

Disappointing Budget 2024 for Irish tourism

- No return of 9% VAT rate and investment static in tourism services
- Budget is *“disappointing and underwhelming for tourism sector”* according to industry body
- SME business supports welcomed but shortage of tourism beds due to Government contracts represent a major handbrake on recovery

10th October 2023: The Irish Tourism Industry Confederation (ITIC) has called today’s Budget *“disappointing and underwhelming”* and one that fails to address some key challenges for the country’s largest indigenous industry and biggest regional employer.

Elaina Fitzgerald Kane, Chairperson of ITIC, said *“Latest CSO data shows that Irish tourism is still some way off full recovery and today’s Budget was a missed opportunity to help the industry take major strides in the right direction”*.

Fitzgerald Kane expressed particular regret that there was a lack of clarity in Budget 2024 in relation to a dedicated mitigation fund for downstream businesses. *“There are tourism towns throughout the country without an adequate stock of tourism bed and therefore with very little tourism activity. Downstream tourism businesses such as attractions, adventure and activity providers, restaurants and bars are being hit particularly hard and have seen tourism business fall through no fault of their own”*.

Eoghan O’Mara Walsh, CEO of ITIC, welcomed SME enterprise supports but expressed disappointment that a commitment to review the tourism and hospitality’s VAT rate wasn’t undertaken particularly in light of inflationary business costs. *“40,000 enterprises within the sector faced a VAT hike last month just as they head into the quieter winter period. The increase in the VAT rate eroded competitiveness and at a minimum the 9% VAT rate should be kept under review for the food services sector”*.

ITIC criticised the static investment in tourism services announced in today’s Budget which failed to keep up with inflation.

650,200 international visitors came to Ireland during July well short of the pre-pandemic peak and O’Mara Walsh commented *“Airports are busy but numbers are inflated by Irish people travelling abroad and hotel occupancy levels are inflated by Government contracts for humanitarian purposes. The actual number of tourists in the country is well shy of where it was and where it needs to be.”*

1 in 5 hotels and guesthouses are now occupied by Ukrainian refugees and international asylum seekers according to latest figures from Fáilte Ireland, 13% of these rooms are in registered tourism accommodation with 7% in non-registered tourism accommodation. ITIC have urged Government to be less over-reliant on the tourism sector to house refugees and asylum seekers and have said a more balanced approach was needed including exploring all forms of accommodation.

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Last month ITIC launched its strategic vision for the sector out to 2030 which suggested that tourism revenue has the potential to increase by 50% over the coming years “*but only if pro-tourism and pro-enterprise policies are pursued*” according to O’Mara Walsh.

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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.

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

- Tourism consumption amounted to **€10 billion** in 2019 – 73% from inbound tourists and 27% from domestic trips.
- Tourism accounted for **4.4% share of Gross Value Added (GVA)** in the Irish economy.
- **284,800 directly employed** in almost **46,000 tourism-related enterprises**, based on full time job equivalents – **13% share of total employment** across the economy. Total employment related to tourism is estimated to increase to **352,000**, when jobs in non-specific tourism businesses are taken into account.
- Tourism generated approximately **€2,000 per head** of population.
- According to Fáilte Ireland, for every euro spent by tourists 23c is generated in tax

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