

A Strategy for Job Creation and Economic Growth



260,000+ jobs

Supporting 1 in 9 jobs

90,000+

New tourism jobs since 2011



€9.4 billion

Annual tourism revenue

€2 billion

In taxes for the exchequer

The 5 Key Priorities for Tourism

A flourishing tourism industry is vital for our country's prosperity and economic well-being. As one of Ireland's largest indigenous industries, tourism supports approximately 260,000 jobs, with the creation of over 90,000 new jobs across every town and county since 2011. Accounting for almost 4% of GNP, tourism generates over €9.4 billion in revenues for the economy and €2 billion in taxes for the exchequer each year.

While tourism has returned to growth in recent years, the recovery has not been evenly spread throughout the country. This remains a significant challenge for regions that have not benefitted to the same extent from increases in overseas tourism. Our industry now faces heightened uncertainty and remains vulnerable to external shocks given our exposure to the economic environment of our major source markets, as Brexit has demonstrated.

Continued growth cannot be taken for granted. It is of the utmost importance that all candidates in the General Election commit to doing everything in their power to put tourism at the heart of Ireland's economic agenda – ensuring our industry lives up to its full potential as a major engine for growth and job creation across the entire country over the next five years.

1. Tackle High Cost of Doing Business

The international tourism market is exceptionally competitive and every tourism euro spent in Ireland is hard won. As such, the high cost of doing business here remains one of the most pressing issues faced by tourism businesses such as hotels.

9% Tourism VAT Rate

A VAT rate of 9% is the right rate for Irish tourism in order to ensure long-term sustainable development of the industry. From its introduction in 2011, the measure was one of the most successful job-creation initiatives in modern times with the positive impact on tourism exceeding all expectations, supporting an additional 90,000 tourism jobs throughout every corner of the country.

The 9% rate enabled hoteliers and other tourism businesses to re-invest revenues in refurbishment, renovation, innovation and product development – resulting in substantial levels of further employment.

Against the backdrop of international uncertainty, the Government's decision to increase the tourism VAT to 13.5% could not have come at a worse time. This additional tax on tourists means Ireland now has a higher rate of VAT on tourism accommodation than 27 countries in Europe with which we compete, making us less attractive as a tourism destination and putting our industry at a further competitive disadvantage.

Policy Action: Given the economic potential of tourism, it is vital that the 9% VAT rate for tourism services is restored to help maintain competitiveness.

Excessive Insurance Costs

Tackling insurance reform is a major priority. 90% of hoteliers say rising insurance costs are having a detrimental impact on their business. Progress on insurance reform has been extremely slow and is having serious consequences for the viability of hotels and many other businesses.

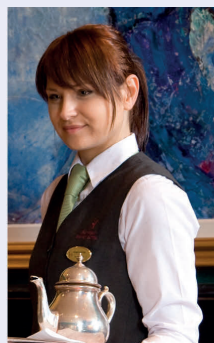
Policy Actions: Greater urgency in reducing levels of unfair personal injury awards • Rebalancing duty of care provisions for premises • Setting up a Garda Insurance Fraud Unit.

Local Authority Rates

The biggest single cost that tourism businesses have no control over is local authority rates. Hotels make a disproportionate contribution to local authority funding, with many hoteliers levied rates of up to €3,000 per bedroom and average local authority rates equating to €1,500 per room. Hotels are willing to pay fair and reasonable rates. However recent commercial rate revisions have led to excessive increases in many cases.

Policy Action: Shake up of local government funding to achieve a fairer distribution of rates burden • Reforms to improve efficiencies, with savings passed onto rate-payers.

“The Irish Hotels Federation calls on all candidates in the General Election to commit to putting tourism at the heart of Ireland’s economic policy – ensuring our industry lives up to its full potential as a major engine for growth and job creation.”



Hike in Water Costs

Hotels across the country have serious concerns about the approach taken by Irish Water in relation to harmonisation and increases in the overall cost burden on businesses. The proposals will impact significantly on hotels given the relatively high usage of water by hotels, particularly by those premises with leisure facilities. The proposed increases, in many cases 30% over three years, are in addition to the excessive local authority rates already levied on our sector.

Policy Action: Defer the CRU’s decision for a hike in Irish Water’s cost allocation to businesses.

2. Supports for Regional Tourism

Tourism growth is one of the most effective ways to spread employment opportunities and prosperity across the entire country. With 70 per cent of tourism jobs based outside of Dublin, tourism’s wide geographic distribution is critical to sustaining regional economies. It is essential that the country’s economic policy is more attuned to realities facing businesses in the regions, particularly with recent developments around Brexit. The focus should be on creating the right environment to sustain further tourism growth.

Policy Action: Allocate additional capital and marketing funding to projects designed to achieve better regional spread of visitors and tourism activity • Provide additional funds to counter the impact of Brexit.

3. Increased Tourism Marketing Support

Increased investment in tourism marketing and product development is required to ensure that Ireland’s tourism offering keeps pace with global competition. Tourism has been an excellent investment for the country. For every euro spent in overseas tourism marketing by the State, approximately €130 in overseas visitor expenditure is generated.

Regrettably, since the economic downturn, the funding allocation for tourism marketing and product development has been cut back substantially. Two particularly pressing strategic marketing challenges are the need to attract more visitors to the regions and to extend the tourism season. Reduced marketing budgets are having a negative effect on the tourism potential of the regions with many rural tourism businesses

continuing to lag behind. This is further compounded by the disproportionate negative impact that seasonality has on regional tourism.

Policy Action: Increase funding for the State’s tourism agencies, including targeted support for regional tourism marketing initiatives.

4. Additional Investment in Growth

While Irish tourism made up significant ground in recent years, continued growth cannot be taken for granted. It requires long-term investment, both in terms of our tourism product and our tourism infrastructure. We are an island destination and face unique challenges in relation to access and competitiveness. It is therefore vital that sufficient resources are allocated to tourism development in order to deliver sustainable, long-term growth that continues to benefit the local economies and the communities in which tourism businesses operate.

Policy Action: Significantly increase tourism-related capital expenditure over the next five years • Implement the National Broadband plan as quickly as possible.

5. Investment in Skills and Training

Tourism is a major source of employment generation nationally and these jobs are of enormous importance to many areas of the country that have an otherwise weak economic base. Hotels in particular are among the largest employers in the sector, supporting over 60,000 jobs and investing up to 40% of turnover in payroll each year.

In addition to job openings for experienced employees, hospitality and tourism businesses around the country recruit over 6,000 entry-level employees annually across all areas of their operations. Given the growing requirement for suitably skilled and qualified employees, training and education is a key priority. While we have made considerable progress in developing varied career paths for employees that promote professional development, greater Government supports are required for vocational and craft level training.

Policy Action: Increase investment in hospitality skills and training, including apprenticeships, to support continuous education and up-skilling for career development.