IRISH HOTELS FEDERATION

SUBMISSION TO THE

DEPARTMENT OF TRANSPORT, TOURISM & SPORT

ON THE

STATEMENT OF STRATEGY 2017-2019

AUGUST 5TH 2016
1. Introduction
The Irish Hotels Federation (IHF), as the national representative organisation of the hotel and guesthouse sector, welcomes the opportunity to engage with the Department of Transport, Tourism and Sport on the preparation of its Statement of Strategy for 2017 – 2019.

Having supported the creation of over 50,0001 new jobs since 2011, Ireland’s tourism industry is a major engine of economic growth and employment generation. It now supports over 220,000 jobs throughout the country – equivalent to 11% of total employment. In 2015, tourism generated total revenues of €7.5 billion for the economy and contributed over €1.8 billion in taxes to the exchequer.

The recovery in tourism has been underpinned by a strong strategic focus by the Government and state agencies working closely with industry stakeholders to enhance the attractiveness of Ireland as a tourism destination. Key initiatives have included policy measures such as the 9% tourism VAT rate, which has brought Ireland more closely in line with tourism VAT rates in other European countries with which we compete. This has made us more competitive when marketing Ireland internationally. Other important measures introduced in recent years include the zero rate air passenger tax and the liberalisation of the visa regime for visitors from selected markets.

Irish tourism has also benefited enormously from a number of external factors that have supported growth in overseas visitor numbers, including economic upturns in our major overseas markets such as North America and Britain.

Given the vital economic role played by Irish tourism, it is essential that our industry remains at the heart of Government economic policy and that focus is not diverted following the recent recovery. This will require a renewed focus by the Department of Transport, Tourism and Sport to ensure strategic objectives are fully aligned with the needs of our industry and prioritise continued growth and development.

2. Challenges Facing Irish Tourism:
While strong tourism growth in recent years bodes well for our industry, Irish tourism faces a number of significant challenges that will need to be addressed during the time frame of the Department’s 2017 – 2019 Statement of Strategy. These include ongoing issues around:

- Cost competitiveness within the Irish economy;
- Inadequate funding of tourism marketing and product development;
- Uneven recovery and challenges in attracting more visitors to the regions;
- Seasonality within the industry;
- Insufficient resources to support training and upskilling within the wider tourism and hospitality industry.

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1 Employment statistics from the Central Statistics Office show, on a seasonally adjusted basis, an increase of approx. 35,000 direct jobs in accommodation and food services businesses. This equates to an increase of over 50,000 direct and indirect jobs supported since 2011.
Our industry is very dependent on the economic environment of our major source markets. We remain vulnerable to external economic shocks and must plan accordingly and be ready to respond in a timely manner. As witnessed by the UK’s decision to leave the European Union, there can be no room for complacency. Continued tourism growth cannot be taken for granted.

Brexit poses a particular challenge to our industry given our heavy reliance on holidaymakers and business travellers from the UK, which accounts for over 40% of overseas visitors. Chief among the concerns we face are increased economic uncertainty and a significant weakening in the value of Sterling, which has dropped by over 16% against the Euro compared to this time last year. This has significantly reduced the spending power of visitors from Britain and Northern Ireland. A sustained weakness in Sterling would present a serious challenge for Irish tourism as we compete to attract visitors and holidaymakers.

The risks associated Brexit are now being reflected in forecasts for the UK economy, with growth being revised downwards and the prospect of a recession becoming more apparent. Recent reports indicate that the Brexit result is already taking a toll on the underlying UK economy in terms of business sentiment and consumer confidence. This is likely to have a knock-on effect on consumer spending patterns and the numbers of British people travelling overseas. Similar falls in Irish business and consumer sentiment – which are now beginning to be reported – would pose a serious threat to the domestic tourism market given our industry’s high-sensitivity to consumer confidence.

In light of the current uncertainty, it is imperative that measures are put in place so that tourism lives up to its full potential as an engine of growth and further job creation and that tourism businesses on the ground can continue to invest in their product and grow visitor numbers. This is an area where the Department of Transport, Tourism and Sport has a critically important role to play by ensuring tourism has a strong voice across all areas of Government and that the interests of the industry are represented effectively.

3. Strategic Priorities
The IHF proposes the following strategic priorities to support Irish tourism and maximise the opportunities for continued growth and job creation within the industry:

- Ensure Irish tourism remains at the heart of Government economic policy;
- Actively engage with other Government Departments and state agencies to ensure that tourism considerations are fully factored into the decision-making process in order to deliver a more effective and integrated approach to tourism. Ensure that tourism interests are represented at all top level economic committees within Government;
- Act as a strong voice within Government to ensure a restoration of funding for tourism marketing and product development to pre-2008 levels in real terms;
- Provide greater certainty on arrangements for funding tourism capital and current budgets;
- Commit to a greater strategic focus on evaluating Ireland’s overseas tourism marketing expenditure in terms of impact, share of voice and value for money;
- Work with the CSO and tourism bodies to provide more comprehensive and timely industry data for enhanced understanding of tourism performance and its economic contribution;
- Provide appropriate support to the Tourism Leadership Group to ensure the Tourism Action Plan is kept on track and corrective measures are taken where expectations are not met or external shocks arise, such as Brexit;
- Working with industry, establish a dedicated tourism working group to examine the short and long-term implications of Brexit;
- Put in place structures to react quickly to developments in the tourism market and tourism industry, such as Brexit and changes in the economic environment within overseas markets;
- Ensure a greater strategic focus on providing a cost competitive environment for tourism, working closely with other associated Government Departments to address the high cost of doing business in Ireland;
- Given the current hotel capacity issues in Dublin, work to ensure any barriers to the appropriate development of additional hotel stock are minimised;
- In light of the success of the Convention Centre Dublin in attracting increased business and conference tourism to the capital, ensure the removal of any barriers to progress on other convention centre facilities such as in Cork;
- Ensure a greater focus on achieving a balanced regional tourism strategy with targeted destination marketing funding to attract visitors to the regions;
- Establish a dedicated working group with industry to extend the short tourism season;
- Improve collaboration with Local Authorities on tourism development and involvement of local community support to maximise tourism opportunities;
- Capitalise on opportunities to develop increased air access into regional airports;
- Given the success of initiatives such as the Wild Atlantic Way, carry out a review of the entire regional road network and transport infrastructure including investment in developing the Cork to Limerick route, the Adare bypass and the Killarney to Cork road;
- Continuously review the effectiveness of existing supports to new tourism enterprises;
- Work to identify and support opportunities for convergence between tourism and other areas of enterprise, such as film, food and arts;
- Identify opportunities to greater exploit the synergies between tourism and sport, particularly between rural tourism and the GAA;
- Following the successful UEFA EURO 2020 bid, allocate dedicated resources to identify and attract other sports events with significant overseas visitor appeal;
- Collaborate with other relevant Government Departments and agencies to improve promotion of cultural heritage and natural and built heritage sites;
- Engage closely with the Expert Group on Future Skills Needs on the needs of the hospitality sector and support closer cooperation between Fáilte Ireland and SOLAS to provide training and skills development programmes for the tourism industry;
- Engage with the Department of Education and Skills to encourage tourism education options for second and third level students.

Thank you for inviting the IHF to contribute to the consultation on the Department’s Statement of Strategy. The IHF would be delighted to contribute further to the development of the strategic priorities outlined above.