

Report of the Tourism Renewal Group

Survival, Recovery and Growth - A Strategy for Renewing Irish Tourism, 2009 - 2013



New Horizons for Irish Tourism

Mid-Term Review

September 2009



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CHAIRMAN'S PREFACE

Many of the key themes detailed in this Report are consistent with previous reviews of the Tourism Sector. They include competitiveness, value for money, access, transport, and the business environment. Indeed it would be a surprise if it were otherwise as these are the key drivers of the Tourism Sector. Given the warp-factor change in the economic environment and the issues which the country is facing into in the near term, some are rendered more acute in requiring action in the very short term.

As the work of the Tourism Renewal Group was nearing completion, the report of the Special Group on Public Service Numbers and Expenditure Programmes (“An Bord Snip Nua”) was brought to Government, and in the very recent past, the Commission on Taxation Report was also published. Both reports include recommendations specific to tourism, some of which have significant implications for the sector if they are implemented as outlined in the reports. It is implicit that reductions in state spending will have to be made in all sectors including tourism, starting with the upcoming 2010 budget, the process for which is already well underway. For the Tourism Sector, reduced investment necessitates that a prioritisation process for the available funding is undertaken and implemented to ensure that the industry is well positioned to benefit from the economic recovery when it arrives. At this remove, it is unlikely that this recovery will commence before 2011.



Maurice Pratt
Chairman
Tourism Renewal Group

In setting out to develop a framework for action for the industry in the coming half decade, we have built our action plan around our key focus, i.e. tourists and their experience of our product as customers. In recognising the uncertainties facing the industry and the choices which will need to be made in deploying scarcer resources, the action plan describes a path to survival, recovery and growth. Decisions made in the short term will have a significant bearing on longer term prospects. Making the right decisions on crucial issues in the short term will underpin the revenue and market share targets which we are recommending later on in this report. In this regard, I want to highlight a small number of issues

and priorities which need to be urgently addressed.

Maintain Investment in the Brand

Ireland, as this review confirms, outperforms in key tourism industry performance indicators relative to its size....this is especially the case in revenues, visitor numbers and in return on marketing investment. This has been achieved through a consistent policy approach to brand building and brand investment made over a long period. The brand "equity" which has been built up must not be eroded through reduced or under-investment in the downturn phase which we are currently experiencing. Reduced investment will inevitably lead to loss of market share which the industry and the State can ill afford; the Renewal Group recommends that prioritisation be given to this core objective in the framing of the budgets for the relevant agencies in 2010 and beyond.

Cut Access Costs

We are an island nation, largely dependent upon competitive airfares to entice tourists to choose Ireland over other destinations. There is strong evidence to suggest that the introduction of the Departure Tax has damaged our competitiveness and our image. The Commission on Taxation Report also highlights this issue and recommends a review of this recently introduced tax. The Tourism Renewal Group recommends that in the context of framing the 2010 budget, the Departure Tax be abolished.

Provide Access to Working Capital

Significant new investment has been made in the Tourism Sector which has increased the quantity and in many cases quality of accommodation. However, the severity of the downturn and reduced yields achieved by the industry have put severe pressure on their cash flows. As a consequence of the banking crisis, many small and mid-sized hotels have had their working capital facilities reduced by their banking providers, at a point in the cycle when they are in most need of this capital. In the context of the establishment of the National Assets Management Agency, and given the critical nature of working capital to the industry, I would recommend that minimum

thresholds of working capital be made available to the sector. Whilst it is acknowledged that some of the tax driven investment in the hotel sector has led to over-capacity, tourism businesses with strong track records and viable futures must be protected.

State Agencies - Fáilte Ireland and Tourism Ireland

The report of the Special Group on Public Service Numbers recommends a significant reduction in state agencies to reduce state spending and improve efficiency. The Tourism Renewal Group's remit did not include a review of the existing structures in the sector. However, it should be noted that in the course of a very wide ranging consultation we undertook across the sector, general satisfaction at the performance and delivery of the primary state sector tourism agencies, Fáilte Ireland and Tourism Ireland, was a consistent theme. Indeed, although invited, there was no substantive proposal received to change the existing arrangements. We would also note that Tourism Ireland has a 32 county remit in conjunction with Northern Ireland under the Good Friday Agreement, which was also highlighted in the McCarthy Report.

Tourism's Role in Economic Renewal

The greatest insight I have gained from chairing this review group is the extent to which the sector is taken for granted, principally I believe because tourism is embedded as an activity in every town and parish in Ireland. The numbers don't lie....it accounts for 4% of the country's GNP. If it receives the recognition and support its scale deserves, it stands ready to play its part in our journey to recovery.



Maurice Pratt
Chairman

EXECUTIVE SUMMARY

1. Tourism's Contribution to Ireland's economic, social and cultural development

1.1 Tourism is one of Ireland's most important economic sectors and has significant potential to play a key role in Ireland's economic renewal. In 2008, tourism was responsible for

- ✦ Total revenue of €6.3 billion (4% of GNP), made up of
 - ✦ €4.8 billion in international earnings
 - ✦ €1.5 billion in domestic revenue
- ✦ An estimated €1.5 billion in tax revenue for the Exchequer
- ✦ Over 8 million out-of-State tourist visits and 8.3 million domestic trips
- ✦ 128,400 jobs in the accommodation and food sector alone i.e. more than either agriculture, forestry and fishing (110,700) or financial, insurance and real estate services (104,100).

1.2 Tourism's contribution is not confined to directly generating employment, economic activity and exports. It also contributes by encouraging social inclusion and access to the labour market. It increases the payback from infrastructure and facilitates the efficient use of services. Tourism has played a vital role in reshaping North/South relationships through the joint marketing and promotion of the island of Ireland in international markets.



2. Prospects for Irish Tourism in a Changed World

2.1 In 2003, the Tourism Policy Review Group set out, in *New Horizons for Irish Tourism: An Agenda for Action*, a comprehensive tourism development strategy to 2012. The Tourism Strategy Implementation Group (TSIG) confirmed in its Report in 2008 that there has generally been good progress on the actions recommended in *New Horizons*, although some took longer than anticipated to implement. Its review of performance up to 2006 against the targets in *New Horizons* found that, overall, performance was good. However, strong headline growth in numbers, and exceptional growth in domestic demand, partially concealed underlying weaknesses. These included loss of price competitiveness, weaker growth from traditional (higher-spending) source markets, and a relatively weaker performance in leisure travel, which were reflected in revenue figures below target.

2.2 The environment for Irish tourism has changed radically for the worse since 2006. The pace, scale and nature of adverse changes to the global and domestic economy have been exceptional and unanticipated. Tourism has been affected like every other sector worldwide. This has happened in the context of longer-term trends unique to tourism, some longstanding and some emerging.

2.3 The Irish tourism industry is now at a critical juncture. Global and domestic challenges make the sector vulnerable in the short term. On the other hand, the industry has fundamental strengths and presents valuable opportunities that can contribute to growth in the medium term. But we must take appropriate actions now, and sustain them over the next few years.

2.4 Irish tourism has the capacity, if supported and developed, to deliver even more for Ireland as part of an export-led economic recovery. Tourism

- Has a strong role to play as a source of employment
- Is well positioned for a green/sustainable development approach
- Has a powerful influence on international perceptions and image of a country.

The Tourism Renewal Group's Report sets out different scenarios to illustrate this capacity. The Realistic Scenario shows what can happen if we take the right steps now, against a challenging backdrop. This contrasts with a Best Case (based on a faster global turnaround) and a Worst Case (if we fail to take the right steps and external conditions deteriorate).

2.5 This Report highlights the need for tourism to be much more visible and integrated into the broader economic strategic framework. Despite punching above its weight internationally, Irish tourism has failed to reflect that strength in the national arena. Because tourism is so integrated into the economy, and so diverse, it has suffered from a lack of visibility and recognition. Furthermore, its success over many years has meant it was taken for granted. The Tourism Renewal Group carried out its work in the context of the Government's framework for Sustainable Economic Renewal, "*Building Ireland's Smart Economy*", which explicitly recognises the value and potential of tourism. For its potential to be realised, Government and the industry must work together to champion the sector and to strengthen the competitiveness of Irish tourism.

3. Framework for Action - Principles and Priorities

3.1 At the heart of tourism is the Customer. Providing the best possible Customer Experience for a competitive price is the key to success. The Group built its Framework for Action on mobilising the industry players and stakeholders to put the Customer Experience at the centre of the policy, practice and product through -





- Getting Customers to choose Ireland and come here
- Giving tourists what they seek in Ireland
- Helping Tourism Enterprises to make the most of the Customer experience
- Focusing on our best prospects.

3.2 The Tourism Renewal Group set its Framework for Action in terms of Survival, Recovery and Growth. The following Tables set out those actions in summary form. The Tourism Renewal Group has also identified targets and indicators for measuring Ireland's tourism performance and competitiveness, and mechanisms to drive the implementation of the Framework for Action.






4. Framework for Survival - Urgent Actions in 2009-2010




The Group has identified actions to be taken now and strategic priorities to be set until the end of 2010 to ensure the survival of a strong Irish tourist industry and minimise the potential damage from the challenges faced. These focus on supporting and strengthening sustainable consumer demand, mitigating the impact of global economic trends, enhancing cost competitiveness and easing cost and financing pressures on viable tourism businesses.

| Action | Measures | Lead Role (see main Report for Support Roles) |
|--|--|---|
| Survival Action 1 Keep Ireland in the Market – Invest in Marketing | <i>Maintain the overall level and value of investment in International and Domestic tourism marketing in real terms, to ensure continued impact and sustained returns</i> | Government (D/Finance, DAST), Tourism Agencies, marketing partners |
| Survival Action 2 Keep Ireland in the Market – Cut Access Costs | <i>Abolish the Air Travel Tax</i> | Government (D/Finance) |
| Survival Action 3 Make the Most of what we have - Sweat the Assets | <i>Strengthen Ireland's Tourism Product by</i> <ul style="list-style-type: none">  <i>Owners/operators of heritage and culture assets working more closely with the tourism sector</i>  <i>Stronger linkages between tourism attractions in terms of information and marketing</i>  <i>Using technology better to deliver interpretation more efficiently and easily</i>  <i>Keeping people at work in the tourism sector while enhancing their skills</i> | OPW, DEHLG / NPWS, Fáilte Ireland, National Council of Cultural Institutions, tourism enterprises |
| Survival Action 4 Prioritise spending | <i>Coordinate public spending on tourism-related investment</i> | Government (DAST, DCRGA, DEHLG, DETE), Tourism Agencies |
| Survival Action 5 Support Sustainable Enterprises and Employment | <i>Keep enterprises in business by minimising costs - including wages, utility costs - and local authority rates and by ensuring access to working capital</i> | Government (DETE, DAST, D/Finance, DEHLG), local authorities, regulators, Fáilte Ireland, credit institutions |

5. Framework for Recovery and Growth – Building for the Future 2010-2013

Moving into the mid-term, the challenge will be to set Irish tourism back on a growth path from 2011 on, as the world economy recovers. The focus of these actions is on enhancing Ireland's attractiveness in a global marketplace which is returning to modest growth, building on gains in cost competitiveness and making sure that future opportunities for growth are identified and nurtured.

| Action | Measures | Lead Role (see main Report for Support Roles) |
|--|---|---|
| Recovery Action 1 Reaffirm the value and importance of tourism | <i>Government, industry and others acknowledge and make the case for tourism and put tourism at the heart of decision-making</i> <i>Strengthen the innovative and knowledge content of tourism</i> | Government (DAST, D/Finance, D/Taoiseach, DETE), tourism representative bodies, tourism enterprises |
| Recovery Action 2 Sustain Investment in Tourism's Assets – the Brand | <i>Maintain the overall level and value of investment in International and Domestic tourism marketing in real terms, to ensure continued impact and sustained returns</i> | Government (D/Finance, DAST), Tourism Agencies, marketing partners, tourism enterprises |
| Recovery Action 3 Sustain Investment in Tourism's Assets – People | <i>Help tourism enterprises to retain staff</i> <i>Help workers to renew and strengthen their skills</i> <i>Use tourism's potential to keep people in the labour market</i> <i>Ensure diversity of skills and labour are available</i> <i>Make tourism more attractive as a career for life</i> | Fáilte Ireland, tourism enterprises |
| Recovery Action 4 Sustain Investment in Tourism's Assets – Product | <i>Renew investment in priority projects, including funds for public attractions and infrastructure and incentives for refurbishment of accommodation</i> <i>Improve management of sites through staff training and Service Level Agreements</i> <i>Secure more World Heritage Site designations</i> | Government (D/Finance, DAST, DEHLG), Fáilte Ireland, OPW |
| Recovery Action 5 Make Ireland a world leader in tourism e-business | <i>Ensure Ireland's tourism agencies and tourism enterprises maximise their exploitation of new technologies – particularly the web – by</i>  <i>Enabling enterprises to have an effective web presence by rolling out broadband nationwide and enhancing enterprise supports for e-Capability</i>  <i>Ensuring that all e-marketing is world-class by sustained investment, increased use of Customer Relations Management/ Engagement and facilitating booking and buying over the internet</i>  <i>Structuring our web presence around the customer experience</i> | Tourism enterprises, Tourism Agencies |

| Action | Measures | Lead Role (see main Report for Support Roles) |
|---|--|--|
| Recovery Action 6 Prioritise Market Segments where Ireland can gain competitive advantage | <p><i>Select, Invest in, and Develop key market segments based on Ireland's strengths, for example by</i></p> <ul style="list-style-type: none">  <i>Improved packaging and marketing of leisure segments where we have developed critical mass</i>  <i>Public/Private Cooperation to develop additional niches with potential</i>  <i>Maximising the opportunity to grow business tourism nationwide, arising from the opening of the Convention Centre Dublin, by targeted promotion and securing additional gala venues for functions</i> | <p>OPW, NPWS, National Council of Cultural Institutions, individual cultural institutions, tourism enterprises, Tourism Agencies, DAST</p> <p>Tourism Agencies, Business Tourism Forum, Convention Centre Dublin</p> |
| Recovery Action 7 Make Access into Ireland easier | <p><i>Tourism agencies should identify and follow up opportunities to maximise the level of air and sea access as they arise, in cooperation with carriers or other State agencies where possible</i></p> <p><i>Make immigration procedures for tourists cheaper, easier and friendlier</i></p> | <p>Government (D/Finance, D/Transport, DAST), Tourism and other State agencies</p> <p>Government (DJELR/INIS)</p> |
| Recovery Action 8 Make Getting around Ireland easier | <p><i>Invest in key transport links and nodes</i></p> <p><i>Improve signposting and information</i></p> <p><i>Make public transport, cycling and walking more attractive</i></p> <p><i>Support tourism-specific transport services (e.g. coach tours and car hire)</i></p> | <p>Government (D/Transport, DEHLG, DSFA), local authorities</p> |
| Recovery Action 9 Maintain Supports for Enterprises and Employment | <p><i>Keep costs as low as possible for tourism enterprises and ease the burden of regulation</i></p> | <p>Government (DETE, DEHLG, D/Finance), regulators, local authorities</p> |

6. Targets

6.1 The Group has developed a suite of targets that are demanding but achievable, based on its Realistic Scenario, to measure progress and to set priorities.




Overseas Tourism

Overseas visitor numbers to stabilise at 2009 levels and return to growth by 2011, with growth rates remaining modest at between 3-4% per annum up to 2013

Overseas visitor arrivals (with an overnight) therefore reach between 7.5m and 7.9m by 2013

Following a reduction in yield in 2009-2010, leading to falls in total revenue, there is a return to modest revenue growth in 2011-2013 as numbers return to growth and yield stabilises

By 2013, Ireland has maintained its share of international visitor numbers to European destinations, with the following objectives for each source market

-  Our position is strengthened in major Continental European source markets, increasing arrival numbers and at least maintaining market share
-  Recent declines in leisure visitors from Great Britain are halted and reversed
-  Market Potential and (subject to access) market share is maintained in the US market

Total overseas holiday / leisure / recreation trips stabilise at 2009 levels and return to growth by 2011, with growth rates of between 3-4% per annum up to 2013.

Domestic Tourism

Domestic trip numbers return to growth by 2011-2012, reaching 8.3 million in 2013

Revenue returns to modest growth by 2011-2012 as numbers return to growth and yield stabilises

By 2013, Irish domestic holiday trips maintain their market share of total Irish holiday trips taken, at home or abroad.

6.2 As well as measuring tourism performance in terms of market share and visitor numbers, the Group recommends that competitiveness indicators be used, based on those developed by the World Economic Forum for the World Travel and Tourism Competitiveness Index, to benchmark Ireland's factors of competitiveness against countries with a comparable offering.



7. Measuring and Managing how the Strategy is Delivered

7.1 The progress on the actions set out in the *New Horizons* strategy confirms that the basic approach taken to its implementation worked. The Tourism Renewal Group recommends that a similar approach be adopted to its Framework for Action. A Renewal Implementation Group should be established, with a small number of members (no more than 4) and an independent Chair. The Group should meet every three months up to the end of 2010 (the "Survival" phase), meeting bilaterally with those having the lead roles for each Action. Progress should be reported regularly to the Minister for Arts, Sport and Tourism and, through the Minister, to the Cabinet Sub-Committee on Economic Renewal and the Government. Industry should receive regular updates through the Department's website.

7.2 The Tourism Renewal Group's work highlighted the need to improve the quality and range of statistics on tourism, given its potential to generate employment and revenue. Tourism must be a priority sector for the Central Statistics Office, working in partnership with the tourism agencies and academic/research institutions. Research on the economic impact of tourism and on tourism innovation should be part of the overall Research and Innovation Strategy for the Smart Economy.

8. Conclusion

- 8.1** The Framework for Action in this Report sets out what needs to be done to
- Minimise the potential damage from the challenges facing tourism, and
 - Make the most of opportunities as the global economy returns to growth.

The Tourism Renewal Group now calls on all of those responsible for implementing the Actions, from Government through agencies and public bodies to tourism enterprises, to endorse the Framework for Action and to commit to its ongoing implementation.



CHAPTER ONE

Tourism's Contribution to Ireland's Economic, Social and Cultural Development



1.1 Tourism's Contribution to the Irish Economy

1.1.1 Tourism is one of Ireland's most important economic sectors. Given its track record and future potential, it can play a key role in Ireland's economic renewal.

1.1.2 Tourism is a major direct contributor to employment, economic activity and export earnings. It also shapes Ireland's image and attractiveness as a place to live, work and invest. It is largely indigenous and has an impact on the overall social and cultural development of every part of the country. It has shown its resilience over many decades, responding to challenges while adapting and growing when given the opportunity. Ireland's tourism industry currently faces an exceptional combination of external and internal difficulties, which have put the sector under great pressure. Nevertheless, the industry has the capacity not only to recover as a sector in its own right but also to play a key role in overall economic recovery - if its potential is understood, recognised and supported.

1.1.3 The direct contribution of tourism to Ireland's economy (including jobs) can be summarised as follows, taking a snapshot of the position in 2008¹

- ✚ Total tourism revenue was €6.3 billion, including
 - ✚ €4.8 billion total international earnings (including carrier receipts and Northern Ireland), and
 - ✚ €1.5 billion domestic tourism revenue
- ✚ There were over 8 million out-of-state tourist visits and 8.3 million domestic trips
- ✚ Employment in the accommodation and food sector alone accounted for 128,400 jobs²
- ✚ Direct tourism spending amounted to 4% of GNP (3.4% of GDP).

¹ The Central Statistics Office (CSO) carries out regular surveys of both international arrivals and of Irish residents, to measure the numbers travelling, why they travel and what they report as spending. In addition, Fáilte Ireland carries out further research into what tourists do in Ireland.

² The CSO does not measure tourism employment as such, but does measure Accommodation and Food Service employment, a category that includes hotels, restaurants, bars, canteens and catering. This estimate of employment is based on interviews with individuals in the household and the jobs identified are defined as "the respondent's main job" and include both full-time and part-time. The figure quoted here is the seasonally adjusted employment position in Q3 2008. Drawing on an alternative approach, an estimate of all jobs in the tourism and hospitality industry based on a Fáilte Ireland survey of businesses (full-time, part-time, seasonal/casual and not confined to "main job") indicates total employment in the sector at approximately 200,000.

1.1.4 These figures reflect a slight decline in foreign visits in 2008, arising from the global recession (especially in UK/US/Europe: our key source markets) and the weakness of sterling against the euro. This reversed Ireland's sustained tourism growth for the first time since 2002.

1.1.5 Because tourism is not shown as a distinct sector in the official national accounts, Fáilte Ireland developed a tourism model³ to estimate the value of its contribution, based on available data. The model shows that, in 2008, the Exchequer earned €1.5 billion from overseas and domestic tourism.

"Tourism is one of Ireland's most important economic sectors. Given its track record and future potential, it can play a key role in Ireland's economic renewal."

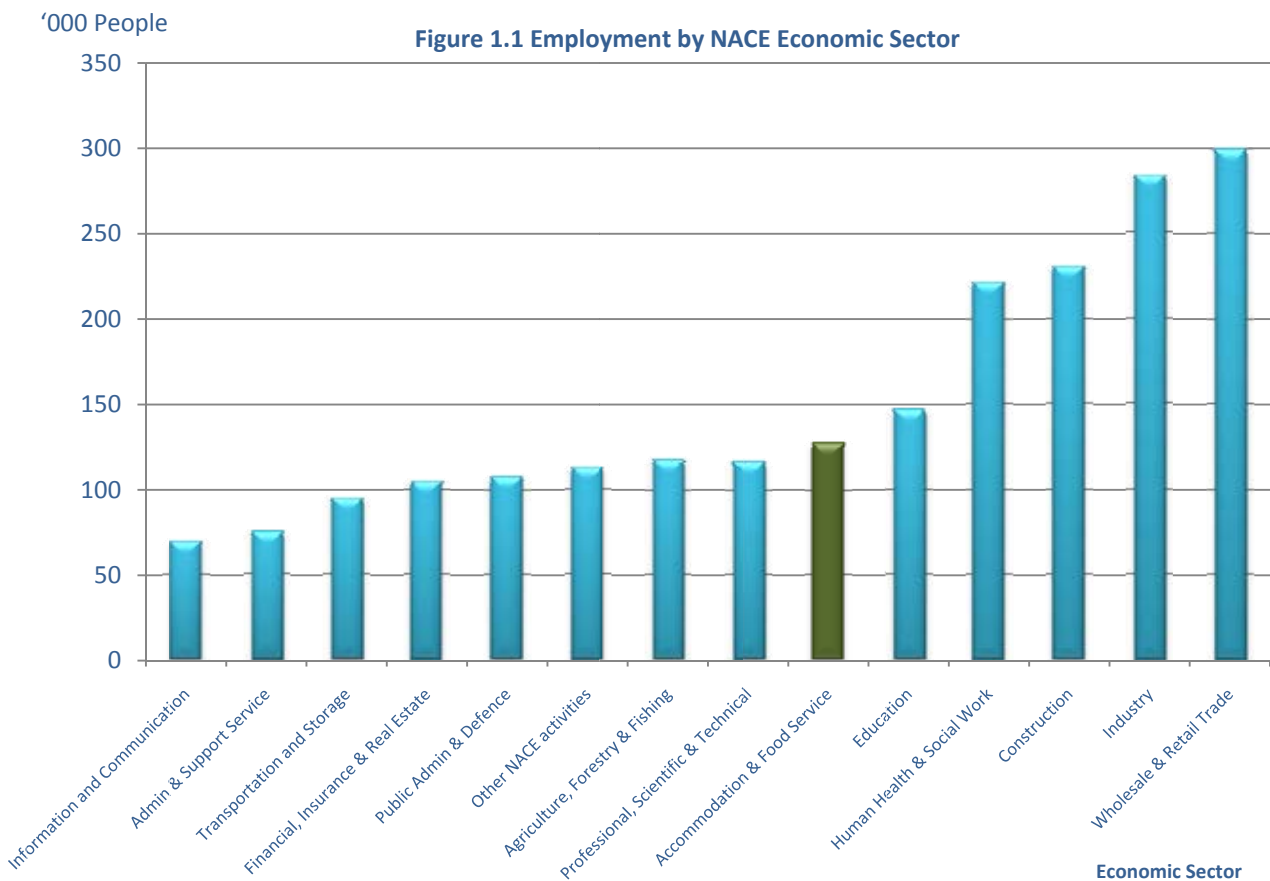
"The industry has the capacity not only to recover as a sector in its own right but also to play a key role in overall economic recovery - if its potential is understood, recognised and supported."

³ Fáilte Ireland developed its economic model with assistance from Indecon Consultants and Prof. Adam Blake of the University of Bournemouth. It is a generalised input-output model using an integrated supply and demand framework which links tourist expenditure on products to the supply of products by industry.

1.2 The Employment and Economic benefits of Irish Tourism in Context

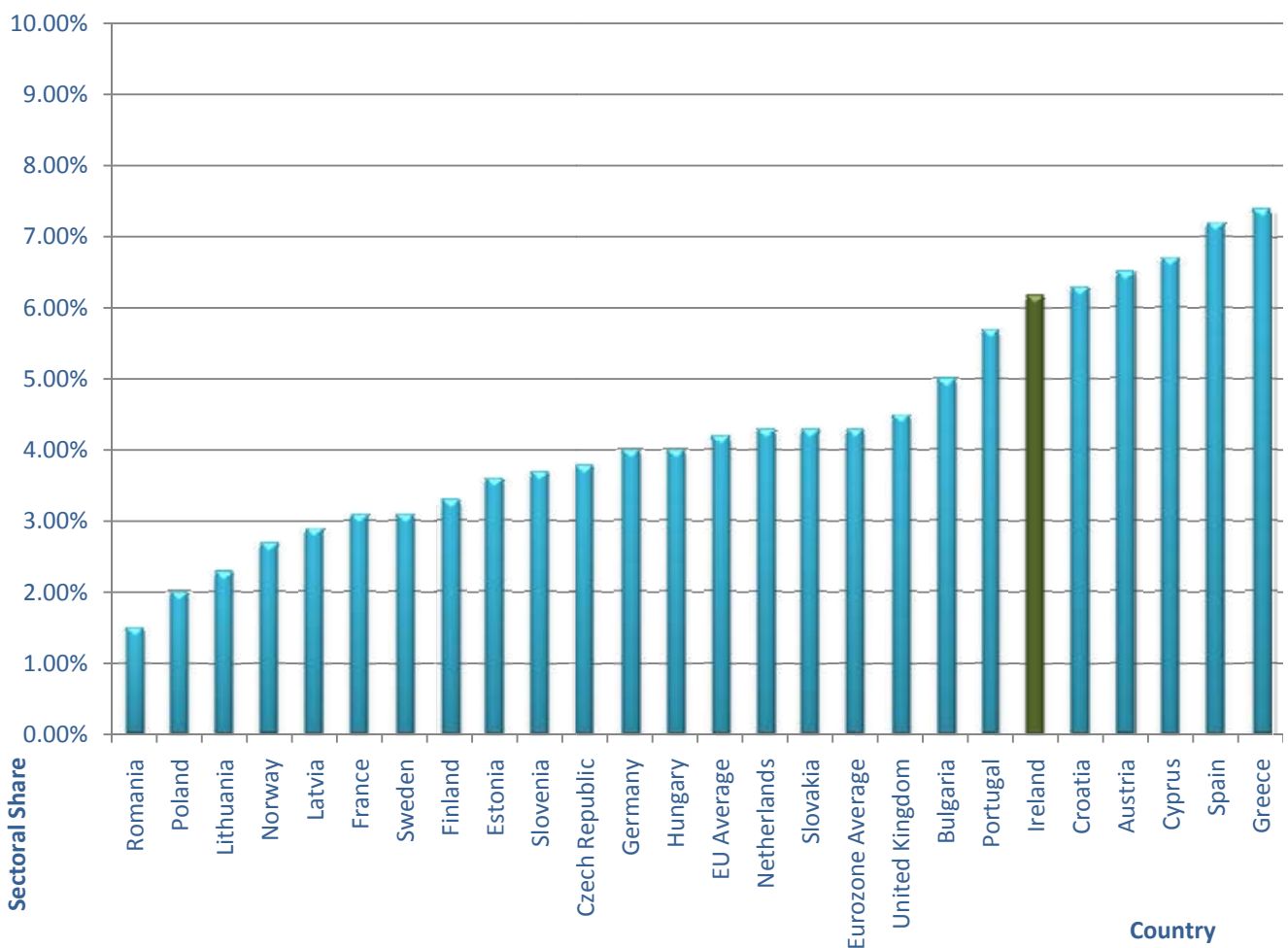
1.2.1 Comparing tourism with agriculture, forestry and fishing puts tourism's contribution in perspective. Agriculture, forestry and fishing were together worth just under €4 billion or 2.5% of GNP (2.1% of GDP) in 2008. Total food exports in 2008 amounted to €4.6 billion. According to CSO employment data (Figure 1.1), there were 128,400 jobs in accommodation and food in 2008 (third quarter, seasonally adjusted) compared to

- ✎ 110,700 in agriculture, forestry and fishing
- ✎ 104,100 in financial, insurance and real estate services
- ✎ 228,700 in the construction sector.



1.2.2 Data from the International Labour Organisation (ILO) show that tourism-related jobs are more important in Ireland than in most of Europe (Figure 1.2). The ILO reported that Irish hotels and restaurants accounted for 6.2% of employment in 2007 (the most recent figures available). Only the Mediterranean countries, and Austria, have a higher share of employment in the sector.

Figure 1.2 Share of Total Employment in Hotels and Restaurants



1.3 The Social and Cultural Contribution of Tourism

1.3.1 Tourism worldwide is recognised as contributing greatly to the social and cultural wellbeing of countries. In Ireland, too, it has an impact on the overall social and cultural development of every part of the country. Its contribution is not confined to the major role it plays in directly generating employment, economic activity and exports. It is so embedded across the service sector that it can be difficult to see and quantify its economic and other impacts.

Social Inclusion and Access to the Labour Market

1.3.2 Few sectors provide such a wide range of opportunities for people to access the labour market - across all ages, skills levels, and backgrounds and in urban and rural, central and peripheral locations. In Ireland, tourism provides jobs in every part of the country. It has provided paid employment at times and in places where there was little alternative available. The sector is one in which flexibility of employment arrangements and hours can suit both employers and workers (e.g. to suit family circumstances). The sector also provides opportunities to work in a dynamic, competitive, customer-driven sector while advancing educational and skills levels – either in the sector or elsewhere in the economy.

"In Ireland, tourism provides jobs in every part of the country."

Increasing the payback from infrastructure and efficient use of services

1.3.3 Good physical infrastructure, whether transport, environmental, or recreational, is critical to the tourist experience of a location – particularly for developed countries. However, tourists can also increase the use of and return from infrastructure – including not only roads, public transport, water and wastewater services, but also cultural and sporting facilities. In rural areas, where there may not be sufficient local residents or expenditure to sustain public and private services, tourists can be critical in making services viable – including local shops, pubs and public transport.

Tourism as a means to break down cultural barriers

1.3.4 In an increasingly globalised world, the ability of a country to engage with and understand different cultures is critical. Tourism is a means by which people can become familiar with each other's cultures and traditions and has the potential to enhance international understanding.

Tourism in the all-island economy

1.3.5 Tourism has played an important role in reshaping relationships on the island of Ireland. Tourism Ireland is arguably the most successful of the North / South bodies set up following the Good Friday Agreement. By pooling Government and industry resources in marketing, the whole island is able to secure a greater market profile. Tourism has also provided useful opportunities for both parts of the island to secure mutual benefits from North / South cooperation (e.g. on statistics and INTERREG projects) and also from East-West cooperation between Britain and Ireland (e.g. on promoting the two islands in long-haul source markets).

"Tourism has played an important role in reshaping relationships on the island of Ireland."

1.4 Tourism Policy Background and Progress since 2003

1.4.1 A major review of tourism policy led to the 2003 Report, *New Horizons for Irish Tourism: An Agenda for Action*. This comprehensive tourism development strategy set out a detailed plan of specific actions covering a 10-year period to 2012 and formed the basis for subsequent tourism policy at Government and agency level. The Government put in place dedicated implementation groups to monitor progress on the overall strategy and associated action points

- ✦ The Tourism Action Plan Implementation Group (TAPIG) to give an initial impetus over 2003-2006

- ✦ The Tourism Strategy Implementation Group (TSIG) over 2006-2008, to follow up on the actions, to review tourism performance to the end of 2006 and to put forward recommendations for a mid-term review.

1.4.2 The TSIG submitted its final Report to the Minister for Arts, Sport and Tourism in June 2008. The Report confirmed that there had generally been good progress on the actions recommended in *New Horizons*, although some took longer than anticipated to implement.

1.4.3 The TSIG was asked to review tourism performance up to 2006 against the targets set in *New Horizons*, using 2002 as a baseline. Key conclusions were

- ✦ The number of overseas visitors to Ireland in 2006 was ahead of target by 5.3%

- ✦ Numbers from Great Britain (our largest market) fell short of target by 6.2%

- ✦ Ireland increased market share in key source markets

- ✦ Although revenue from overseas visitors increased in real terms by over 9.5% to 2006, this was 11.8% below target and fell well short of the growth in numbers – particularly for visitors from Great Britain and North America

- ✦ For domestic holidays, both the number of visitor trips, and revenue in real terms, exceeded growth against target, by significant margins.

1.4.4 The shortfall against revenue targets mirrored international trends for receipts to lag tourist arrivals since 1997, reflecting a shift to more frequent trips for shorter stays. However, it was also influenced by the erosion of Ireland's price competitiveness due to domestic inflation. The growth in overseas numbers was, to an extent, also handicapped by the steady loss of competitiveness, a strengthening euro over the period and the growth in domestic demand.⁴

1.4.5 Key drivers of tourism growth in the 1990s remained strong but weakened over the 2002-2006 period. These included the growth in short-haul air access (driven by industry trends as well as domestic outbound demand) and also very rapid growth in accommodation capacity. The expansion of hotel stock was initially driven by the strong growth in tourism in the 1990s, but was prolonged by the scale and extended duration of tax incentives.

1.4.6 Overall, then, performance up to 2007 was good but the strong headline growth in numbers, and the exceptional growth in domestic demand, partially concealed potential weaknesses – including the loss of price competitiveness, the weaker growth from traditional (higher-spending) source markets, and the relatively weaker performance of visitors travelling for leisure only – which was reflected in revenue figures below target.

1.4.7 *New Horizons for Irish Tourism* proved itself to be a robust policy framework for the growth and development of the sector. The implementation process worked well in driving delivery of actions by the tourism agencies. The partnership approach adopted between the Government and the industry was a strong contributory factor. The establishment of special groups with tight terms of reference and a defined life span to monitor, promote and energise the implementation process served their purpose well in terms of delivering on specific actions.

⁴ TSIG reported that, according to the Central Bank of Ireland's Harmonised Competitiveness Indicator (deflated by consumer prices, which takes into account relative price changes along with exchange rate movements), Ireland's competitiveness fell by 24.35% between the start of 1999 and February 2008 – of which 11.38 percentage points was due to exchange rates alone, and over 6 percentage points of which occurred in 2007-2008.

However, the weaker than expected revenue performance over the period highlights the need for tourism to be more embedded in the broader economic strategic framework if the opportunities it presents are to be effectively exploited to national advantage.

1.4.8 Further details of the tourism policy background and implementation, profile of the sector, performance and progress since 2003 are contained in Appendix 1.



1.5 Tourism's Future Potential

1.5.1 This Report has been brought forward in the context of the renewed recognition of the value and potential of tourism in the Government's Framework for Sustainable Economic Renewal, 'Building Ireland's Smart Economy'. This recognised the Irish tourism export sector as highly successful, gaining market share in recent years, and as an important part of the internationally-traded services sector.

1.5.2 Tourism has over a number of years been one of the world's fastest growing industries. It has the capacity, if supported and developed, to deliver even more for Ireland

➤ Tourism has a strong role to play as a **source of employment**, providing opportunities across a range of skill levels, age, gender and family status – in every part of the country. Its labour intensity offers significant capacity to create jobs and past experience suggests it can recover more quickly from downturns than other countries

➤ It is an **indigenous sector** – wealth generated in tourism stays in Ireland – and one of only a few indigenous sectors generating substantial export earnings

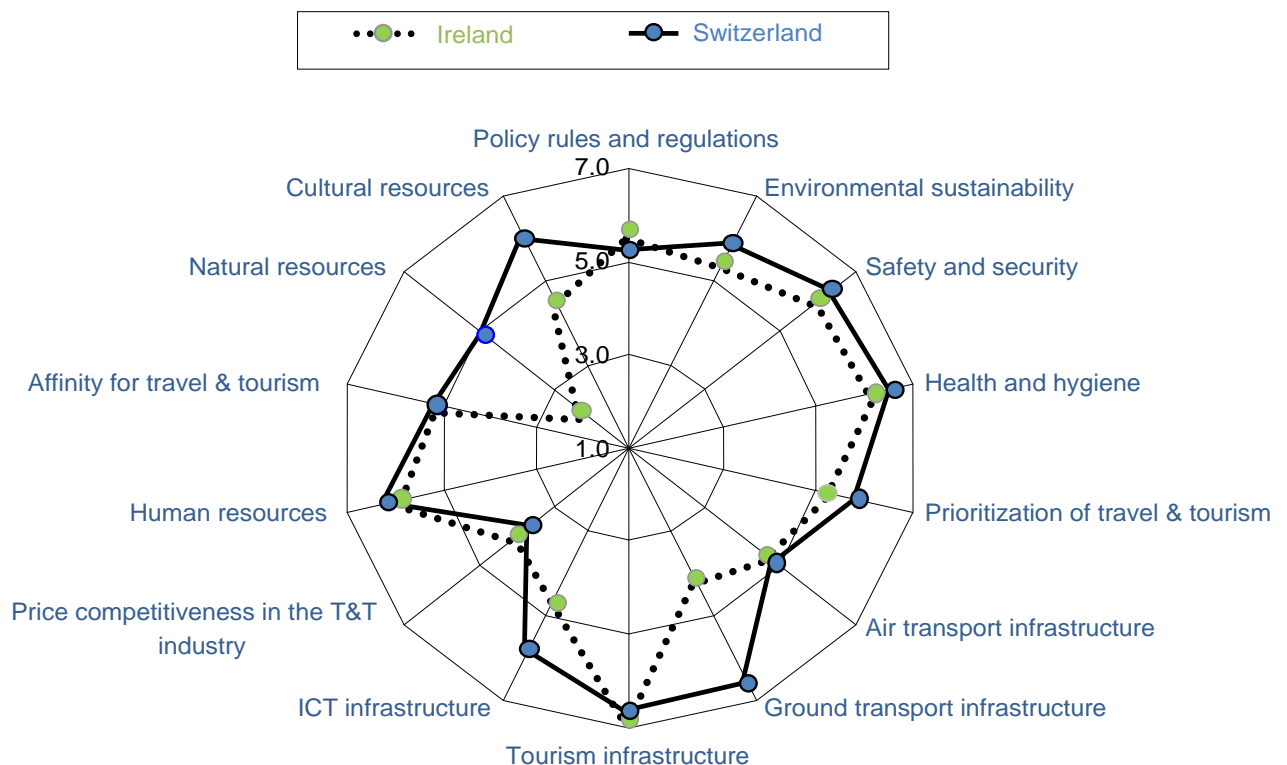
➤ Few sectors are better **positioned for a green economy / sustainable development** approach - particularly given what it is that Ireland offers. Our core tourism offering is our people and their engagement with the visitor, our culture and history and our landscape. These are all assets where economic sustainability complements environmental sustainability

➤ Tourism also has a powerful influence on international perceptions and image of a country. In the context of the reputational challenges facing Ireland as identified by the National Economic and Social Council, tourism has continued potential to play a part in communicating a positive image of Ireland to the world.

1.5.3 Despite punching above its weight internationally, Irish tourism failed to reflect that strength in the national arena. As perhaps our oldest internationally-traded service which is also largely indigenous, it did not receive the same attention as other newer sectors, which had to be more intensively nurtured. The structure of the industry, overwhelmingly made up of SMEs and microenterprises, made it difficult for tourism to make its voice heard, and made gains or losses of jobs and businesses less visible. The degree of attention paid to agriculture – by Government, media, economic commentators and others – is in striking contrast, given it is comparable in size to tourism. Because tourism is so integrated into the economy, and so diverse, it has suffered from a lack of visibility and recognition. Furthermore, its success over many years has meant it was taken for granted.

1.5.4 For the potential of Irish tourism to be realised, Government and industry must work together to champion the sector and to strengthen its competitiveness. In tourism, even more than other sectors, competitiveness is multidimensional. This is illustrated graphically in the World Economic Forum's (WEF) Tourism and Travel Competitiveness Report. The "spider diagram" (Figure 1.3) illustrates Ireland's performance under the WEF scoring system, across a range of "Pillars" of competitiveness, against that of Switzerland, ranked by the WEF as the most competitive tourism economy in the world⁵.

Figure 1.3 Spider Diagram – Ireland's Ranking on Tourism Competitiveness compared with Switzerland



⁵ The WEF rates tourism competitiveness by assessing performance under 14 different factors, scoring each country's performance on a range of indicators for each factor on a scale of 1 to 7. The higher the score on each factor, the better the performance e.g. Ireland outperforms Switzerland on Policy Rules and Regulations; Switzerland outperforms Ireland on Ground Transport.

1.5.5 Ireland is ranked 18th overall in the WEF Tourism and Travel Competitiveness Report 2009, out of 133 countries. Each Pillar is given a composite score, made up of scores on a range of different indicators selected by the WEF. Scores are also used to produce rankings. Figure 1.4 shows Ireland's ranking across the pillars and on some examples of specific indicators, against selected competitor destination countries.

1.5.6 For example, in Ireland's case the Natural Resources pillar is lower as it includes an indicator for number of species - which is inevitably lower on an island - as well as indicators like number of World Heritage Sites. While our overall ranking is boosted by our tourism marketing, it is dragged down by our historic transport infrastructure gap (now being addressed) and by a mixed performance in areas such as natural resources and price competitiveness.

1.5.7 The WEF Index is designed to apply globally and ranks individual countries, rather than tourism destinations as such. It scores the performance of India or Ethiopia in the same way as it scores Ireland or the UK, and it uses a wide range of indicators, some of which are more relevant to less developed countries. It should be noted that some indicators are scored on the basis of surveys of executive opinion while others are based on actual data. Some element of subjectivity is inescapable so a prudent approach to the indicators is necessary. Nevertheless, using indicators from an international survey in this way provides a tool to measure our relative position and progress on the factors of competitiveness.



Figure 1.4 Ireland's Score on the WEF Index compared with Selected Competitors
(by pillar and selected indicators under selected pillars)

| | Ireland | Switzerland | United Kingdom | Denmark | Finland | New Zealand |
|--|------------|-------------|----------------|------------|------------|-------------|
| | RANK | RANK | RANK | RANK | RANK | RANK |
| Overall Travel & Tourism Competitiveness Index Rank | 18 | 1 | 11 | 14 | 15 | 20 |
| Policy rules & regulations | 3 | 18 | 14 | 4 | 6 | 10 |
| <i>Openness to bilateral Air Service Agreements (hard data)</i> | 27 | 64 | 39 | 18 | 35 | 26 |
| Environmental sustainability | 12 | 2 | 10 | 3 | 7 | 22 |
| Safety & security | 18 | 8 | 78 | 4 | 1 | 15 |
| Health & hygiene | 25 | 13 | 46 | 28 | 12 | 31 |
| Prioritisation of Travel & Tourism | 27 | 7 | 31 | 91 | 54 | 36 |
| <i>Effectiveness of marketing & branding to attract tourists</i> | 8 | 15 | 37 | 36 | 67 | 7 |
| Air transport infrastructure | 23 | 17 | 6 | 12 | 14 | 11 |
| Ground Transport infrastructure | 48 | 1 | 17 | 6 | 21 | 53 |
| Tourism infrastructure | 4 | 7 | 12 | 23 | 38 | 29 |
| ICT infrastructure | 28 | 3 | 7 | 4 | 14 | 18 |
| Price competitiveness in the Travel & Tourism industry | 111 | 123 | 133 | 131 | 121 | 85 |
| <i>Purchasing power parity (hard data)</i> | 128 | 129 | 125 | 131 | 127 | 116 |
| Human Capital | 9 | 4 | 12 | 2 | 5 | 17 |
| Affinity for Travel & Tourism | 36 | 34 | 99 | 72 | 88 | 24 |
| Natural resources | 116 | 15 | 26 | 77 | 61 | 27 |
| Cultural resources | 25 | 6 | 3 | 26 | 22 | 39 |
| <i>Number of World Heritage cultural sites (hard data)</i> | 82 | 33 | 8 | 65 | 33 | 97 |

1.6 Conclusion

1.6.1 The Irish tourism industry is now at a critical juncture. The global and domestic context and specific challenges make the sector vulnerable in the short term. At the same time, the fundamental strengths of the industry and the opportunities in the medium term have great potential. The decisions taken at this time and the actions implemented over the next 12 months are exceptionally important if we are to

- Minimise the potential damage from the challenges faced, and
- Make the most of opportunities as the global economy returns to growth.

CHAPTER TWO

Prospects for Irish Tourism in a Changed World



2.1 The Changed World

2.1.1 The environment for Irish tourism has changed radically in the past year or so. The pace, scale and nature of changes to the global and domestic economy have been exceptional and unanticipated. Tourism has been affected like every other sector worldwide. The reduction in household disposable income, the erosion of consumer confidence, the impact of fluctuating energy costs and currencies on the cost of travel and the viability of tourism operators are issues in every market, affecting the vast majority of destinations. Other developments, such as health, safety and security concerns, have added to a sense of vulnerability and uncertainty that the global tourism industry has not experienced since at least the early years of this decade. This has happened in the context of longer-term trends unique to tourism, some longstanding and some emerging.

2.1.2 Established trends shaping global and Irish tourism over the past decade include

- Strong growth in tourism trips globally but slower growth in tourism spending due to more short stays taken more frequently and higher than average growth in the Visiting Friends/Relatives category (associated with migration). Growth slowing in mature tourism destinations and a shift to long-haul and other emerging destinations
- Labour supply shortages and pressures for access to immigrant labour
- Changing lifestyles and growth in disposable incomes leading consumers to emphasise visitor "experience" and authenticity
- Growth in business travel, including conferences and incentive travel
- Strong price competition on the demand side
- Intense competition for land, labour, capital and entrepreneurial talent on the supply side
- Pressure to reinvent the product, attract fresh investment and innovate
- Consumers leaving booking and purchasing until closer to the time of travel.

2.1.3 More recent, emerging, longer-term issues include

- Highly volatile energy prices with little prospect of a return to the low prices that prevailed for most of the 1990s
- Restructuring in aviation, following increasing growth in the "low-fares" model, with the emphasis on a market-led approach in which airlines rapidly shift routes and service levels
- More traditional aviation models on longer-haul routes, but challenged by higher fuel prices and adverse global economic conditions
- Impact of climate change and the green agenda, both directly and indirectly, and resource issues (e.g. water quality and availability)
- Changing consumer demand including growth in outbound tourism from new markets (e.g. China, Russia, India) and in new/diversified niche markets (e.g. retired travellers, health and wellness tourism, and cruise tours)
- Growing role of internet marketing, sales and distribution, empowering the consumer and affecting traditional structures in the travel trade
- Safety and security concerns affecting tourism enterprises and consumer preferences and perceptions of travel (which have also been affected by the impact of volume growth and low-cost aviation models)
- Uncertainty over future long-term growth trends for the global economy and hence travel patterns and tourism, as well as energy and environmental challenges.

2.2 A Changed Ireland

2.2.1 Domestically, the major historic change has been the exceptionally prolonged and rapid economic growth over 15 years up to 2008. Increased household income and wealth have transformed Ireland into a conventional small, Western European country in tourism terms, with the following features

- A strong domestic market for both short breaks and family holidays
- High levels of outbound travel
- Changing demographics, with fewer young people entering the labour force, increasing the pressure to recruit and retain staff against competition from jobs growth across the economy
- A trend towards higher levels of tourism workers from other countries
- Overseas tourism to Ireland catching up with the trend for citybreaks – leading to Dublin and other cities moving from being access points to destinations in themselves, which improved the seasonality of Irish tourism but made achieving regional spread of growth more challenging.

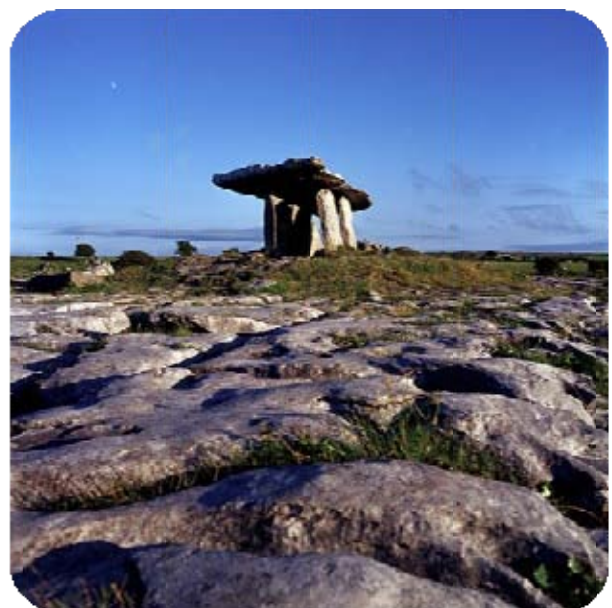
2.2.2 Other developments and policy decisions also supported Irish tourism, including

- Greatly improved external and internal access and transport, due to public and private investment driven by economic growth as well as positive regulatory changes such as market liberalisation in Europe and EU/US Open Skies (although similar developments in Great Britain did weaken Ireland's relative competitive position in our largest source market)
- Changed political climate, which greatly improved the international image of the island of Ireland
- Recognition for sustained investment in international marketing and product development by the State
- Sustained investment in people and product by enterprises leading to significantly improved product, quality and standards.

2.2.3 Nonetheless, as with other economic sectors both in Ireland and overseas, the rapid and continued pace of growth and the subsequent downturn has left a challenging legacy in some respects, for example

- Easy access to capital led to excess capital investment and some poorly appraised projects, especially in the hotel and resort sector, driven by favourable tax structures combined with low interest rates
- High pay rates in other mid-skills sectors (e.g. construction) added to negative perceptions of the tourism industry as a career.
- Increased labour diversity in the tourism workforce affected the perceived "Irishness" of the visitor experience
- The global financial crisis is now leading to difficulties in securing access to finance - not only for investment but also, critically, for working capital - in seasonal tourism enterprises.

These challenges are in addition to the general uncertainty over economic prospects, at home and abroad, and the likelihood of a slow and steady recovery rather than a "rebound".



2.3 Scenarios for the Future - Best Case, Worst Case and Realistic Prospects

2.3.1 The full impact of recent global economic and financial disruption has created a Changed World, although the shape of that changed world is still unclear. It is particularly unclear in sectors, such as travel and tourism, where financial and economic changes are interacting with other major trends such as sustainability and fluctuating energy costs. Despite these uncertainties, it is important in the context of setting out a renewal strategy to have a vision of what the future may hold.

2.3.2 The *New Horizons* strategy produced in 2003 was underpinned by a clear vision for Irish tourism, complemented by high-level performance targets – in particular the target of 10 million overseas visitors to Ireland by 2012, assuming a favourable set of defined circumstances. This target was clearly ambitious and challenging but, given the circumstances set out in this Report, there is now no realistic prospect of it being achieved. The 10 million target nonetheless provided a goal and a vision that inspired and drove policymakers, public agencies, the industry and ancillary operators as well as setting a benchmark indicator to help measure performance.

2.3.3 In looking at the future of Irish tourism, the Tourism Renewal Group has devised scenarios to illustrate how the industry could develop over the next four years to 2013. Driving the survival, recovery and growth of this critical industry over the medium term requires a clear appreciation of the consequences of decisions taken now. To frame a central Realistic Scenario, the Group also considered best-case and worst-case scenarios, including corresponding outcomes in terms of visitor numbers and revenue. The Realistic Scenario is set out in detail in the following section, with the Best and Worst Case Scenarios summarised later in this chapter. These extremes are presented to set the scene for a realistic but ambitious scenario, that aims to make the most of what we have – while recognising factors we

cannot control. These are, above all, the level of global economic growth and oil prices. Other areas lie outside the scope of tourism strategy e.g. wider competitiveness in the Irish economy.

2.3.4 The Realistic Scenario is based on mid-range assumptions for external conditions and global economic and tourism growth and effective responses by the public and private sectors, given the resources likely to be available.

The Best-Case Scenario assumes favourable external conditions and the best possible responses by both the public and private sectors to current challenges. The Worst-Case Scenario assumes unfavourable external conditions and a failure to respond effectively from both the public and private sectors. In other words, the Realistic Scenario illustrates what can happen if we take the right steps now, against a challenging backdrop; the Best-Case shows the outcome of those actions if there is an unexpected positive turnaround in global trends; the Worst-Case shows what could happen if we fail to take the right steps now and if external conditions deteriorate further.

"The Realistic Scenario illustrates what can happen if we take the right steps now, against a challenging backdrop; the Best-Case shows the outcome of those actions if there is an unexpected positive turnaround in global trends; the Worst-Case shows what could happen if we fail to take the right steps now."

Realistic Scenario

In terms of Tourism Strategy, the Realistic Scenario assumes that the various headline policy actions listed are acted on, the tourism industry responds and the external environment and global economic and tourism growth follow reasonable mid-range trends – including air access, which is a key variable, significant changes in respect of which would fundamentally alter outcomes.

Global and Irish Context

The global economy gradually returns to growth in the second half of 2009 but growth remains slow and uncertain, with less developed regions recovering more quickly.

The long-term growth trend will be slower than the global average (and slower than over the past decade) in those economies most important to Ireland's performance – trending around 2% in the UK, US and Eurozone.

Oil prices remain at levels over \$60 a barrel and continue to trend upwards with occasional volatility.

There is progress by 2010 in restoring access to credit, particularly working capital, but investment finance remains relatively scarce, expensive and subject to rigorous stress testing.

There are continued, albeit less extreme, fluctuations in the currency markets; sterling and the dollar remain broadly within recent trading ranges into 2010, with some possibility of sterling recovery over 2010 – 2013.

Ireland makes slow but continued progress in regaining price, cost and labour competitiveness.

There is progress in stabilising the public finances, building on measures taken and under way; consumer confidence remains fragile as incomes remain under pressure initially but returns as stability is restored over 2010-2013.

Ireland returns to modest growth in 2010, with some lag in employment growth.

Occasional health alerts occur as in recent years, following the 2009 H1N1 Flu alert.

Moderate political instability in some regions of the world; but no catastrophic terrorist/security developments.

Outcomes

-  Overseas visitor numbers stabilise at 2009 levels and return to growth by 2011, with growth rates remaining modest at between 3-4% per annum up to 2013
-  Overseas visitor arrivals (with overnight) are therefore between 7.5m and 7.9m by 2013
-  Following a reduction in yield in 2009-2010, leading to falls in total revenue, there is a return to modest revenue growth in 2011–2013 as numbers return to growth and yield stabilises
-  By 2013, Ireland has maintained its share of international visitor numbers to European destinations, with the following objectives for each source market
 -  Our position is strengthened in major Continental European source markets, increasing arrival numbers and at least maintaining market share
 -  Recent declines in leisure visitors from Great Britain are halted and reversed
 -  Market potential and (subject to access) market share is maintained in the US market
-  Total overseas holiday/leisure/recreation trips stabilise at 2009 levels and return to growth by 2011, with growth rates of between 3-4% per annum up to 2013.
-  Domestic holidays remain attractive to Irish tourists and an important part of the industry so that Domestic trip numbers return to growth by 2011-2012, reaching 8.3 million in 2013

Headline Policy Actions

Ireland offers a quality, value-for-money experience

Acknowledging the Importance of Tourism

Tourism is now recognised as a key source of export earnings, of employment across a range of skills throughout Ireland, and as a means of enhancing the country's international reputation.

Investing in Marketing Continued investment in the Ireland brand through effective and efficient marketing, followed by renewed investment in tourism product and infrastructure, enhances Irish competitive performance.

Partnerships between carriers and other tourism operators and the State agencies are further strengthened and managed to maximise the inbound tourism benefits of available access routes.

Maintaining and Facilitating Access The air travel tax is abolished in the context of wider tax reform.

Consolidation in the airline industry reduces the scope for "Open Skies" and other aviation policy actions to enhance Ireland's long-haul air links, with some reductions possible in the short term.

In Europe, the short-haul route network remains highly responsive to short-term demand shifts; consolidation in this market also leads to new alliances, the impact of which is uncertain.

Ireland has a "best in class" visa service, offering fast, efficient, competitively priced and easily accessible visas to those New and Developing Markets which are a priority for future growth – supported by clear, well-communicated and consistent immigration procedures for all visitors and a positive and welcoming experience at reception and border controls for all arrivals.

Maximising Tourism Assets The value of tourism is built into decisions/actions of key players at national, regional and local level and is maximised

by effective and efficient use of resources (e.g. LEADER funds, public investment) – in particular, publicly owned tourism product is managed in a responsive and businesslike way, optimising the tourism return and hence the long-term sustainability of the product.

Strengthened coordination across the public sector and with the tourism industry ensures that the tourist is given the best possible experience and hence value in Ireland, further enhancing jobs and earnings.

A strategy has been put in place to support ongoing renewal and reinvestment in the tourism product (including the timely refurbishment of the accommodation product).

Ireland has increased its number of World Heritage Sites from two to five.

Ireland becomes a world leader in using e-business to develop tourism – both State agencies and private enterprises provide a linked range of web-based platforms that not only market Ireland, but also encourage and allow users to plan trips and purchase services.



Supporting Sustainable Enterprises and Employment In the context of broader tax reform, local government funding becomes less dependent on commercial rates and charges on SMEs (especially tourism SMEs).

Agile and responsive enterprise supports from Fáilte Ireland help tourism enterprises to manage difficulties, secure efficiencies and identify opportunities for future growth.

Ireland has some of the world's best tourism product – in accommodation, food, attractions, activities and support services.

Greater flexibility, including in relation to wage rates, and balanced regulation allow enterprises to maintain jobs and, with new growth, generate employment.

Enhanced productivity and profitability allow tourism businesses to attract more capital and employees by offering good rewards when tourism returns to growth.

Enhanced skills development and recognition, supported by the highly visible growth of tourism,

make it an attractive career choice for a range of entrants.

The status of tourism and quality of entrants and training ensure that tourism workers and managers consider quality customer service to be their first priority at all times.

Developing Sectors with potential competitive advantage Good environmental infrastructure, effective enforcement and improved tourism product, supported by effective marketing, make Ireland Europe's leading "Green tourism" destination.

The major public and private investment in events infrastructure (sports stadia, the Convention Centre Dublin, the O2) and supporting transport facilities (Dublin Airport's T2, rail links) is effectively harnessed to ensure Dublin remains a leading European city destination.

Investment in convention facilities (with CCD as a national flagship) and effective marketing and promotion for events, conferences and meetings generates a step change in business tourism, as well as associated leisure trips, across Ireland.



Best Case Scenario

In terms of Tourism Strategy, the Best Case Scenario assumes that the policy actions listed under the Realistic Scenario are pursued and implemented to the maximum extent possible and the tourism industry responds effectively to the policy actions, while negative developments are avoided in related areas such as air access and independent variables such as the weather are also favourable.

Global and Irish Context

Following effective policy interventions in the major economies, the global economy returns to above trend growth by 2010 and there is a rebound in consumer confidence in response.

Oil prices return to a stable level below \$60 a barrel, encouraging increased travel and access.

Competition is maintained on a range of air and sea routes to Ireland.

Policy interventions restore normal financing and credit, allowing access to working capital and investment funding for viable projects.

Currencies of our major tourism source markets (GB, US) recover against the euro.

Ireland sustains its progress in regaining cost competitiveness with labour and other costs falling relative to competing economies.

Ireland's economy returns to above trend growth from 2011, as exports (including tourism) rebound.

Stabilisation of the public finances restores confidence among businesses and consumers.

No major terrorism or other security concerns worldwide.

Continued political stability on the island of Ireland.

Few or no new health scares or major epidemics/pandemic, following the end of the 2009 H1N1 flu pandemic.

Outcomes

- 2007 visitor number peak of over 8 million overseas arrivals reached again by 2013
- Domestic trip numbers grow steadily through 2009-2013 to 10 million
- Overseas and domestic spend grow faster than numbers growth
- By 2013, Ireland has increased its market share of arrivals worldwide and in key source markets.

Worst Case Scenario

In terms of Tourism Strategy, the Worst Case Scenario assumes that the policy actions listed under the Realistic Scenario are not pursued or implemented, industry fails to respond to the negative external developments and related areas such as air access suffer, while independent variables such as the weather are unfavourable.

Global and Irish Context

Global economy grows at below trend rate in 2010-2013.

Oil prices remain volatile with frequent spikes.

These pressures cause continued reductions on air and sea routes worldwide, but particularly for Ireland as a small island – leading to major reduction or even elimination of competition on key routes.

Financing and credit remain hard to access and expensive – especially working capital.

Currencies in major source markets (US, GB) remain volatile and tend to stay low relative to the euro.





Ireland fails to significantly improve its cost competitiveness, making the country more expensive as a destination and keeping unemployment high.

These pressures make the task of stabilising the public finances an ongoing struggle.

Continuing scares and reluctance to travel due to successive epidemics/pandemics.

Ongoing security crises and major terrorist incidents affecting behaviour – including in Ireland.

Outcomes

-  Overseas visitor numbers continue to fall, down to 6 million by 2013
-  Domestic trip numbers fall steadily through 2009-2013 to just under 6 million. However, of this total, domestic holiday trips would fall more sharply to under 3 million by 2013
-  Overseas and domestic spend fall faster than trips in real terms, due to shorter trips and inflation
-  By 2013, Ireland has lost market share worldwide and even within Europe.

CHAPTER THREE

Framework for Action Principles and Priorities



3.1 Taking the Customer Perspective

3.1.1 The Terms of Reference for the Tourism Renewal Group (See Appendix 2) asked the Group to base its work on the fundamental principles and strategic drivers set out in *New Horizons* (see Appendix 1). The Group was mandated to examine policy and programme priorities, actions and targets, taking particular account of

- changes in the international tourism and travel market, and the implications for Ireland
- the performance of Irish tourism since 2003, and
- the Irish tourism policy, operational, and business environment, taking into account recent developments.

The Group has confirmed that the fundamental conditions for a strong and sustainable tourism sector are still dependent on the Key Drivers set out in *New Horizons*. However, given the progress in Irish tourism over 2003-2007 and the scale and nature of changes to the external environment in Ireland and overseas, the Framework for Action set out by the Group in this Report takes a different approach.

3.1.2 At the heart of tourism is the Customer. Whatever the form of tourism, the customer is ultimately seeking a positive experience – whether it be a golf game, whitewater kayaking, a good meal, a restful place to stay, spa treatment or a rewarding business trip. Providing the best possible experience for a competitive price is the key to success. Equally, the key to success at

enterprise level is the customer experience of the service and perception of value offered.

3.1.3 Much of the focus in developing Irish tourism has been on the provision of the basic requirements of infrastructure, facilities and access. If we are now fully to exploit the investment made by the State and the tourism sector itself, we must focus on making sure that we use what we have, to give the customer the best possible experience. This is even more of a priority when, as now, the public sector must plan on the basis of more limited resources – and the private sector must maximise its own assets in the face of more limited access to capital for the medium term.

3.1.4 In that context, the Group decided to analyse the current Irish tourism offering using a focus on the Customer Experience. The Graphic (Figure 3.1) illustrates how each element of a trip influences how a customer experiences Ireland – an experience that can, depending on whether it was positive or negative, either generate more customers or discourage potential customers. The Group classed the Customer Experience under four broad headings –

- Getting customers to choose Ireland and come here
- Giving tourists what they seek in Ireland
- Helping tourism enterprises to make the most of the customer experience
- Focusing on our best prospects.



Getting Customers to choose Ireland and come here

3.1.5 This heading includes those elements that take potential tourists from initial awareness of the island of Ireland as a destination right through to their arrival in Ireland. Elements to be addressed include

- ✚ Marketing Ireland as a destination at home and abroad using the most effective channels to convert marketing activity into the choice of Ireland and a purchase decision – including advertising, publicity, press coverage, e-marketing, direct mail, etc.
- ✚ "Conversion" by making offers for travel, accommodation and packages that are both attractive in quality and value and accessible – including offer adverts, e-marketing links, etc.
- ✚ Maximising the range, volume, affordability and choice of overseas access routes – by air, particularly, but also by sea and cross-border between Northern Ireland and the South
- ✚ Clear, comprehensible and competitive immigration policies and procedures, (including competitive timing and costs for visas), particularly for newly emerging non-EU source markets
- ✚ A positive experience arriving in Ireland – including immigration, terminal facilities, and public or private transport options to facilitate onward journeys
- ✚ Access to their choice of trip/destination – both for domestic and overseas visitors through good quality infrastructure and attractive public transport.

Giving tourists what they seek in Ireland

3.1.6 This is a very diverse area. It covers visitors' experience of the country and everything that they need or want to do while in Ireland, including

- ✚ Quality, range and value of accommodation (including information)
- ✚ Quality, range and value of food and drink options (including information)

- ✚ Information about things to see and do, certainty and ease of planning and purchasing
- ✚ Quality and value of transport options – short as well as long distance
- ✚ Quality and service provided at each interaction, whether formal and commercial or informal and casual
- ✚ A diverse and high-quality range of activities – particularly for the kind of tourist who chooses Ireland (these include overseas Sightseers and Cultureseekers, but also Young Explorers and Families) e.g.
 - ✚ Outdoor sports and activities such as golf, equestrianism, sailing, walking, watersports, etc
 - ✚ Heritage attractions - both natural and built
 - ✚ Cultural activities and attractions
 - ✚ Major Events/Festivals, whether sporting, cultural or entertainment
 - ✚ Tours and interactive information, using IT or people
 - ✚ Educational opportunities and health/wellness activities
 - ✚ Activities/facilities for children and families across a range of ages – including weather-independent activities (e.g. playgrounds, swimming pools)
- ✚ Value, ease and certainty of access to the options to see and do
- ✚ The quality of the environment – clean water, scenic landscapes, rich habitats
- ✚ A high standard of services and facilities for specialised, added-value niches – particularly business tourists (meetings/conference visitors as well as corporate incentive visitors).

Helping Tourism Enterprises to Make the Most of the Customer Experience

3.1.7 While the quality and value of customer experience is critical for business success, it is also true that the quality and consistency of the customer's experience needs strong, viable enterprises that can offer a quality and value experience. The offers of tourism enterprises are affected by

- ✚ Input costs, particularly
 - ✚ Labour costs (wage rates and flexibility)
 - ✚ Energy and utility costs
 - ✚ Environmental services – water, wastewater, waste disposal
 - ✚ Regulatory costs
 - ✚ Food and other supplies
- ✚ Other overheads, particularly taxation – income, corporate, VAT, excise duties and local authority rates
- ✚ Access to working capital (especially in the context of a seasonal business)
- ✚ Access to investment capital to reinvest in the product
- ✚ The quality of the labour force, including customer and craft skills but also service orientation and flexibility
- ✚ The quality, capacity and expertise of management
- ✚ Capacity to exploit technological change, including infrastructure (broadband), access to appropriate and affordable hardware and software, and suitable skills
- ✚ Linkage to other enterprises and other elements of the tourist experience, both for information and booking, to create a consistent, engaging and seamless experience.

Focusing on our best prospects





3.1.8 Successfully getting the most out of what Ireland has to offer also means accepting that, like any competitor in the marketplace, we have to play to our strengths and focus on our best prospects. Our best prospects depend on two factors –

- ✚ Access – Quite simply, we can only attract visitors who can get here – and our best prospects are based on affordable, easy and reliable access
- ✚ Our offer – Ireland will do best by focusing on those markets where it has comparative advantage, as long as what differentiates us coincides with customer preferences.

3.1.9 The challenges facing access have been dealt with earlier in this Report. After many years of strong growth in air access to Ireland, and a return to stable sea access, the world has changed. In the short-term, retrenchment is evident across airlines in the face of global recession, high oil prices, unfavourable currency movements and strong competition. Airlines change routes and operations rapidly in response to profitability. Individual routes are very uncertain – although the general access link may be maintained using different frequencies, airports or operators. Long-haul is suffering more due to its dependence on business travel and sensitivity in non-European markets to external factors such as currency and security. On the other hand, the EU/US "Open Skies" agreement and the introduction of pre-clearance facilities in Ireland for the US still have medium-term potential for opening new direct gateways. Hopes of expanding long-haul routes from New and Developing Markets have also been affected by the current downturn. While markets such as China and India are huge with commensurate potential, and are expected to grow strongly long-term, they are also remote and Ireland has to fight harder to be visible.

3.1.10 The major review of Tourism Brand Ireland, carried out by Tourism Ireland working with the industry in 2007-2008, highlights what others see as our perceived strengths as a destination. The marketing overseas of the island of Ireland as a whole has made the brand stronger and clearer – as well as signalling the strength and stability of both parts of the island. We score well in scenery and opportunities to explore local history and culture. The Visitor Attitudes Survey highlights distinguishing advantages and reasons why visits to Ireland exceed expectations. Scenery and the Irish People are strong features for all markets (Britain and France find Ireland easily accessible; culture/history and nature also feature to a lesser degree). Complementary work by Fáilte Ireland, looking at culture, highlights that our strongest appeal is around Traditional Irish culture and Historic Ireland, Contemporary Irish Culture and Green Natural Ireland. There is also strong domestic demand for family holidays, short activity breaks and also holidays for older people.

3.1.11 The outcome of the Brand Review was the development of the marketing campaign, "*Go where Ireland takes you*", built on the idea of "the island of unique character and characters" – capturing the Irish experience of engagement, spontaneity and fun. The Brand Review confirmed our core market as "Sightseers and Culture-Seekers". We need to ensure our brand position and communications align consumer perceptions with our product – and that we target the people who want that offer. We should built on our core assets

-  Scenery and nature
-  Culture and heritage
-  The Irish people
-  Event infrastructure for citybreaks – e.g. the Aviva (Lansdowne Rd) and Croke Park stadia, the Convention Centre Dublin, the O2, Thomond Park, the Cork Docklands project, Galway and Waterford harbours.

Equally, the development of the tourism offering should complement developments in Northern Ireland, so that the brand promise is realised consistently in both parts of the island. In particular, there are opportunities to complement

the five "Signature Projects" being brought forward by the Northern authorities (i.e. Saint Patrick and Christian Heritage; Giant's Causeway, Antrim and Causeway Coast; the Mournes; the Titanic and Maritime Heritage; the Walled City of Derry). Equally, the "Winning Themes" identified by the Northern Ireland Tourist Board complement those identified in the South – short breaks, excellent events, business tourism, activity tourism and culture and heritage tourism.

3.1.12 The focus on best prospects should be balanced, with a "portfolio approach", recognising that too narrow a focus can make us too dependent on one market. There needs to be a balance between priorities for the future and the existing industry base and short-term exigencies, and a balance across specific niches (business, culture, outdoor activities, golf, health) and also between our overall offer and the various niches.

3.1.13 The ongoing programme of reviews by Tourism Ireland, which examine and adjust priorities within their broad market areas in collaboration with the industry, is an example of good practice. This ongoing process of reviewing investment priorities – whether in marketing, skills or product development – needs to be maintained and built on further.

3.2 Targets

3.2.1 The Realistic Scenario in the previous chapter outlined some benchmarks that could be achieved. Tourism, like other service sectors, suffers from a lack of detailed data and is also by its nature difficult to measure because it is so embedded in other sectors. Nevertheless setting targets is important, not just to measure progress but to clearly set priorities. Although some of these will not now be met, the targets set out in *New Horizons* played their part in helping to measure progress, drive growth and set priorities.

3.2.2 There is a particular challenge for tourism strategy in that the most easily measured figures (for an island at least) are the numbers arriving, but these are not the most useful for measuring the economic impact. Other figures, such as bednights or expenditure, tell us more about economic impact but are often less robust as they rely on returns by accommodation providers and recollections of visitors. Of course, quantitative targets can never properly measure the impact of public policy; they are properly used as indicators rather than absolute measures.

3.2.3 Having looked at the options, the Group has decided to set **realistic** targets – framed around **survival, recovery and growth** – to drive as well as provide an indicator of progress. The primary targets will be set in terms of market share of trips – reflecting the robustness of that data and the reality of competition for both domestic and overseas business. In addition, the Group recommends that competitiveness indicators be used to complement the quantitative measures, based on those developed by the World Economic Forum for the World Travel and Tourism Competitiveness Index. These should be used to benchmark Ireland's competitiveness against countries with a comparable offering.

Primary Targets – Performance Benchmarks

3.2.4 The primary targets for performance are based on Ireland's share of visitor arrivals in its tourism markets, as set out in the Realistic Scenario. Market share is the best indicator of comparative performance as it more closely relates to Ireland's competitiveness compared with other destinations (for both overseas and domestic tourists). It eliminates the impact that economic growth in source markets has on absolute numbers. The primary targets set are as follows

Overseas Tourism

Overseas visitor numbers stabilise at 2009 levels and return to growth by 2011, with growth rates remaining modest at between 3-4% per annum up to 2013

Overseas visitor arrivals (with an overnight) are therefore between 7.5m and 7.9m by 2013

Following a reduction in yield in 2009-2010, leading to falls in total revenue, there is a return to modest revenue growth in 2011-2013 as numbers return to growth and yield stabilises

By 2013, Ireland has maintained its share of international visitor numbers to European destinations, with the following objectives for each source market

-  Our position is strengthened in major Continental European source markets, increasing arrival numbers and at least maintaining market share
-  Recent declines in leisure visitors from Great Britain are halted and reversed
-  Market Potential and (subject to access) market share is maintained in the US market

Total overseas holiday/leisure/recreation trips stabilise at 2009 levels and return to growth in 2011, with growth rates of between 3-4% per annum up to 2013.

Domestic Tourism

Domestic trip numbers return to growth by 2011-2012, reaching 8.3 million in 2013

Revenue returns to modest growth by 2011-2012 as numbers return to growth and yield stabilises

By 2013, Irish domestic holiday trips maintain their market share of total Irish holiday trips taken, at home or abroad.

Supplementary Benchmarks

Performance against Competing and Comparable Destinations

3.2.5 The Group also proposes that the quality and competitiveness of our tourism offering be tracked against competing and comparable destinations. The World Economic Forum Tourism and Travel Competitiveness Index was selected by the Group as a useful tool for this purpose. Like any such index, it has its weaknesses but it is useful in this context, as one with an international standing, linked to the wider WEF Competitiveness Index.

3.2.6 The Index is designed to apply globally to individual countries, rather than tourism destinations as such. It uses a wide range of criteria, which vary in their relevance to a small, developed, Western European offshore destination like Ireland. As well as measuring market share, the Group proposes that Ireland's competitiveness be tracked against two sets of countries, which are reasonably comparable to Ireland in terms of their tourism offering, taking account of their cultural and natural assets, size, location and GDP. The first set are closest to Ireland in nature; the second have some common features with Ireland but also some significant differences but provide a useful wider perspective.

| Core | Secondary |
|---------------|---------------------------|
| Belgium | New Zealand |
| Denmark | Republic of (South) Korea |
| Finland | Hungary |
| Germany | Poland |
| Iceland | Italy |
| Netherlands | France |
| Norway | |
| Sweden | |
| Switzerland | |
| Great Britain | |

3.2.7 It is also more useful to benchmark Ireland's competitiveness against those constituent criteria in the Index most relevant to Ireland and its competitors (e.g. there is little difference in our market niche in levels of access to primary education). Indicators should be selected for inclusion on the basis of relevance to policy objectives and our competitive set, as well as the quality of underpinning data. Some element of subjectivity is inescapable so a prudent approach to the indicators is necessary. Nevertheless, using indicators from an international survey in this way provides a tool to measure progress on the factors of competitiveness. The Group has asked the Department of Arts, Sport and Tourism to work with the tourism agencies, with the assistance of the OECD and the WEF, on a suitable subset of indicators that can usefully benchmark Ireland's tourism competitiveness.

3.3 Priorities

3.3.1 Taking account of its terms of reference, the Group has set out its priorities for tourism strategy in terms of **Survival, Recovery and Growth**. In each case, the Group has listed the most critical actions to be taken first. However, these should be taken as packages of actions – as one or two actions alone will not allow survival, let alone recovery and growth. As highlighted in Chapter 1, tourism competitiveness is multidimensional and no country can rely on a competitive advantage in one sector alone. As noted earlier, Ireland is currently ranked 18th overall out of 133 countries in the WEF Travel and Tourism Competitiveness Report. The strategic objective is to enhance our overall ranking by maintaining areas of good performance (such as marketing effectiveness) and boosting lagging areas (such as price competitiveness and natural resources).

Survival 2009-2010

3.3.2 The Irish tourism industry will survive the current economic downturn, as it has survived challenges before. However, as set out in our Worst Case Scenario, without taking key actions urgently, many enterprises and jobs will not survive. This will result in a greatly diminished and weaker industry. In that context, the Group has identified actions to be taken and strategic priorities to be set by the end of 2010 as the first part of the Framework, focused on high-level key actions. These will be implemented by the responsible bodies through a variety of tactical and operational initiatives. The Group acknowledges the wide range of practical suggestions received from bodies and individuals in the course of its consultations (See Appendix 3), which have been forwarded to the relevant bodies for consideration and implementation in the light of the Framework for Action.

3.3.3 The focus of these actions is on supporting and strengthening sustainable consumer demand, to mitigate the impact of global economic trends, enhancing cost competitiveness and easing cost and financing pressures on viable tourism businesses.

Recovery and Growth 2010-2013

3.3.4 Moving into the mid-term post-2010, the challenge will be in taking steps to ensure recovery and returning to the growth trends and business levels experienced in recent years. The Group sets out the actions that need to be taken from next year on, to set Irish tourism back on a growth path as the world economy recovers.

3.3.5 The focus of these actions is on enhancing Ireland's attractiveness in a global marketplace which is returning to modest growth, building on gains in cost competitiveness and making sure that future opportunities for growth are identified and nurtured.

Results expected by 2013

3.3.6 Applying Fáilte Ireland's economic model, if the Group's recommendations are followed, the realistic scenario can deliver almost €5.8 billion in total tourism earnings in 2013, with a corresponding tax take of almost €1.4 billion. This is compared to a worst-case scenario of €4.4 billion in total tourism earnings and a tax take of €1 billion.



CHAPTER FOUR

Framework for Survival Urgent Actions in 2009-2010



SURVIVAL ACTION 1

Keep Ireland in the Market – Invest in Marketing

Maintain the overall level and value of investment in International and Domestic tourism marketing in real terms, to ensure continued impact and sustained returns

SA1.1 Maintaining investment in marketing the island of Ireland as a destination is absolutely critical to both survival and recovery. Tourism Brand Ireland is a valuable asset, in which the State has invested significantly. The intrinsic value of this brand will diminish and Ireland's share of the overseas tourism market will decline if investment in brand marketing is reduced. Customers need to be continually told and reminded that Ireland is a potential choice for their travel. This is why the Tourism Renewal Group is unequivocal in identifying investment in tourism marketing as a priority, notwithstanding the real need to reduce and prioritise public expenditure generally (as highlighted by the Report of the Special Group on Public Service Numbers and Expenditure Programmes).

SA1.2 This position is supported by an analysis of the tourism market. Tourists do not choose between competing accommodation operators – or even tour operators – let alone transport providers, in the first instance. Customers choose a destination; in some cases, they make a parallel choice of accommodation, tours or other options (e.g. activities, conference facilities) at the same time – but they always choose a destination to start. If customers are not aware of the island of Ireland, or are not favourably predisposed to Ireland and what we have to offer, they will not choose Ireland and the economy as a whole loses out. Because tourism enterprises are competing for business within the consumer's choice of destination, they have little incentive to market destinations alone.

SA1.3 That is why many competing destinations are investing in destination marketing, with both national and regional governments investing significant sums. In the context of the current downturn, many destinations have increased their investment – particularly in marketing to domestic

and short-haul source markets. For example, Austria is investing an additional €4 million in national marketing campaigns geared towards the domestic and neighbouring markets (Germany, Italy, Switzerland, Czech Republic).

SA1.4 Like all marketing investment, it is difficult to assess the return on investment on destination marketing. Nevertheless, a recent attempt to do so for Australia produced estimates of the return on investment at between 7 to 1 and 36 to 1, depending on the source market analysed⁶. Studies for Colorado estimated the return on investment at 10.7 to 1.

SA1.5 While overseas marketing is the priority through the survival, recovery and growth phases, given the importance of building our export sector, domestic marketing should also be maintained – especially over the next two years. Domestic demand has a vital role in helping enterprises survive the current international downturn and particularly the current negative impact of the sterling exchange rate on our largest and nearest market. Similar arguments apply to the economic rationale for domestic as to international marketing. Domestic destinations compete directly with overseas destinations for Irish tourists. The weekend break in Killarney or Sligo is competing with the weekend break in Krakow or Glasgow. The family holiday in Brittas Bay is competing with one in Brittany.

SA1.6 At the same time, public money is scarce. The public investment in marketing must be constantly reviewed to make sure it is spent in the most effective and economical way, in terms of where and how it is spent – including across marketing channels and source markets. Our tourism marketing is rated as highly effective by many of our international peers – as reflected in Ireland's high rating as 8th out of 133 countries in the world for that indicator, in the 2009 WEF Travel and Tourism Competitiveness Index. However, in the current environment, it is

⁶ "Measuring the Return from Australian Tourism Marketing Expenditure", Nada Kulendran, Victoria University, Larry Dwyer, University of New South Wales Journal of Travel Research, Vol. 47, No. 3, 275-284 (2009)

necessary to build on this performance while seeking further efficiencies and value for money.

SA1.7 The use of effective and lower-cost channels such as email and other internet-based systems must be maximised, while retaining appropriate levels of personal engagement to secure business. The current downturn has reduced advertising rates in many markets and the tourism agencies should use their purchasing power to secure value in advertising and other services. Given the reduced value of the sterling contribution to its budget from the Northern Ireland authorities (relative to € and US\$), Tourism Ireland has already secured savings in the advertising component of its spend. Further efficiency savings should be secured while rates are still depressed in 2009-2010, while maintaining the overall level and value of advertising and marketing activity in real terms.

SA1.8 The impact of public spending should be maximised through effective partnership with the industry and creative promotional tie-ins to create compelling offers and to promote the accessibility that Ireland possesses. Tourism marketing investment will also be more effective if it is deployed in ways that support the retention of air and sea access and complement the efforts of ports/airports and carriers. This should be combined with flexibility to respond to the rapidly changing environment across the world and more focused coordination between the agencies regarding marketing overseas.

LEAD ROLE: Government (D/Finance, DAST), Tourism Agencies, marketing partners

SURVIVAL ACTION 2

Keep Ireland in the Market – Cut Access Costs

Abolish the Air Travel Tax

SA2.1 As an island destination, the range, cost and quality of access to Ireland is absolutely critical to overseas tourism and its export earning potential. With the current pressures on airline margins (driven by fuel price volatility as well as declining demand), Ireland cannot afford to incur competitive disadvantage that makes routes to and from Ireland less attractive for operators seeking to maximise their return.

SA2.2 The risk of competitive disadvantage has been heightened by the recent trend of Governments removing travel taxes and other access-related levies and charges, in response to their negative economic impact in the current downturn. Since 2008, similar taxes were halted before implementation in Belgium and removed in the Netherlands. Other countries have also moved to suspend or reduce other costs relating to air access (e.g. Greece and Spain removed charges at regional airports).

SA2.3 In that context, the Group considers that any apparent immediate fiscal benefit from the Air Travel Tax is more than outweighed by the actual and potential damage done to overseas tourism earnings, due to the additional cost wedge on Irish routes vis-à-vis other possible routes for carriers. The tax is also having a significant impact on confidence in the Irish tourism industry, which is already under pressure, as it gives an impression that Government undervalues tourism, its earnings, exports and jobs. The Report of the Commission on Taxation provides the opportunity to re-examine the Air Travel Tax in the context of a broadening of the tax base generally.

LEAD ROLE: Government (D/Finance)

SURVIVAL ACTION 3

Make the Most of what we have - Sweat the Assets

Strengthen Ireland's Tourism Product by

- *Owners/operators of heritage and culture assets working more closely with the tourism sector*
- *Stronger linkages between tourism attractions in terms of information and marketing*
- *Using technology better to deliver interpretation more efficiently and easily*
- *Keeping people at work in the tourism sector while enhancing their skills*

SA3.1 Like any industry, tourism requires ongoing reinvestment in people and product to stay competitive. However, in the short-term, the access to funding for investment will be exceptionally constrained for both the public and private sectors. It is therefore vital that we "sweat our assets" and get the most out of what we have.

SA3.2 The national and local authorities responsible for managing heritage and cultural assets are failing to maximise the tourism potential of our protected areas and buildings and cultural facilities. Even in conservation terms, maximising the economic benefits of heritage and culture through tourism and public access are essential to long-term sustainability. Arrangements for access to, interpretation of and engagement with facilities must be managed more effectively and responsively, within the resources available. National and local management must establish and maintain close and continuing liaison and communication with the tourism industry. This will ensure resources are allocated for those times when demand is likely to be greatest and that all stakeholders communicate in advance planned changes to facilities or management arrangements.

SA3.3 Public and private tourism product must be linked to enhance the quality of the tourist experience, building on the principle of "tourism clusters" already being put in place by Fáilte Ireland through joint and cross-marketing, information exchange etc – using both traditional and electronic means. Specific tasks include

- Further shared ticketing and access arrangements
- Wider access to multilingual interpretation
- For interpretation generally, new technologies which deliver efficiencies and cost savings should be identified and deployed. As far as possible, a common format should be adopted to facilitate the user and maximise procurement savings.

Opportunities to link up with product providers in Northern Ireland and Great Britain should also be identified and pursued.

SA3.4 The scope to employ active labour market measures to enhance existing tourism product should be explored in the coming months, particularly developing skills in tourism services and interpretation, married with design, communications and technology. Examples include IT, Arts and Drama graduates putting together iWalks, event management, data collection and consumer research, as well as more basic services such as city and town ambassadors, guiding and other services, litter management and maintenance of tourism/amenity infrastructure.

LEAD ROLE: OPW, DEHLG/NPWS, Fáilte Ireland, National Council of Cultural Institutions, tourism enterprises (private attraction owners and tour operators)

SUPPORT ROLE: Government (DEHLG, DAST), local authorities, FÁS

SURVIVAL ACTION 4

Prioritise spending

Coordinate public spending on tourism-related investment

SA4.1 There are a range of current and capital expenditure areas that have direct impacts on the quality and range of tourism product. Given the challenges facing the industry and the Exchequer, these must be focused and coordinated to avoid duplication and confusion. In some cases, there may be external constraints on the scope to reallocate resources from one funding agency or area to another (e.g. for EU funds). In the first instance, relevant areas of expenditure should be clearly identified by the end 2009. Strong management arrangements should then be put in place to ensure that funds are spent to maximise the tourism impact and in line with tourism priorities. Key areas to be brought together are

- Enterprise and Skills Development led by Fáilte Ireland – linked to wider training investment and enterprise supports by enterprise boards/LEADER groups as well as labour market activation
- Tourism Capital Investment – coordination in place with LEADER Rural Development spending; others may include capital investment by local authorities, OPW, NPWS, cultural institutions
- Major Events – funded by arts, cultural, sporting and tourism bodies.

LEAD ROLE: Government (DAST, DCRGA, DEHLG, DETE), Tourism Agencies

SUPPORT ROLE: LEADER groups, Enterprise Ireland, local authorities, cultural institutions, Arts Council

SURVIVAL ACTION 5

Support Sustainable Enterprises and Employment

Keep enterprises in business by minimising costs - including wages, utility costs and local authority rates - and by ensuring access to working capital

SA5.1 Ireland has developed a strong, mature and diverse tourism enterprise base over recent years, with food and accommodation on a par with leading international standards. While competitive pressures and cyclical downturns inevitably lead to some attrition and consolidation, it is vital that the physical and human capital built up is not lost unnecessarily due to the current exceptional external circumstances. Such losses will make it difficult if not impossible to make the most of the upturn when it comes. Equally, tourism's role as a provider of jobs to people across the country from all kinds of backgrounds with a range of skills and skill levels makes it imperative to maximise the number of jobs protected during the downturn.

SA5.2 With downward pressure on incomes and prices across the world but particularly in Ireland, the primary means of sustaining employment is control of costs. This includes labour costs especially the cost of lower-skilled workers, which are particularly important for tourism, given its high labour intensity (labour costs are about 50% of overall costs for Irish hotels) and its employment of people across skills levels. In that light, and in the context of sustained falls in prices and wage reductions elsewhere in the economy, the Statutory Minimum Wage should, at a minimum, be frozen for the foreseeable future. The scope to facilitate employment at lower costs of workers who are not fully engaged in the labour force (e.g. students) should also be examined.

SA5.3 Other costs are also significant for enterprises struggling to survive and retain jobs. In particular, hotels and restaurants contribute very significantly to local authority finances. Further increases in local authority water, wastewater and waste disposal charges should also be avoided. The Commission on Taxation Report is also relevant to local authority finance and the particular impact of local authority charges and rates on tourism should be a major factor in considering its implementation. Similarly, policy and regulation in relation to other utilities, especially gas and electricity, should take explicit account of cost impacts on tourism SMEs and microenterprises. Utility costs for tourism enterprises must be reduced immediately and frozen until at least the end of 2010.

SA5.4 Ensuring access to working capital and investment finance is essential in a competitive, consumer-driven, seasonal industry such as

tourism. Flexible access to credit, taking account of the variable cash flow inherent in the sector – as well as the continued need for investment to maintain competitiveness – is critical. Government measures to support the flow of credit should be accelerated and strengthened.

SA5.5 The Group notes the key sectors in the tourism industry are developing proposals to address immediate challenges. The Group considers that these should be assessed as soon as possible by the key economic Departments and the tourism agencies to identify those which can be speedily implemented to have the maximum short-term impact within budgetary parameters.

LEAD ROLE: Government (DETE, DAST, D/Finance, DEHLG), local authorities, regulators, Fáilte Ireland, credit institutions

SUPPORT ROLE: National Employment Rights Authority (NERA), social partners, JLCs



CHAPTER FIVE

Framework for Recovery and Growth Building for the Future 2010 - 2013



Chapter 4 sets out the Framework of Actions that must be taken this year and next to ensure that the Irish tourism industry survives as a strong and internationally competitive source of earnings, exports and employment. This will provide the platform for future recovery and growth. There is no certainty as to when external conditions will provide the conditions for growth – but the global economy will return to growth and global tourism with it. Ireland must be in the best position to exploit that and the "Recovery Actions" outlined in this Chapter will ensure that Ireland can compete strongly. They build on the short-term actions in the Framework for Survival – which will remain relevant throughout. While their impact will only really be felt after 2010, work should begin now on the Recovery Actions to ensure they take effect as the upturn comes.

RECOVERY ACTION 1

Reaffirm the value and importance of tourism

Government, industry and others acknowledge and make the case for tourism and put tourism at the heart of decision-making

Strengthen the innovative and knowledge content of tourism

RA1.1 The value, importance, and underlying strength and resilience of tourism need to be reaffirmed by all stakeholders. Tourism is an important, indigenous industry, which makes a major contribution to Ireland's development and has further potential for the future, but has historically been under-valued and underestimated. Tourist spending supports the viability of jobs, businesses and services across the economy and the country. Furthermore, the image and experience of Ireland as a tourism destination can play an important role in the competition for mobile capital investment, skills and knowledge.

RA1.2 Government should clearly reaffirm the social and economic contribution of the industry and explicitly integrate tourism into its consideration of policies and programmes across the public sector. This means taking account both of how tourism can contribute (e.g. employment, tax revenues, exports) and of how other sectors

can support tourism (e.g. heritage, fiscal policy). Tourism should be embedded in the development and consideration of economic policy by ensuring Departmental, agency and industry representation in groups and bodies looking at relevant policies and strategies.

RA1.3 The Group welcomes the inclusion of the Minister for Arts, Sport and Tourism on the Cabinet Sub-Committee on Economic Renewal, charged with driving implementation of the Government's Framework "Building Ireland's Smart Economy". In this context, the Group also notes the representation afforded to the Department of Arts, Sport and Tourism at the National Competitiveness Council (NCC) – and the selection of tourism as one of the sectors to be examined for the NCC study of sectoral competitiveness. The Department and the tourism agencies should also be closely engaged with the Forfás review, requested by the Tánaiste and Minister for Enterprise, Trade and Employment, of the Report of the Special Group on Public Service Numbers and Expenditure Programmes.

RA1.4 Tourism is also a key area of North/South cooperation. Tourism has clearly benefited from peace and stability on the island and, in turn, is contributing to North/South and East/West cooperation. Recognising its cross-cutting nature, it should be included as a regular item on the agenda of Plenary meetings of the North/South Ministerial Council, as well as the relevant Sectoral meetings.

RA1.5 Employers and the business sector also need to strengthen the case for tourism – not only through the tourism industry's own bodies (ITIC and its constituent firms and bodies) but also through wider representative bodies, supported by individual firms in tourism, the wider travel sector and across the economy. Their interventions should aim to raise the coverage and analysis of tourism as a vital economic sector in the media, and also to encourage a greater engagement with tourism issues in the academic community and general economic debate, commensurate with tourism's performance and contribution. The Group particularly noted the absence of engagement by key bodies such as the Economic

and Social Research Institute and the National Economic and Social Development Office in analysing tourism's impact and potential.

RA1.6 Other parties also have a stake in tourism's contribution to their interests and how their actions may impact on tourism. Trade Unions and workers should take account of its contribution to employment – often for people for whom other options are very limited due to lack of educational opportunities, family status or geography. Local authorities and local communities should have regard to its contribution to employment and the viability of local services in every part of Ireland.

RA1.7 As an integral part of the knowledge economy, competing in the global marketplace, tourism must also have a strong knowledge base. To maintain competitiveness, the industry needs product, management and marketing innovation – supported by a world-class research, education and training capacity in third-level institutions. Equally, policymaking requires robust evidence and analysis in both government and institutions. There is no designated State funding for research and development (R&D) in tourism currently. This contrasts with R&D funding in 2008 of €66.4 million for Teagasc and €37.8 million for the Department of Agriculture, Fisheries and Food, which both deal with the comparably-sized agriculture sector. Tourism, through Fáilte Ireland, should have access to the Science, Technology and Innovation Programme of the Department of Enterprise, Trade and Employment, in order to support innovation and research in tourism enterprises and institutions.

LEAD ROLE: Government (DAST specifically, but also D/Finance, D/Taoiseach, DETE), tourism representative bodies, tourism enterprises

SUPPORT ROLE: Social Partners, local government, State agencies, academic and research institutions

RECOVERY ACTION 2

Sustain Investment in Tourism's Assets – the Brand

Maintain the overall level and value of investment in International and Domestic tourism marketing in real terms, to ensure continued impact and sustained returns

RA2.1 Public investment in marketing, including the island of Ireland brand, must be sustained throughout the Survival, Recovery and Growth phases over 2009-2013. As set out in the Framework for Survival, the overall level of activity should be at least maintained at 2008 levels, ensuring all possible savings are achieved. If marketing investment is reduced, the Realistic Scenario targets set by the Group will not be met – with consequent impacts on employment, exports and tax revenues.

RA2.2 Ireland's tourism marketing investment has a greater impact than it would otherwise have, because investment by the Irish Exchequer in overseas marketing is pooled with investment by Northern Ireland, as overseas destination marketing is carried out for the island of Ireland. This enhances the overall impact and also gives Tourism Ireland greater purchasing power in the marketplace.

RA2.3 This marketing spend must nonetheless continue to be based on robust market research and rigorous monitoring of effectiveness to ensure that value for money is maintained. Partner and co-operative marketing will maximise the return on investment. Tourism enterprises will also need to invest further in marketing, and to identify other enterprise-level actions to strengthen the market presence of both enterprises and destinations. Information on markets and effectiveness should be shared with industry partners as far as possible.

LEAD ROLE: Government (D/Finance, DAST), Tourism Agencies, marketing partners, tourism enterprises

RECOVERY ACTION 3

Sustain Investment in Tourism's Assets – People

Help tourism enterprises to retain staff

Help workers to renew and strengthen their skills

Use tourism's potential to keep people in the labour market

Ensure diversity of skills and labour are available

Make tourism more attractive as a career for life

RA3.1 Current economic conditions severely constrain the capacity of both the public and private sectors to invest. Investment in tourism must be prioritised as set out in the Survival Framework. However, it is important, as the conditions for growth return, that tourism investment is renewed in a progressive fashion – subject to rigorous appraisal. Investment in the Brand is complemented by ongoing enterprise supports, investing in the human and knowledge capital of tourism enterprises, assisting managers and owners to make the most of their businesses through better management of people, cash and assets and better sales and marketing at enterprise level.

RA3.2 The skills base of the tourism enterprise must be retained. A number of actions will contribute to this objective

- Supporting the retention of experienced staff by providing enterprise supports
- Ensuring ongoing renewal of staff skills, with targeted public intervention supplementing action by employers and workers (the scope for tax or other incentives in this regard should be explored)
- Re-engineering the existing Human Resources Strategy for the tourism industry to take account of the recent major changes in the labour market, which is moving from a labour shortage to surplus
- Identifying and harnessing opportunities for labour market activation measures to permanently enhance skills levels and ensure employability in the long term
- Continuing to ensure the positive attributes of a diverse labour force are harnessed, and that necessary specialist skills are sourced and available, while staff also provide the local knowledge, "character" and welcome to make an Irish experience unique.

RA3.3 The promise made in Ireland's marketing needs to be delivered on the ground. To do that, technical skills are not enough – the quality of customer service and engagement is essential. The current SHINE⁷ programme is a positive initiative that can be developed further.

RA3.4 The industry, supported by Fáilte Ireland and others with a role in skills planning and development (FÁS, Institutes of Technology, social partners, etc) must take measures to make the tourism sector an attractive career path for high-quality entrants and existing employees at all skills levels. European models, particularly in other high-skills/wage economies, may provide useful lessons. Tools such as "skills passports" (recognising in-job skills development as well as formal courses) to support lifelong learning should also be examined. This can be the basis for more effective promotion of tourism and the specialised service professions within tourism as careers of choice, within schools and colleges.

LEAD ROLE: Fáilte Ireland, tourism enterprises

SUPPORT ROLE: Institutes of Technology, FÁS, social partners



⁷ In 2009, Tourism Ireland, in conjunction with Fáilte Ireland, launched an initiative entitled "SHINE", to remind frontline tourism workers of four simple behaviours that they should display in interacting with tourists.

RECOVERY ACTION 4

Sustain Investment in Tourism's Assets – Product

*Renew investment in priority projects, including funds for public attractions and infrastructure and incentives for refurbishment of accommodation
Improve management of sites through staff training and Service Level Agreements
Secure more World Heritage Site designations*

RA4.1 While the short-term focus is on making the most of our existing tourism product, there will be a need to refresh and renew tourism product within the next few years. The volume of hotel and other tourist accommodation is broadly sufficient and, in some sectors, excessive relative to projected as well as current demand. However, accommodation and other enterprise capital stock needs to be refreshed regularly if the quality of customer experience is to be maintained and enhanced. Work should begin by 2011 to ensure that a strategy is in place before 2013 to support ongoing investment in appropriate renewal of our tourism product. In particular, fiscal and tourism authorities need to put in place a plan to ensure the taxation regime aligns with product requirements. This should encourage refurbishment and updating (rather than additional stock) in a carefully targeted and selective manner, avoiding over-development and supporting viable enterprises with business rather than tax objectives.

RA4.2 The stock of attractions also needs to be maintained and enhanced – including the core tourism product of heritage and cultural buildings and sites as well as amenities such as parks, beaches, trails, etc. Future public capital expenditure should provide for continued investment in our tourism product, through tourism funding as well as mainstream capital provision.

RA4.3 Building on Fáilte Ireland's Tourism Product Development Strategy⁸ and the lessons learned from its implementation, priority projects should be identified for investment taking account of

- Likely levels and sources of available funding
- Ireland's comparative advantage and customer base
- Existing ownership and management capacity
- Potential to maximise benefits through linkages/clusters
- Marketing opportunities such as new World Heritage Site designations.

RA4.4 As set out in Survival Action 3, effective management of tourism product is as important as investment. It will always be important to make the most of what we have, to manage product in a customer-orientated way, in partnership with those who bring the tourists, and to adapt to the changing demands of customers. In the medium-term, this can be put on a sustained footing by building in an understanding of tourism into the orientation, training and development of staff across a range of sectors (heritage, culture, local government). "Service Level Agreements" should also be developed between the tourism bodies and owners/managers of major product sites that are significant tourism attractions (such as the OPW, NPWS, cultural institutions).

RA4.5 An ongoing challenge in tourism product investment has been the structural weaknesses in local government finance, with little linkage between capital funding assisted by central authorities and current funding from local sources and the Local Government Fund. The Report of the Commission on Taxation should be used as a basis for revisiting local government finance with a view to strengthening those links; alternatively, specific funding should be put in place to assist in the management and maintenance of tourism assets for which local authorities are responsible (including beaches, amenities, etc.)

⁸ Fáilte Ireland produced a strategy in 2007 as a framework to guide public and private investment in tourism over 2007-2013. It identifies 67 actions required to improve Ireland's tourism offering.

RA4.6 The current work on additional World Heritage Site designations has the potential to significantly enhance the tourism return from Ireland's cultural and natural heritage. Securing more World Heritage Site designations has been an objective of tourism strategy since the original *New Horizons* report and remains one of the few outstanding actions from that report. While designation may require some additional investment in management, the marketing and brand value of having more sites on what is, ultimately, the global list of "must-see" attractions will be invaluable. Additional designations should be sought as quickly as possible and built on progressively in coming years. The Group recommends that, by 2013, at least two extra designations are secured and three more are in train. While the selection of sites is ultimately a matter for UNESCO and the aim is to secure more, the Renewal Group notes that there may be benefits in terms of regional spread of tourism from the possible designation of "Themed Nominations" – particularly the Royal Irish Sites (Tara, Cashel, Cruachan, Hill of Uisneach, Dun Ailinne).

LEAD ROLE: Government (D/Finance, DAST, DEHLG, OPW), Fáilte Ireland

SUPPORT ROLE: Local authorities, other attraction owners/operators, accommodation operators

RECOVERY ACTION 5

Make Ireland a world leader in tourism e-business

Ensure Ireland's tourism agencies and tourism enterprises maximise their exploitation of new technologies – particularly the web – by

- *Enabling enterprises to have an effective web presence by rolling out broadband nationwide and enhancing enterprise supports for e-Capability*
- *Ensuring that all e-marketing is world-class by sustained investment, increased use of Customer Relations Management / Engagement and facilitating booking and buying over the internet*
- *Structuring our web presence around the customer experience*

RA5.1 A range of technologies, based around the internet, are transforming tourism worldwide. Information gathering, booking and purchasing of travel and accommodation, and consumer feedback are increasingly moving to the web. But this is not just a shift in distribution channels. Increasingly it is moving control into the hands of the individual consumer and away from traditional package operators and agents. Like other highly personalised sectors (books, music), tourism is a "perfect fit" for the individualised nature of e-commerce. This also underpins the growth of travel advice and information sites of various kinds. Because of the very dispersed nature of the tourism sector, especially accommodation, customers are also increasingly choosing to use "aggregators" (whether advisory sites, e.g. Tripadvisor, or sales sites, e.g. bookassist.com) to make their choices. Hardware developments, too, are now reinforcing the link between travel and IT, with the growth of highly portable means to access the internet (smartphones and netbooks).

RA5.2 Ireland has the opportunity to position itself now to be a world leader in using e-commerce to build its tourism industry. That means, firstly, enabling enterprises to have the most effective web presence; secondly, ensuring that marketing of the island of Ireland and destinations within Ireland is world-class; and finally, structuring our web presence around the customer experience, on- and off-line. At the same time, approach techniques and tools used by both the tourism agencies and enterprises should be rigorously evaluated (e.g. search engine optimisation) to ensure resources are used effectively, economically and efficiently. The experience of the Tourism Content System⁹ (TCS) as a common database, which can be used by all the tourism agencies on the island of Ireland, provides a model and useful lessons.

RA5.3 Enabling enterprises requires accelerating the rollout of a high-quality broadband service nationwide; and Fáilte Ireland maintaining and enhancing further its support for e-Capability at enterprise level (for example, by facilitating a common website template for enterprises which could also use the TCS to provide a comprehensive destination-based information and booking capability). This support should help enterprises to manage both their own sites and their presence on "aggregators", given their power in the market.

RA5.4 World-class marketing of the island of Ireland and destinations within Ireland means Tourism Ireland and Fáilte Ireland continuing to invest in e-marketing; increased use of Customer Relations/ Engagement Management systems; making it easier to book and safely purchase, as well as learn, over the internet. The scope to use web-based systems to support clusters and product packages, for both enterprises and consumers, should be explored.

RA5.5 Focusing on the customer means taking account of the ways in which technology can enhance the customer experience of quality and value rather than being driven by particular

technologies. The fundamental principle is that the internet is a reception desk for the visitor, not an advertising hoarding. The greatest competitive advantage is found when technology is closely linked to people - tourism is ultimately a people business. Customers have a personal and direct engagement when they use the internet and tourism operators can use their traditional strengths in customer service to deliver that engagement in a positive manner (e.g. responding to complaints and praise; giving feedback; providing personalised updates).

LEAD ROLE: Tourism enterprises, Tourism Agencies
SUPPORT ROLE: Government (DCENR), internet service providers, IT sector



⁹ The Tourism Content System, Ireland's Destination Management System, came online in 2005 and has continued to be developed to broaden its capability. It contains full profiles and information on over 25,000 tourism products and services and fulfils multiple distribution channels.

RECOVERY ACTION 6

Prioritise Market Segments where Ireland can gain competitive advantage

Select, Invest in, and Develop key market segments based on Ireland's strengths, for example by

- Improved packaging and marketing of leisure segments where we have developed critical mass
- Public/Private Cooperation to develop additional niches with potential
- Maximising the opportunity to grow business tourism nationwide, arising from the opening of the Convention Centre Dublin, by targeted promotion and securing additional gala venues for functions

Leisure Tourism

RA6.1 Investment in recent years has generated a critical mass of attractions and activities in particular segments. The return in terms of tourism from this investment can be enhanced, particularly by "packaging", joint marketing, and easier access (times, passes/tickets, transport, signage, websites, etc). Examples include

- Cultural Tourism (currently the subject of a Ministerial Initiative)
- Outdoor activities (including golf, aquatic/water-based activities, equestrian activities, trails)
- City breaks
- Event-based breaks (based on recent developments e.g. the O2, Aviva Stadium (Lansdowne Road), Croke Park, Thomond Park)
- Rural tourism.

RA6.2 The tourism agencies should also identify, appraise and pursue new segments of potential, where critical mass is currently becoming apparent or where Ireland may have a particular competitive advantage, which can be the focus of future joint efforts by the public and private

sectors. Possible segments include

- Food tourism/gastronomy
- Eco-tourism
- Film-TV productions
- Cruise tourism (including Gateways as well as rural ports)
- The wider Irish Diaspora (including Scots-Irish)
- Music, literature and the arts.

LEAD ROLE: OPW, NPWS, National Council of Cultural Institutions, individual cultural institutions, tourism enterprises, Tourism Agencies, DAST

SUPPORT ROLE: Local authorities, Arts Council, arts bodies, sports bodies, Irish Film Board

Business Tourism

RA6.3 Business Tourism, in all its forms, is a key sector in terms of its potential returns to Ireland

The sector includes "promotable" trips such as meetings, incentive travel, conferences and events (known as "MICE") as well as non-promotable trips that incorporate leisure time with purely business time. The opening of the Convention Centre Dublin in September 2010 presents new opportunities to capture business from the Great Britain market and will be a step-change in Ireland's capacity to compete for global conferences and events. It provides a unique opportunity to raise our profile in the sector, not just for Dublin but also other centres. A strong marketing effort will help make the most of this opportunity.

RA6.4 The quality of experience for conference delegates will be significantly enhanced by identifying and providing a range of suitable "gala venues", which are affordable, which can handle a range of numbers and which also allow delegates to experience a variety of venues.

LEAD ROLE: Tourism Agencies, Business Tourism Forum, Convention Centre Dublin

SUPPORT ROLE: Dublin, Cork, Kerry, Limerick convention bureaux, hotel operators, OPW and other owners of potential gala venues, local authorities

RECOVERY ACTION 7

Make Access into Ireland easier

Tourism agencies should identify and follow up opportunities to maximise the level of air and sea access as they arise, in cooperation with carriers or other State agencies where possible

Make immigration procedures for tourists cheaper, easier and friendlier

RA7.1 The fundamental need to maintain a vibrant competitive environment for both sea and air access will remain important into the long term. The pressures for consolidation in the airline industry will make the task of maintaining access to Ireland, which is affordable, frequent and high-quality, all the more challenging. The speed of service changes in the short-haul market poses similar challenges. State agencies should, as far as possible, work together and in partnership with the tourism industry to identify and strengthen (e.g. through partner/co-operative marketing) routes that offer the best chance of sustainability and highest return on investment. In this context also, the priority for public support has to be maximising the overall level of access to the country through the major gateways (e.g. by partner marketing) and minimising displacement. The major investment being delivered in roads and public transport services means that internal air links are of lesser importance from a tourism viewpoint, though they may have other socio-economic benefits.

LEAD ROLE: Government (D/Finance, D/Transport, DAST), Tourism and other State agencies

SUPPORT ROLE: Airlines, Commission for Aviation Regulation, Dublin Airport Authority and other airports

RA7.2 Sea access, while it accounts for a smaller share of total arrivals, is also valuable in tourism terms. Car-based ferry travellers spend more, stay longer, visit a wider range of locations and deliver off-peak visitors. The tourism agencies should pursue opportunities to cooperate with ports and other state bodies and, where possible, carriers to sustain and maximise the viability of sea routes. (In this sector, tourist traffic and freight play

mutually supportive roles in ensuring the viability of key economic linkages).

LEAD ROLE: Government (D/Transport, DAST), Tourism and other State agencies

SUPPORT ROLE: Ports, sea carriers

RA7.3 Access also includes ease of legal entry into Ireland. While the EU market has been the main source of recent growth, non-EU markets are very important, including North America and, for the future, the New and Developing Markets of Asia and the Pacific. Visitors from most of these markets require visas (some have a visa waiver) and all are subject to immigration controls. If we are to compete in these markets, such visitors must find it comfortable, competitive and attractive to travel in and out of Ireland. Necessary actions include

- Ensure that the costs and speed of receiving visas match or beat our competitors – especially given the inbuilt advantages of Schengen visas
- Examine the possibility of introducing a "tourist visa", as is issued by other countries
- Continue negotiations, already commenced within the framework of East/West relationships, on facilitating entry to the UK and Ireland on a common visa, or at least a single application procedure (in the long term, the entry of the UK and Ireland into Schengen visa arrangements would be most advantageous)
- Ensure that visitors receive clear and comprehensive information about immigration requirements for travel to Ireland, whether or not a visa is required
- Ensure that officials dealing with arrivals are appraised of the benefits of tourism and as far as possible seek to deal in a friendly and helpful manner with visitors, even where difficulties arise.

LEAD ROLE: Government (DJELR/INIS)

SUPPORT ROLE: Garda Síochána, Tourism Agencies, DFA

RECOVERY ACTION 8

Make Getting around Ireland easier

Invest in key transport links and nodes

Improve signposting and information

Make public transport, cycling and walking more attractive

Support tourism-specific transport services (e.g. coach tours and car hire)

RA8.1 Individuals, families and groups, whether domestic or overseas tourists, should be able to move around the country easily, using their preferred mode of transport. Plans for investment under Transport 21 should continue to be advanced as far as possible within funding constraints – particularly where they support inter-modal links. Such links not only significantly enhance the travel experience, they also maximise the use and efficiency of existing infrastructure. Key elements include road and public transport links to air and ferry ports, and links between public transport services.

RA8.2 Despite some improvement, signposting remains a source of visitor dissatisfaction. Improvements in some areas (e.g. national routes) have not been matched across the board and further progress is needed to facilitate motorists and others. As well as more local directional signposting, provisions for tourism signs on local roads should be clarified. In addition, tourism agencies and operators should engage actively with satellite navigation operators.

RA8.3 Similarly, poor internal transport has been increasingly perceived as a disadvantage of holidays in Ireland, according to the Visitor Attitudes Survey. Improved information for travellers (both residents and visitors) and more integrated ticketing arrangements will improve the travel experience and enhance return on investment, as set out in the "Smarter Travel" Plan for Sustainable Travel and Transport (D/Transport). Other Smarter Travel measures in public transport, cycling and walking have the scope to not only provide a better tourist experience but also to enhance Ireland's credentials as a "sustainable" destination. This can be reinforced by piloting, on the basis of no

additional costs to the Exchequer, an off-season scheme to widen access to free public transport for overseas OAP visitors.

RA8.4 Measures are also required to support other tourism-specific transport segments (e.g. car hire and coach tour operators), who maximise the potential of tourism in the regions. Current difficulties in the car rental sector, to which the downturn in car sales has contributed, highlight the need for the industry, with agency support, to devise a new model for the sector – as well as short-term measures to support availability of cars for hire. Greater account should be taken of coach tours and private operators generally in transport planning and policies in the future, given their important role, especially in regional tourism.

LEAD ROLE: Government (D/Transport, DEHLG, DSFA), local authorities

SUPPORT ROLE: Garda Síochána, transport regulators, transport operators, NRA, RPA, Fáilte Ireland, industry sectors



RECOVERY ACTION 9

Maintain Supports for Enterprises and Employment

Keep costs as low as possible for tourism enterprises and ease the burden of regulation

RA9.1 While the Framework for Survival focuses on short-term measures to support the viability of businesses and jobs in the immediate future, the principles underpinning those measures must be maintained. Regulators and local authorities must focus on minimising energy and utility costs for firms through (a) making costs transparent and equitably spread across all users; (b) taking account of service levels; and (c) giving supports to assist firms in reducing costs (e.g. conservation measures and incentives for sustainable alternatives). These should apply to both commercial and non-commercial utilities.

RA9.2 Many tourism jobs are in hotels and restaurants. As in most EU States, these are largely covered by Joint Labour Committees (the Minimum Wage effectively acts as a floor for pay rates in the sector). JLCs also set other terms and conditions of employment – often in an

uncoordinated fashion, not helped by the proliferation of JLCs with different geographical remits. Given the wide-ranging development of labour protection legislation in recent years and the robust enforcement now in place, the Renewal Group considers that it would be appropriate to review the whole JLC system at this time, in light of the need to minimise unnecessary regulation across the board.

RA9.3 More generally, the impact of regulation – which is an issue for many SMEs – is particularly heavy for many tourism businesses given their complex nature. The burden of regulation – without sacrificing quality of product or service – must be reduced in the coming years. Better account should be taken of the impact of regulation on tourists, for example by reviewing the current licensing restrictions on children in licensed premises after 9 or 10 o'clock at night, which discourages family holidays.

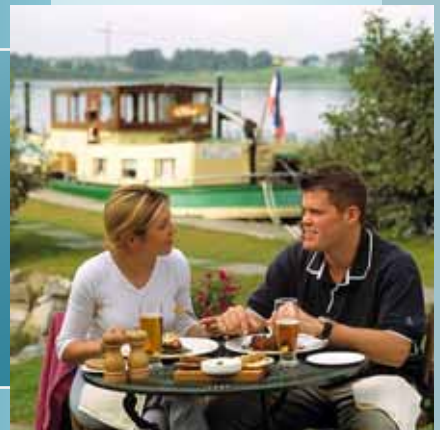
LEAD ROLE: Government (DETE, DEHLG, D/Finance), regulators, local authorities

SUPPORT ROLE: Government (DJELR)



CHAPTER SIX

Measuring and Managing how the Strategy is Delivered



6.1 Implementation, structures and follow-up

6.1.1 The progress on implementing many of the actions set out in the *New Horizons* strategy confirms that the basic approach taken to following up on that report was one that worked in terms of driving implementation of actions, particularly in the tourism agencies. The Group recommends that a broadly similar approach be adopted to the Framework for Action in this Report.

6.1.2 A Renewal Implementation Group should be established, with a small number of members (no more than 4) together with an independent Chair. The Group should convene every three months (or more frequently, as necessary) over an initial implementation period up to the end of 2010 (the "Survival" phase). Given the critical lead roles identified by the Renewal Group for a range of Departments and bodies outside the aegis of the Department of Arts, Sport and Tourism, the Implementation Group should meet, on a bilateral basis, with those identified as having the Lead Roles for each Action. Progress and the result of these engagements should be communicated regularly to the Minister for Arts, Sport and Tourism and, through him, by regular reports to the Cabinet Sub-Committee on Economic Renewal and the Government. Industry should receive regular updates through the Department's website. The Department of Arts, Sport and Tourism, with support from the tourism agencies and the industry, can provide a secretariat to such an Implementation Group.

6.1.3 As indicated in Recovery Action 1, the Renewal Group would suggest that tourism be included as a regular agenda item for plenary meetings of the North South Ministerial Council, in addition to the tourism sectoral meetings.

6.2 Research and Statistics

6.2.1 Tourism is an important economic sector, the success of which is influenced by a wide range of policies and actions. To set the right policies and pursue the most effective actions, good data is essential. For example, even in setting the targets for Survival, Recovery and Growth, the Group took into account the nature and quality of data available as well as whether data was appropriate to measure tourism performance. Ideally, data should enable modelling and assessment of the impacts of policy actions on key tourism performance parameters such as numbers and revenue.

6.2.2 Because of the way in which it is integrated into a range of different spheres of activity, gathering and recording hard data on tourism is not easy but it must be done. The Group considers that improving the quality and range of statistical information on the tourism sector is clearly justified in terms of tourism's potential to generate employment and foreign revenue earnings. Tourism must be a priority sector for the Central Statistics Office, working in partnership with the tourism agencies and academic/research institutions. North/South and East/West cooperation are also important in this context. For example, in May 2008, the North South Ministerial Council in its Tourism format requested the two Departments, North and South, to engage with the relevant agencies on a number of statistical issues and report to future meetings.

6.2.3 Statistics and research were also highlighted in the original *New Horizons* report. There was subsequently some progress, with the introduction of the Household Travel Survey, improvements to the surveys of overseas travel and a pilot project on Tourism Satellite Accounts.

6.2.4 Since 2008, arrangements are under way to update/replace the Household Travel Survey, because the historic data source was no longer up to date. The Group welcomes this development. However, this will only maintain current levels of data provided. Data on tourism and travel should be included in regular Quarterly National Household Surveys. The CSO should explore with the relevant Departments the scope to enhance data collection jointly across the transport and tourism sectors, based on the actions in the Smarter Travel Plan.

6.2.5 The Group welcomes the establishment of the Tourism Statistics Liaison Group by the CSO bringing together the CSO, the tourism agencies, the Department of Arts, Sport and Tourism and academics along with representatives of Northern Ireland tourism and statistics bodies. The work of this Group should be built on to enhance the quality and consistency of tourism data – across Ireland, North and South, and between the UK and Ireland – and is in part a response to the NSMC request.

6.2.6 Ultimately, the economic impact of tourism is the key consideration. Tourism Satellite Accounts are generally recognised as the tool giving the most accurate estimates of that impact. The CSO, along with the agencies and research institutions, should immediately begin work on an updated and comprehensive Tourism Satellite Accounts for Ireland. A set of Tourism Satellite Accounts should then be used to develop robust models of tourism in the Irish economy, with a view to aiding the policy-making process. The work of Fáilte Ireland in developing its new economic model is a first step in that direction and the Group acknowledges its contribution – including to the Renewal Group's own work. The Group considers that this, and other research on the economic impact of tourism and on tourism innovation, should be part of the overall Research and Innovation Strategy for the Smart Economy.

6.2.7 More generally, the range and depth of official statistics on tourism is very limited when compared to many other sectors. For example, the Renewal Group noted that a much greater range of data is available on the similarly-sized agriculture sector. While this reflects European Directives as much as national priorities, the Renewal Group notes that draft Directives have been proposed by the European Commission that would require significantly improved tourism statistics. Given the importance of tourism to the Irish economy, the Renewal Group recommends that the Irish authorities (i.e. the CSO) take the lead at European level, both by

- supporting the speedy adoption and transposition of the relevant Directives, and
- pending the adoption of the Directives, implementing the necessary improvements to tourism statistics at national level.





APPENDICES

APPENDIX 1

Tourism Policy Background, Implementation and Progress since 2003

1. Introduction: *New Horizons* and its implementation

- 1.1 In its 2003 Report, *New Horizons for Irish Tourism: An Agenda for Action*, the Tourism Policy Review Group set out a comprehensive tourism development strategy covering a 10-year period to 2012¹⁰. The Report set out a detailed plan of specific actions over an initial two-year period, based on a lengthy and detailed process of consultation and review. This formed the basis for subsequent tourism policy at Government and agency level. In order to push the policy agenda forward, the Government put in place dedicated implementation groups to monitor progress on the overall strategy and associated action points.
- 1.2 The Tourism Action Plan Implementation Group (TAPIG) was set up in 2003 to give an initial impetus to delivering the strategy and action plan. TAPIG issued its third and final report in March 2006. It concluded that progress in the implementation of the new Tourism Strategy and Action Plan had been relatively good - 63 of 76 actions in *New Horizons'* Action Plan had made satisfactory progress. The final report also highlighted a limited number of key issues on which further progress was needed.
- 1.3 The Tourism Strategy Implementation Group (TSIG) was set up in May 2006, primarily to follow up on the actions outstanding in *New Horizons*, to review tourism performance to the end of 2006 and to put forward recommendations for a mid-term review. TSIG submitted its final Report to the Minister for Arts, Sport and Tourism in June 2008. The Report confirmed that there had generally been good progress on the actions in *New Horizons*, although some took longer than anticipated to implement.
- 1.4 In summary, the final report of TSIG noted that sustained Government investment had delivered a step change in marketing, product development and training and quality improvement programmes by the tourism agencies. There was good progress in infrastructure provision nationally, although some key elements, such as the new terminal at Dublin Airport, had taken longer than anticipated. The importance and potential of all-island cooperation, particularly in the context of overseas marketing, was highlighted.
- 1.5 On the other hand, the Report noted that cost competitiveness had continued to be a challenge throughout the period under review. Emerging and longer-term challenges identified included an uncertain national and international economic climate, the need to adapt continually to changing consumer demands, how to optimise the tourism impact of a more diverse Ireland, and environmental and energy issues and their interaction with major changes in the transport sector (especially aviation).
- 1.6 Following the publication of the TSIG report, notwithstanding the finding that *New Horizons for Irish Tourism* has proved itself to be a robust policy framework for the growth and development of the sector and that generally good progress had been achieved, it was considered timely and appropriate to review its approaches and actions. Having regard to the strategy for Irish tourism in the period from 2003 to 2012 set out in *New Horizons*, as well as the short-term challenges from current global and domestic conditions and the longer-term trends identified in the *Report of the Tourism Strategy Implementation Group*, the Government with the support of the tourism sector decided to set up a high-level group, the Tourism Renewal Group, to conduct a review of the policies and actions that would drive further development of Irish tourism into the future. The Renewal Group was asked to report to the Minister for Arts, Sport and Tourism, Mr Martin Cullen, TD, in the first half of 2009 with its recommended Framework for Action for the period up to 2013 (Terms of Reference and list of members attached at Appendix 2).
- 1.7 The Renewal Group has examined policy and programme priorities, actions and targets, taking particular account of
- ✦ changes in the international tourism and travel market, and the implications for Ireland
 - ✦ the performance of Irish tourism since 2003, and
 - ✦ the Irish tourism policy, operational, and business environment.
- The Group also took note of recent developments, such as
- ✦ the exceptionally challenging global and domestic economic conditions
 - ✦ the sharp deterioration in the public finances and its implications in terms of taxation as well as affordability and value for money in public expenditure, and
 - ✦ the Government's Statement on Transforming Public Services.

¹⁰ *New Horizons* set out the following ten strategic drivers of success, under which it listed specific actions required, which would determine the development of Irish tourism in the years that followed:

1. Business Environment
2. Competitiveness & Value for Money
3. Access Transport
4. Communication & Information Technologies
5. Product Development & Innovation
6. Marketing & Promotion
7. The People in Tourism
8. The Government Sector
9. Information, Intelligence & Research
10. Implementation Arrangements.

- 1.8 A key element of the work of the Group was engaging with the tourism industry partners and wider interest groups in reviewing and, where appropriate, renewing the current strategy. A list of consultees is attached at Appendix 3 and it is also intended to make the submissions available on the Department's website - <http://www.dast.gov.ie> - in due course.
- 1.9 Following this examination, the Tourism Renewal Group has set out a Framework for Action for the remainder of the National Development Plan period, i.e. up to 2013, listing the key actions to be taken to assist in ensuring that tourism continues to be a major industry for Ireland and the strategies necessary to maintain the long-term sustainable growth of Irish tourism.
- 1.10 The work of the Tourism Renewal Group was also one of the key actions under *Building Ireland's Smart Economy*, the Government's Framework for Sustainable Economic Renewal, which highlighted the importance of tourism as a competitive and significant internationally-traded services enterprise as well as its role in strengthening the image of Ireland abroad and its attractiveness as a place to live, work, invest and do business.

2. The Profile of Irish Tourism: Delivery and Performance

- 2.1 Tourism is a key driver of social and economic development at both national and regional levels in Ireland. It is one of our longest standing competitive and significant internationally traded services and arguably the most consistently successful indigenous sector since the foundation of the State. Its continued success in increasing visitor numbers from at home and abroad over recent decades, in an increasingly competitive international environment and a rapidly changing domestic economy, demonstrates its fundamental resilience and competitiveness, as illustrated in the following table of visitor numbers and foreign revenue earnings (Source: Tourism Ireland – using CSO Tourism and Travel results, adjusted to remove same day visits and include visits via Northern Ireland):

| | 1990 | 1995 | 2000 | 2005 | 2008 |
|---|--------------|--------------|--------------|--------------|--------------|
| Visitor numbers – Total Overseas ('000) | 3,096 | 4,231 | 6,182 | 6,763 | 7,435 |
| Visitor numbers – Britain ('000) | 1,785 | 2,285 | 3,428 | 3,640 | 3,579 |
| Visitor numbers – Other Europe ('000) | 744 | 1,101 | 1,436 | 1,903 | 2,561 |
| Visitor numbers – USA and Canada ('000) | 443 | 641 | 1,056 | 937 | 953 |
| Visitor numbers – Other Overseas Areas ('000) | 124 | 204 | 261 | 284 | 343 |
| Foreign Revenue Earnings (€million) | 796 | 1,286 | 2,682 | 3,487 | 3,849 |
| Receipts paid to Irish air & sea carriers (€million) | 334 | 383 | 813 | 583 | 686 |
| Total Foreign Revenue Earnings (€million) | 1,130 | 1,669 | 3,495 | 4,070 | 4,535 |

Tourism also plays a central role in creating a positive image of Ireland, which is essential to a country that seeks to maximise the benefits of globalisation and to position itself as a forward-looking knowledge economy.

- 2.2 Ireland's tourism industry is made up of a wide range of diverse and mostly Irish-owned businesses relating to, inter alia, accommodation, hospitality (bars, restaurants, etc.), activities, attractions and tour operators, together employing hundreds of thousands of people in every part of the country.
- 2.3 The Department of Arts, Sport and Tourism sets national tourism policy providing the strategic direction required. Its remit is to support the growth of a competitive and sustainable tourism industry, enhancing its contribution to national economic and social goals, through the development, implementation and influencing of a range of policy actions and programmes by the Department, its Agencies and other Government Departments, in consultation with industry partners. The tourism agencies, operating under the aegis of the Department, have been established to deal with the administration of that policy.
- 2.4 There has been a major reform of Irish tourism structures in the last decade with the setting up of Tourism Ireland and Fáilte Ireland. Reform of the function, role and operational aspects of regional structures was the most recent element of that reform process. Fáilte Ireland was established under the National Tourism Development Authority Act 2003, following the amalgamation of Bord Fáilte Éireann and CERT, to encourage, promote and support tourism as a leading indigenous component of the Irish economy. Its primary functions are the development of quality tourism product, domestic tourism marketing, tourism standards, enterprise support, capability building and human resource development for the tourism industry. Fáilte Ireland makes a vital contribution to the tourism industry in Ireland in delivering on its various functions. The period from 2003 to 2008 has seen a 78% rise in domestic holiday expenditure, from €575.9 million to €1,027.9 million. In addition, substantial new tourism product has been rolled out, the grading and classification systems for all categories of accommodation, including hotels, has been updated and a wide range of tourism related training programmes¹¹ have been provided to support the delivery of a quality customer service to holidaymakers in Ireland.

¹¹ Between 2004 and end-2009, 85,700 people will have participated in a wide range of tourism-related programmes, including Fáilte Ireland's FETAC-accredited (Further Education and Training Awards Council) courses, return to work courses run by Fáilte Ireland, courses delivered by the Institutes of Technology and a variety of Continuous Professional Development courses.

- 2.5** As part of the Good Friday Agreement, tourism was designated an area for cooperation under the North-South Ministerial Council. In December 1998, it was decided that a publicly owned limited company would be established by the Tourist Boards North and South to carry out the promotion of tourism to the island of Ireland. Tourism Ireland Limited was formally incorporated on 11 December 2000. The Company is accountable to the North South Ministerial Council with funding being provided by the Department of Enterprise, Trade and Investment in Northern Ireland and by the Department of Arts, Sport and Tourism in the South. The primary remit of the company is to promote the island of Ireland as a tourist destination in overseas markets. Tourism Ireland is generally regarded as being highly effective, by its international peers as well as the tourism industry on the island. For example, in its Travel and Tourism Competitiveness Report 2009, the World Economic Forum rated the effectiveness of Ireland's marketing and branding as eighth in the World of 133 countries – up from ninth (of 130 countries) in 2008. Tourism Ireland works closely with Fáilte Ireland, NITB, and the tourism industry in delivering its remit.
- 2.6** At regional level, five former Regional Tourism Authorities were dissolved during 2006 and subsumed into Fáilte Ireland, with new Regional Tourism Development Boards being established in each area. The five Regional Tourism Development Boards published their Regional Development Plans for the years 2008-2010 in late 2007. The plans provide a road map so that all key players can effectively contribute to the further development of sustainable and economically beneficial tourism in their region. They also define priorities for each region's product and service development, destination marketing, and enterprise development. In the case of Dublin, an autonomous body - Dublin Tourism - remains in place and Shannon Development is the Regional Tourism Authority for the Shannon Region, which includes Clare, Limerick, North Tipperary and South Offaly. However, the Region, as is the case with other regions, has a Regional Tourism Development Board. Dublin Tourism and Shannon Development also published Regional Development Plans for the years 2008-2010 during 2008.
- 2.7** There is a wide range of other bodies, some with direct roles in developing tourism facilities and some whose role, while not specifically focused on tourism, is critical to the quality of the tourist experience in Ireland. These include
- National and local bodies involved in planning, providing and managing environmental and transport infrastructure
 - National and local heritage organisations, who are responsible for key attractions
 - locally-based tourism groups and LEADER companies, and their parent or funding bodies, who are directly involved in supporting small-scale developments
 - the Irish Naturalisation and Immigration Service and Garda National Immigration Bureau, and
 - Public and Private transport operators – from airlines to local bus operators.

3. Progress since 2003

- 3.1** Key points noted in the TSIG Report in 2008 in respect of the actions in the 2003 *New Horizons* strategy were
- Strong Government commitment to the tourism industry – demonstrated in the funding allocated under successive National Development Plans to product development, marketing and training in the industry. While good progress was made in areas such as infrastructure provision, like other sectors, the business environment for tourism was not helped by the erosion of Ireland's cost-competitiveness. The Central Bank of Ireland's Harmonised Competitiveness Indicator (deflated by consumer prices, which takes into account relative price changes along with exchange rate movements) indicated that Ireland's competitiveness had fallen by 24.35% between the start of 1999 and February 2008 – of which 11.38% was due to exchange rates alone, and over 6 percentage points of which occurred in 2007-2008.¹²
 - Steady progress made in maintaining and improving direct international and domestic access links within the Government's framework of investment in the transport sector to 2015, the Transport 21 Plan. Increased capacity on international air routes, a significant new investment programme in regional airports, and progress in addressing deficiencies in capacity and passenger facilities at Dublin Airport all took place. Significant improvements in interurban and public transport and road links and a major programme of further investment in these links are being rolled out. However, significant emerging access transport issues for tourism were identified - major business restructuring within the airline industry and the consequential higher prospects of volatility in service provision and in serving particular routes; higher aviation fuel costs; more stringent and pervasive security; and increasing concerns surrounding the environmental impact of transportation (including air) services and infrastructure.
 - Strong leadership provided by Fáilte Ireland, Tourism Ireland, Dublin Tourism and the tourism representative bodies, particularly the Irish Tourist Industry Confederation (ITIC) and the Irish Hotels Federation (IHF) in adapting to technological changes and in supporting the adaptation process in individual businesses.
 - The range of recommendations set out in the *New Horizons* strategy to support product development and innovation were well advanced, including the following
 - ✦ New product development strategy published by Fáilte Ireland covering the period 2007 – 2013, which drew on information gathered in the 2006 Tourism Product Audit
 - ✦ New Fáilte Ireland Tourism Capital Investment Programme launched in February 2008 for the development or upgrading of international-class visitor attractions and leisure activities
 - ✦ Construction of the Convention Centre Dublin underway (due to open in September 2010)

¹² The latest figures available from the Central Bank of Ireland's Harmonised Competitiveness Indicator indicate that Ireland's competitiveness fell by almost 24% between Q1 1999 and Q2 2009.

- ✦ Aviva Stadium (Lansdowne Road) redevelopment underway (due to open for non-sporting events in May 2010; first sporting event scheduled for August 2010)
- ✦ New Hotel Classification system in place and being implemented
- ✦ Mid-Shannon Corridor Tourism Infrastructure Investment Scheme launched in June 2008.
- ✦ While Britain and North America remained key markets for Irish tourism, mainland Europe was increasing in importance and the new and emerging long haul markets - the Middle East and Far East - held significant potential. Major marketing reviews of each of these markets by Tourism Ireland in consultation with the tourism industry provided the framework for more effective marketing activities. The importance of e-marketing continued to increase and Tourism Ireland's strategy is to allocate some 25% of its marketing budget to e-channels and digital marketing by 2010. This is consistent with the increase in e-marketing by the industry itself.
- ✦ Fáilte Ireland launched a comprehensive Human Resources Development Strategy for Irish Tourism 2005-2010, and adapted it to emerging needs following a mid-term review. Fáilte Ireland also put in place a National Recruitment Plan to promote tourism as a career choice and a Cultural Diversity Strategy to support integration of employees from other countries. In addition to operating its own training programmes within the framework of these strategies, Fáilte Ireland was also working closely with other providers of education and training.
- ✦ The process of Government-wide engagement with the tourism industry was generally well managed by the Department of Arts, Sport and Tourism. The reorganisation of regional tourism structures, recommended in the *New Horizons* strategy, had been completed by Fáilte Ireland.
- ✦ Some progress in improving the information, intelligence and research base on which good policy formulation and implementation for tourism depends, including collaboration on a pilot Tourism Satellite Accounts project, the CSO's Quarterly Household Travel Survey, and improvements in data collected using the CSO's Country of Residence Survey and Passenger Card Inquiry. Notwithstanding these improvements, TSIG concluded that there were ongoing challenges in ensuring that tourism statistics were given the necessary priority and that there was scope for further improvements. Accordingly, the CSO was working with the tourism development agencies and the Department of Arts, Sport and Tourism to establish how improvements in this area could best be achieved.
- ✦ Overall the implementation process for the *New Horizons* strategy and Action Plan worked well. The partnership approach adopted between the Government and the industry was a strong contributory factor. The establishment of special groups – the Tourism Action Plan Implementation Group (2003-2005) and the Tourism Strategy Implementation Group (2006-2008) – with tight terms of reference and a defined life span to monitor, promote and energise the implementation process served their purpose well.

3.2 In summary, there has been a step change in marketing, product development and training and quality improvement programmes by the tourism agencies; good progress in infrastructure provision nationally; the continuing challenge of competitiveness; and the importance of the all-island dimension. Emerging and longer-term challenges identified included an uncertain national and international economic climate, the need to adapt continually to changing consumer demands, how to optimise the tourism impact of a more diverse Ireland; and environmental and energy issues and their interaction with major changes in the transport sector (especially aviation).

3.3 The TSIG was asked to review tourism performance up to 2006 against the targets set in *New Horizons*, using 2002 as a baseline. Key conclusions were

- ✦ The number of overseas visitors to Ireland in 2006 was ahead of target in total by 5.3%
- ✦ Numbers from Great Britain (our largest market) fell short of target by 6.2%
- ✦ Ireland increased market share in all key source markets since 2002
- ✦ Although revenue from overseas visitors increased in real terms by over 9.5% to 2006, this was 11.8% below target and fell well short of the growth in numbers
- ✦ For domestic holidays, both the number of visitor stays, and revenue in real terms, exceeded growth against target, by significant margins.

APPENDIX 2

Terms of Reference and Membership of Tourism Renewal Group

Terms of Reference

Having regard to the strategy for Irish tourism in the period from 2003 to 2012 set out in *New Horizons for Irish Tourism: An Agenda for Action* (September 2003), as well as the short-term challenges from current global and domestic conditions and the longer-term trends identified in the *Report of the Tourism Strategy Implementation Group*, the Government with the support of the tourism sector has decided to set up a high-level group, the Tourism Renewal Group, to conduct a review of the policies and actions that will drive further development of Irish tourism into the future.

The Renewal Group is to report to the Minister for Arts, Sport and Tourism, Mr Martin Cullen, TD, in the first half of 2009 with its recommended Framework for Action for the period up to 2013.

In its examination and renewal of the strategic framework for Irish tourism development, the Group should base its work on the fundamental principles and strategic drivers set out in *New Horizons*. The Renewal Group is to examine policy and programme priorities, actions and targets, taking particular account of:

- changes in the international tourism and travel market, and the implications for Ireland;
- performance of Irish tourism since 2003; and
- the Irish tourism policy, operational, and business environment, taking note of recent developments, such as:
 - ⊕ the exceptionally challenging global and domestic economic conditions
 - ⊕ the sharp deterioration in the public finances and its implications in terms of taxation as well as affordability and value for money in public expenditure, and
 - ⊕ the Government's Statement on Transforming Public Services

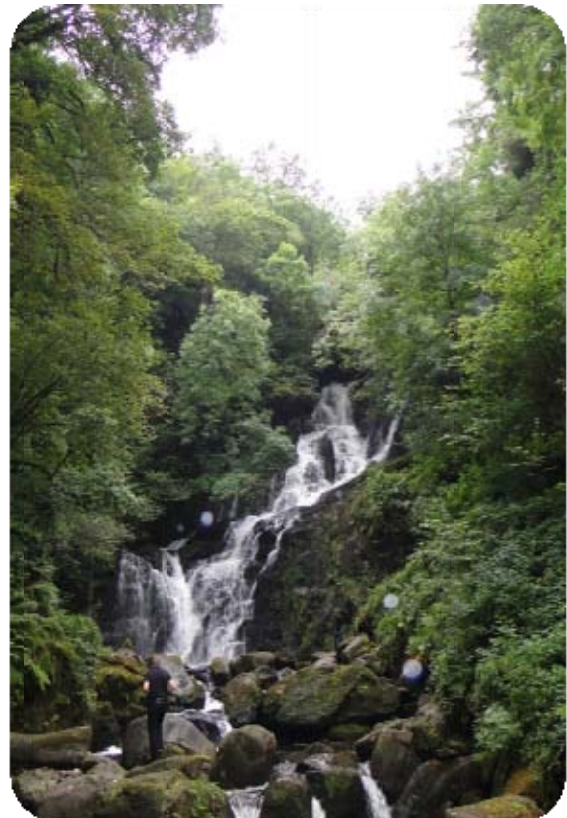
A key element of the work of the Group will be engaging with the tourism industry partners and wider interest groups in reviewing and, where appropriate, renewing the current strategy.

Following this examination, the Tourism Renewal Group is required to set out a Framework for Action for the remainder of the National Development Plan period, i.e. up to 2013, listing the key actions to be taken to assist in ensuring that tourism continues to be a major industry for Ireland and the strategies necessary to maintain the long-term sustainable growth of Irish tourism.

Membership

- **Mr Maurice Pratt, Chair**, businessman
- **Dr Mary Coveney**, Manager, Industry Affairs, Dublin Airport Authority
- **Mr Alain Dupeyras**, Head of the Tourism Programme, OECD
- **Mr Matthew Ryan**, President of the Irish Hotels Federation
- **Mr Noel Sweeney**, Managing Director, TTC - Tourism & Transport Consult International
- **Mr Rossa White**, Chief Economist, Davy Stockbrokers
- **Mr Paul O'Toole** (up to 5 June 2009), succeeded by **Mr Niall Gibbons** (from 10 June 2009), Chief Executive, Tourism Ireland
- **Mr Shaun Quinn**, Chief Executive, Fáilte Ireland
- **Mr Paul Bates**, Assistant Secretary, Department of Arts, Sport and Tourism

Mr Eamonn McKeon, CEO, Irish Tourist Industry Confederation (ITIC) also participated as an observer.



APPENDIX 3

Consultees

The Tourism Renewal Group is indebted to the following bodies and individuals who made submissions (including the key representative groups and companies associated with the development of tourism in Ireland who met with the Group in two days of bilateral meetings or in the course of Tourism Renewal Group Plenary meetings).

Tourism Renewal Group: Consultation Meetings

Aer Arann
Aer Lingus
Arts Council
City & County Managers Association
Comhar (Sustainable Development Council)
Convention Centre Dublin
Cork Convention Bureau (Seamus Heaney, Chairman)
Council of National Cultural Institutions / National Library of Ireland
Culture Ireland
Department of Community, Rural & Gaeltacht Affairs
Department of Enterprise, Trade & Investment, Northern Ireland.
Department of the Environment, Heritage & Local Government
Department of Finance
Department of Transport
Dublin Airport Authority (DAA)
Dublin Convention Bureau
Dublin Tourism
Fáilte Ireland
Galway Airport
Incoming Tour Operators Association – Ireland (ITOA)
Ireland West Airport Knock
Irish Ferries
Irish Hotels Federation (IHF)
Irish Tourist Industry Confederation (ITIC)
National Parks & Wildlife Service
Northern Ireland Tourist Board
Office of Public Works (OPW)
Resource Logic (Independent Consultants)
Ryanair
Shannon Development
Tourism Ireland
Waterford Airport

Tourism Renewal Group: Other Written Submissions

About France (Charlotte Jehanno)
Belfast International Airport (John Doran, Managing Director)
Brennanstown Riding School (Brian Bloomer, Business Development Manager)
Bridie Gleeson (B&B operator)
Car Rental Council of Ireland (Paul Redmond, CEO)
Chambers Ireland (Seán Murphy, Director of Policy)
CIE Tours (Stephen Cotter)
Cliff House Hotel, Ardmore, Waterford (Adriaan Bartels, General Manager)
Coillte (Bill Murphy, Head of Recreation)
Countrywide Hotels Ireland Ltd. (Bruce Copeland)
Craft Council of Ireland (Des Doyle, Development Manager)
Department of Enterprise, Trade & Employment (including views of Forfás, Enterprise Ireland, County and City Enterprise Boards and Personal Injuries Assessment Board)
Department of Foreign Affairs
Department of Justice, Equality & Law Reform
Department of the Taoiseach
Donal Horgan
Donegal Airport (Pauline Sweeney, Marketing Manager)

Drimoleague Heritage Walkway (David Ross)
Drinks Industry Group of Ireland (Kieran Tobin, Chairman)
Dublin Chamber of Commerce (Catherine McCabe, Policy & Communications Executive)
Dublin Institute of Technology (Michael Mulvey PhD & Prof Marlene Proctor, Faculty of Tourism & Food)
EMSA Consultants Ireland Ltd (Sean Lee)
Frank Ryan
Galway Slow Food (Móna Wise)
George Best Belfast City Airport (Brian Ambrose, CEO)
Greenbox (Mary Mulvey, CEO)
Guinness Storehouse (Diageo) (Paul Carty, Managing Director)
Gus Geraghty
Ilona Madden (Association of Approved Tour Guides Member)
Ireland Through the Looking Glass (John Herriott)
Ireland Unwrapped (Enda Gallagher)
Ireland's Blue Book (Hilary Finlay, CEO)
IBEC - Irish Business and Employers Confederation (Danny McCoy, Director of Policy and Paul Sweetman, IBEC Transport Council)
Irish Caravan & Camping Council (Con Quill)
Irish Georgian Society (Donough Cahill, Executive Director)
Irish Marine Federation (Steve Conlon)
Irish Rural Tourism Federation (Joanne Maken, Chairperson, Maria Heneghan, Rural Tourism Specialist)
Irish Self-Catering Federation (Helen Cousins, Chairperson)
ISME-Irish Small and Medium Enterprises Association (Mark Fielding, CEO)
Jerry O'Brien
Jim Deegan, Director - National Centre for Tourism Policy Studies (University of Limerick)
John Coyne (NUI Galway)
John Doyle
John Sweeney
John Twomey
Kerry Airport (Basil Sheerin, Accountant)
Kieran Rutledge
Killarney Riding Stables (Donie O'Sullivan)
Lance Hardy
Marketboomer International (Leslie Grogan)
Meath Tourism & Meath County Council (Michele Whelan)
National Competitiveness Council (Caoimhe Gavin, Policy advisor)
Patricia McCormick
Platinum One (Maeve Buckley, CEO)
Ramada Hotel and Suites, Lough Allen (Erik Speekenbrink, Resort General Manager)
Rathview House B&B (Sharon Harrington)
Raymond Keaney, Lecturer (Institute of Technology Tallaght)
Restaurants Association of Ireland (Adrian Cummins, CEO)
Sligo Airport (Berni Chambers, Passenger Services & Marketing Manager)
Sulekha (Sophie) Ujoodha
Teagasc (Maria Heneghan, Rural Tourism Specialist)
Tearmann B&B (Bernadette)
The People: Friends of Ireland (Tuatha: Cairde na hÉirann)(Fhiona ni'Giolla Rua)
Tommy Curnyn
Town & Country Homes Association
Vintners Federation of Ireland
WML Consultancy (Weldon Mather, Managing Director)
William Mullen

The Chair also met with Ms Olivia Mitchell, T.D., Fine Gael Spokesperson on Arts, Sport & Tourism.

APPENDIX 4

Glossary of Abbreviations and Terms

| | |
|-------------|---|
| CCD | Convention Centre Dublin |
| CERT | Council for Education, Recruitment & Training [for the hotel catering and tourism industry]. Established in 1963 but later merged with Bord Fáilte Ireland to form Fáilte Ireland, which was established under the National Tourism Development Authority Act 2003. |
| CSO | Central Statistics Office |
| D/Finance | Department of Finance |
| D/Taoiseach | Department of the Taoiseach |
| D/Transport | Department of Transport |
| DAST | Department of Arts, Sport and Tourism |
| DCENR | Department of Communications, Energy & Natural Resources |
| DCRGA | Department of Community, Rural & Gaeltacht Affairs |
| DEHLG | Department of the Environment, Heritage & Local Government |
| DETE | Department of Enterprise, Trade & Employment |
| DFA | Department of Foreign Affairs |
| DJELR | Department of Justice, Equality & Law Reform |
| DSFA | Department of Social & Family Affairs |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| H1N1 Flu | Influenza A(H1N1) commonly referred to as "Swine Flu" |
| IHF | Irish Hotels Federation |
| ILO | International Labour Organisation |
| INIS | Irish Naturalisation and Immigration Service |
| INTERREG | 'Inter-regional' - EU initiative to strengthen economic and social cohesion by promoting international and cross-border cooperation. |
| ITIC | Irish Tourist Industry Confederation |
| JLC | Joint Labour Committee |
| LEADER | EU Initiative for Rural Development that provides approved Local Action Groups with public funding (EU and National) to implement multi-sectoral business plans for the development of their own areas. |
| MICE | Meetings, Incentives, Conferences and Events |
| NACE | Industrial classification system used by Eurostat (Nomenclature générale des Activités économiques dans les Communautés Européennes). |
| NCC | National Competitiveness Council |
| NERA | National Employment Rights Authority |
| NITB | Northern Ireland Tourist Board |
| NPWS | National Parks & Wildlife Service |
| NRA | National Roads Authority |
| NSMC | North South Ministerial Council |
| O2 | An entertainment venue in Dublin |
| OAP | Old Age Pensioner |
| OECD | Organisation for Economic Cooperation & Development |
| OPW | Office of Public Works |
| RPA | Railway Procurement Agency |
| SME | Small to Medium Sized Enterprise |
| T&T | Tourism & Travel |
| T2 | Terminal 2, Dublin Airport |
| TAPIG | Tourism Action Plan Implementation Group |
| TSIG | Tourism Strategy Implementation Group |
| VAT | Value Added Tax |
| WEF | World Economic Forum |

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