

For release September 27<sup>th</sup> 2022

## Mixed budget for Irish tourism industry

- **Temporary Business Energy Support Scheme welcomed although concerns that it does not go far enough to support high-energy business users**
- **Disappointment that Budget not used to extend 9% Vat rate beyond February**
- **Additional marketing funds welcomed as important “to stimulate demand”**
- **Full tourism industry recovery not expected until 2027**

**Ireland – September 27<sup>th</sup>, 2022:** The Irish Tourism Industry Confederation (ITIC) said that today’s Budget was a mixed one for Irish tourism and hospitality businesses. The Temporary Business Energy Support Scheme was welcomed as an important measure to assist businesses with soaring energy inflation although concerns have been raised that it does not go far enough. Meanwhile Government’s failure to use Budget 2023 to extend the 9% Vat rate was described as disappointing.

Elaina Fitzgerald Kane, Chairperson of ITIC, said *“Tourism is Ireland’s largest indigenous industry supporting 270,000 livelihoods, 70% of which are outside of Dublin, and in many communities it is the mainstay of the locality. We now find ourselves in the midst of a severe cost-of-business crisis and one that is exacerbating on all fronts daily as we face into a very bleak off-peak winter period. The energy support scheme will be welcomed by many smaller tourism and hospitality businesses but the cap of €10k per month doesn’t go far enough for larger energy users such as hotels who have seen their bills triple and quadruple in recent months”*.

ITIC has called for the scheme to be extended beyond February next year and has also called for more generous supports for high-energy business users. Fitzgerald Kane added *“Tourism and hospitality businesses are in the front line of energy inflation. Hotels, restaurants, and other tourism businesses are, by their nature, heavy users of energy from kitchens and laundry through to light and heat. These businesses have little discretion to lower their energy consumption and certainly don’t have the luxury of using utilities during off peak times.”*

Minister Donohoe in his speech said that there was no change to Government policy in relation to the 9% Vat rate for the sector and that this is due to return to 13.5% on February 28<sup>th</sup> next year. CEO of ITIC, Eoghan O’Mara Walsh, expressed disappointment with this saying *“The failure to use Budget 2023 to extend the 9% Vat rate for the sector beyond February next year is a significant disappointment. The 9% rate is the right rate for tourism as it matches the tourism and hospitality Vat rate across the EU. To hike it by 50% as planned early next year will simply make us less competitiveness, will fuel inflation, and damage demand”*.

It is expected that any VAT increase will add 0.5% to Ireland’s already high national inflation rate.

ITIC said that it will continue intensive engagement with Government over the coming months in relation to an extension of the 9% rate, a key recovery tool and proven economic driver in ensuring Ireland’s tourism recovery stays on course.

**Irish Tourism Industry Confederation**

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Fitzgerald Kane noted that ITIC's recently published recovery scenarios don't anticipate a full recovery of the tourism industry until 2027 due to a deteriorating economic outlook, soaring and unsustainable business input costs, and softening demand. She welcomed the additional marketing funds allocated to tourism in Budget 2023 as *"important to stimulate demand in what will be a tough year."*

**ENDS**

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**Notes to Editor**

**About the Irish Tourism Industry Confederation:**

The Irish Tourism Industry Confederation was founded in 1984 and is the umbrella group representing the leading tourism interests in Ireland. Its members come from key tourism stakeholders across the public and private sector and include Aer Lingus, Irish Ferries, daa, Shannon Group, Irish Hotels Federation, Incoming Tour Operators Association, Guinness Storehouse, Restaurants Association of Ireland, Vintners Federation of Ireland and Association of Visitor Experiences & Attractions amongst others. A full list of member organizations can be seen on [www.itic.ie](http://www.itic.ie).

Tourism is Ireland's largest indigenous industry and is a critical component of the export economy. Key tourism facts in 2019:

- Worth €9.2 billion annually
- 9.68 million international staying visitors in 2019
- Tourism employed 265,000 nationally in 2019
- 1 in 9 jobs nationally are in tourism & hospitality sector
- According to Fáilte Ireland, for every euro spent by tourists 23c is generated in tax