Letter to Clare TDs on Behalf of Local Hoteliers Representing 54 Businesses

Budget 2021: Urgent Government Supports Required with 8,800 Local Tourism Jobs at Risk

9th October 2020

Dear Deputy,

On behalf of hotels and guesthouses in Clare, representing some 54 businesses, I'm writing to alert you to the extraordinary and existential challenges facing our industry and the immediate sector-specific measures required to safeguard thousands of livelihoods supported by tourism and hospitality across the country including Clare.

In recent days it has become clear that it is now 'make or break' time for Irish tourism with businesses facing an incredibly bleak seven months ahead.

Our industry is experiencing a disastrous collapse in business levels and now faces an imminent wave of further job losses – 100,000 tourism jobs have been lost across the country so far this year, and a further 100,000 jobs are now at immediate risk.

Already operating under severely challenging conditions, hotels and guesthouses have seen revenues wiped out as a result of Level-3 restrictions, which stop guests from travelling outside their county. Properties are effectively empty with no ability to generate revenues and facing enormous uncertainty. Many now have to make very stark choices about lay-offs and whether they can stay open for the remainder of the year given the inadequate supports available.

Prior to Covid-19, tourism businesses across Clare supported 12,000 jobs and generated €266 million in revenues annually for the local economy. This year with local tourism struggling under immense financial difficulties, **8,800 tourism jobs (almost 75%) are at risk across Clare**. These jobs matter – not only to the people working within the industry but also to the wider economy, especially the many parts of regional Ireland where tourism is the only show in town.

Failure to act now would do irreparable damage to the long-term viability of our industry and our ability to act as an engine for growth throughout the entire country. A severely devastated tourism sector would be a major loss both nationally and locally to our economy and wider society for many years to come. This can and must be avoided.

Urgent and unprecedented intervention from the Government is now required to support tourism businesses and safeguard thousands of jobs throughout the sector. This must form a central plank of the upcoming Budget.

Four Urgent Government Supports Required in this Year's Budget:

1. **Employment Wage Subsidy Scheme (EWSS)** – if jobs are to be retained, the EWSS rates of support must be increased to the previous TWSS levels of €350/€410 per week for businesses that can demonstrate a 50% reduction in turnover for a 12-month period to 31 March 2021. The period for calculating the existing 30% reduction should also be extended on a similar basis. This would make it possible for employers to retain staff during the difficult winter/spring months ahead and to facilitate training and upskilling structures designed to allow employees get personal benefit from this challenging period and to help the industry prepare for post Covid-19 recovery opportunities. Payments should be made on a weekly basis to assist with cashflow. The scheme should be continued until the impact of Covid-19 restrictions has fully abated.

2. **Reduction in Tourism VAT to 9%** – permanent restoration to 9% to assist recovery and secure a viable and sustainable future for tourism. Reducing VAT will not only provide a stimulus in the Irish economy but also improve our competitiveness as an international tourism destination. VAT on Irish Hotels is currently the second highest in Europe and higher than 30 European Countries.

3. **Liquidity Measures** - Additional liquidity measures are required to help fund hotels during the coming months as a result of the cash flow lost out due to Covid-19 restrictions, including an extension of the moratorium on bank term loans from 6 months to 12 months.

4. **Local Authority Rates Waiver** - The waiver period should be extended for tourism businesses to coincide with business interruption due to Covid-19 and for a minimum of 12 months. After that, payment of local authority rates should be based on reduced levels of activity due to the crisis and until the industry has recovered.

It is also imperative that **Shannon International Airport** receives the necessary targeted policy and financial supports required to ensure it continues to provide air access to key international markets. Key to this is the full implementation by Government of the Aviation Recovery Taskforce so that we can retain and develop international connectivity into the region.

Last year tourism generated €9.2bn in revenues for the Irish economy, supporting 270,000 livelihoods throughout the country and contributing over €2bn in taxes to the exchequer. It offers enormous potential for recovery and return to growth over the coming years, playing an important role in restoring employment and regional balance to the economy.

Everything possible must therefore be done to put tourism on a more stable footing, similar to the last financial crisis, when tourism created some 90,000 new jobs throughout the country – demonstrating our industry's ability to rebound given the right supports and policy priority. Nothing short of an emergency intervention is now required from the Government in the form of additional sector-specific measures as outlined above. These measures, if implemented immediately, will go a long way to ensure the survival and long-term financial stability of many tourism businesses.

On behalf of hoteliers in Clare and our local tourism community, I would urge you and your colleagues to support our call for the Government to safeguard Irish tourism – our largest indigenous industry – by prioritising these measures urgently. A failure to support this vital industry now will have ramifications for the future of Ireland's tourism offering and for the economy that could take decades to remedy.

Yours sincerely,

Dermot Kelly

Chair, Shannon Branch
Irish Hotels Federation