism and highlight attractiveness of sector to jobseekers.

“Tourism is a people business, and our warm welcome and natural hospitality helps us stand out from the crowd. It is essential we take strategic steps to protect, nurture and develop our fantastic resource.”

Niall O'Callaghan, Chair, Association of Visitor Experiences and Attractions

Securing appropriate exchequer funding

Supporting a sector that gives a significant return on investment.

Many areas outside of the major cities are heavily dependent on tourism for employment and downstream economic activities.

Strong fiscal and monetary support is warranted

Tourism with its extensive reach into the economies of local communities throughout the country justifies strong support from Government. Many areas outside of the major cities are heavily dependent on tourism for employment and downstream economic activities. In the past the sector has proven to be resilient as witnessed after the last economic recession when tourism was one of the main drivers of economic recovery and, after construction, the sector which delivered the speediest jobs recovery. A downturn in tourism, as has been demonstrated during this lockdown, has devastating impacts on local rural communities and significant costs to the Exchequer in terms of unemployment and other social costs. Furthermore, tourism is a valuable source of export earnings and Exchequer receipts annually. While the industry welcomes the supports provided by Government in terms of employee supports and the deferment of rates and taxes due for businesses, the funding to support the continued viability have been minimal.

Exchequer support for tourism is wholly inadequate

This year according to the national accounts tourism will receive €186 million in current and capital needs which is primarily to fund the activities of the 2 state tourism agencies: Fáilte Ireland and Tourism Ireland. ITIC is of the view that this needs to be increased to €300 million per annum to reflect the scale of the Covid-19 challenge and within this envelope the budget for overseas marketing must be doubled. Remember this is an industry that returned nearly €2 billion to the exchequer in direct tourism-related taxes this year. Spending on tourism services offers the state a remarkably strong return on investment.

Furthermore tourism's allocation within the capital development programme 2018-2027, set for a review next year, needs to be frontloaded to ensure investment in new tourism product of scale and international appeal. Without continued and increased investment in Ireland's tourism Ireland will become less attractive for visitors and lead to decline in demand. There is already evidence that other destinations are committing investment funding in innovation and expansion of their tourism offering. A portfolio of investment mechanisms, similar to those available to other sectors of the economy, is required to maintain and boost the range and quality of tourism experiences, as well as greater supports for innovation within the private sector.

An immediate injection to ensure business survival

In the immediate term Ireland must match the funding and liquidity efforts of other European countries who are providing significant supports for tourism and hospitality in the form of grants, low or no interest loans, and continuing fiscal reliefs as businesses reopen into an uncertain future. In the UK, businesses in the sector can avail of a €10,000 or £25,000 grant, six-year money at 2.5%, as well as a 100% state-guaranteed bounce back loan scheme. Tourism enterprises in France can avail of a €18 billion package of monetary and fiscal supports, including access for a solidarity fund for tourism SMEs, while in Italy tourism businesses can access a €2 billion fund to help offset the cost of social distancing requirements.

In addition, several countries have recognised the difficulties of particular sub-sectors of tourism and hospitality by devising specific supports, for example conference and event organisers, self-employed service providers and transport providers amongst others.

For businesses the priority is liquidity to ensure the future, while for many the future with an increased debt burden is becoming increasingly difficult and threatens the viability of the enterprise. Business failure in the sector will inevitably lead to job losses, unpaid taxes, and a higher bill for the Government in redundancy and welfare related payments. Liquidity supports are essential for survival of the sector with experience from other jurisdictions pointing to low cost, non-complex compliance requirements as the more effective measures. In this context Fáilte Ireland should be supported, resourced and equipped to become a fully-fledged economic development agency for tourism.

Tourism needs continued investment

The immediate challenge of the international market environment as travel recovers calls for increased investment in the development, management and marketing of the destination.

The state tourism agencies can play a critical role in guiding and communicating a sustainable and appealing visitor experience, a background against which the private sector can profitably function. In an increasing competitive global marketplace, a significant increase in grant-in-aid allocation to the state agencies is more than justified.

The current crisis presents an opportunity to optimise EU funding opportunities as well as securing limited relaxation of state aid rules to support tourism and related enterprises.

Summary of recommendations

- 1 Budget increase**
Current annual budget of €186m to be increased to €300m next year to include a doubling of overseas marketing.
- 2 Enterprise supports**
Resource, support and equip Fáilte Ireland as key economic development agency for tourism industry.
- 3 National Capital Plan**
Frontload allocation of 10 year capital budget for tourism and facilitate PPPs of tourism asset infrastructure.
- 4 Private sector investment**
Incentives for private capital investment such as broaden scope of EIIS and CGT rules to encourage investment in impacted tourism businesses.
- 5 Loss relief provision**
Provision to be made to allow for offset of losses against profits of previous 5 years.
- 6 EU funding**
Recent €750 billion EU fund to fight Covid has allocated €1.9 billion to Ireland. Important that tourism gets its fair share.
- 7 Capital Grants for social distancing**
If work needed to premises or vehicles to adhere to social distancing rules then appropriate grants must be made available.

“For Ireland to win internationally in the lucrative conferences industry, we must put in place the necessary supports to develop world-class infrastructure and facilities.”

Nicola McGrane, Treasurer Association of Professional Conference Organisers & CEO, Conference Partners Ireland

Ensuring concerted Government focus

Ensuring Tourism as an Economic Engine for Growth
“Tourism is one of Ireland’s most important economic sectors and the Government recognises its significance as a source of local employment and regional development.”
 Programme for Government – A Shared Future, June 2020

As a valuable export earning sector, and its important role in regional development, tourism warrants greater recognition and involvement alongside other export earning sectors.

Placing tourism at the centre of the National Economic Plan

The recognition of the economic role of tourism and its potential to contribute to the creation of 200,000 additional jobs by 2025, as set out in the Programme for Government of June 2020, is widely welcomed by the tourism industry.

For many years the industry, in view of its contribution to the national economy, has campaigned for the alignment of the tourism function with an economic ministry. As a valuable export earning sector, and its important role in regional development, tourism warrants greater recognition and involvement alongside other export earning sectors.

Given the extensive involvement of various departments of state and its agencies, the danger of fragmentation is very real. The establishment of a Cabinet level dedicated Minister for Tourism would provide greater coordination across government to the benefit of the sector and the Exchequer.

State owned tourism assets

The state is a key investor and provider of tourism facilities and attractors. The wealth of natural, cultural, artistic, and archaeological attractions, including museums, galleries and interpretative centres, that make up the natural and man made tourism experiences are in state ownership and managed through state agencies and local authorities. In the next phase of the development of Irish tourism there is an opportunity to capitalise on other state owned resources whose use could be extended or repurposed for tourism use.

To remain competitive and relevant there is an opportunity for the state to invest in the development of new attractors of scale with international appeal to provide compelling reasons to visit, similar to the PPP funding model which provided the successful Convention Centre Dublin.

Ensuring that tourism is as carbon efficient as possible as well as managing volumes to ensure sustainable growth have become critical considerations for the sector.

Environmental sustainability

Research consistently shows that visitors to Ireland highly value the scenery, natural environment and cultural heritage that Ireland has to offer. All are unique and irreplaceable assets, and along with the friendliness and hospitality of Irish people, are the primary attractors and reasons that visitors come.

Safeguarding the value environmental assets is becoming increasingly important and more highly valued by residents and visitors alike. Ensuring that tourism is as carbon efficient as possible as well as managing volumes to ensure sustainable growth have become critical considerations for the sector. The development of nature based tourism experiences of a high standard with minimum environmental impact presents a market opportunity in the post Covid-19 era. Ireland has the opportunity to excel in this, and other aspects, of tourism by adopting best practices and aiming for a world class product.

A research driven sector

An opportunity exists to improve the quality, timeliness, coordination, presentation and interpretation of data and research on the sector. The function is currently spread across several agencies. With the adaptation of technology and new research methodologies valuable new insights are providing other industries with improved planning, monitoring and evaluation tools. As tourism policy and effective marketing becomes more challenging the industry needs improved information and insights to underpin the quality of decision making in both the public and private sectors.

Summary of recommendations

- 1 Dedicated Department**
Dedicated Department of Tourism to reflect importance of sector economically and as an export industry with Minister of significant economic clout and ability.
- 2 Maximising state assets**
Maximising public investment and operational efficacy in state-owned historic assets to ensure they are tourism-centric.
- 3 Tourism sustainability**
Government support vital for industry and sector to become fully accessible and environmentally sustainable.
- 4 Enhanced and improved data**
Enhanced and improved data be made available in real time from banking sector to tourism industry and agencies. Creation of Tourism Satellite Account to be fast-tracked.
- 5 Maximise PEACE PLUS programme**
The EU's PEACE PLUS programme that runs from 2021-27 is worth €600 million to Ireland and supports economic development in border counties. Vital that tourism secures its share.
- 6 Whole of Government approach**
A "whole of Government" approach and national policies tourism-proofed to ensure best fit with industry and visitor needs.
- 7 A new Tourism Development Act**
Holistic review and reform of tourism legislative powers including current Tourism Development Act (2003) to ensure future-proofing of industry.

"The economic significance of the tourism sector demands that it be recognised as a strategic lever at Government, with a dedicated Minister for Tourism and an all-Government approach working in partnership for sustainable growth."

Con Quill, CEO, Irish Caravan and Camping Council and owner of Blarney Caravan Park, Co Cork



ITIC

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

MEMBERS

Aer Lingus
AIPCO (Association of Irish Professional Conference Organisers)
ATGI (Approved Tourist Guides of Ireland)
AVEA (Association of Visitor Experiences & Attractions)
B&B Ireland
Car Rental Council of Ireland
CIE Tours International
Coach Tourism & Transport Council
Convention Centre Dublin
DoDublin Bus Tours
Dublin Airport Authority
Emirates
Fáilte Ireland (Associate Member)

Guinness Storehouse
Heritage Island
House of Waterford Crystal
IAAT (Ireland's Association for Adventure Tourism)
Incoming Tour Operators Association-Ireland
Inland Fisheries Ireland
Ireland's Blue Book
Irish Boat Rental Association
Irish Caravan & Camping Council
Irish Ferries
Irish Heritage Trust
Irish Hotels Federation
Irish Self Catering Federation

Jameson Visitor Centres
Kildare Village
Kerry Tourism Industry Federation
Office of Public Works
Planet Payment
Restaurants Association of Ireland
Select Ireland
Shannon Group plc
SITE Ireland (Society for Incentive Travel Excellence)
Stena Line
Tourism Ireland (Associate Member)
Trinity College Dublin
TU Dublin
Vintners' Federation of Ireland

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