

# Written submission on the impact of Covid-19 on the hospitality and entertainment sectors

## Introduction

### **Value of the sectors**

In 2019, prior to the onset of the COVID-19 pandemic, tourism was worth €9.5 billion in total to our economy from overseas tourists and the fares they generated together with domestic tourism. Fáilte Ireland has previously estimated that 23 cent in every €1 generated in tourism expenditure went back to the exchequer in tax revenues, this equates to €1.8 billion in exchequer revenue, which works out at approximately €1,000 per household. Tourism supported 260,000 jobs across the country, both in remote rural areas as well as in our towns and cities. It sustains communities and drives regional development in a manner that most other industries struggle to deliver.

The entertainment sector contributes significantly to the economy and our cultural and the creative sectors and can also have a positive impact on our wellbeing. It brings life and colour to our city and town centres and provides employment not just for artists but for a wide range of arts workers. It is important that we protect, support and sustain this part of our economy – particularly as we emerge out of this pandemic and we start to think about how and where we socialise.

### **Impact on the sectors**

The tourism landscape changed drastically in early 2020 with the outbreak and spread of COVID-19. It had a devastating impact on our tourism industry here in Ireland and all across the world. The pandemic struck Irish tourism towards the end of the first quarter of 2020 by which stage only 10-15% of annual overseas spending would have accrued. After the first quarter there was a collapse in overseas travel and the OECD estimates that international tourism worldwide fell by 80% overall in 2020.

Since the advent of COVID-19 and the consequential and necessary public health measures, many of the jobs supported by tourism have been lost or are surviving with State support and income from the sector is a fraction of what it was in 2019. It is estimated that, of the 260,000 jobs in the sector prior to the onset of the pandemic, 180,000 are either lost or vulnerable.

While we saw a short and successful summer season last year, from a domestic tourism point of view, the fact is that the sector cannot fully recover until inbound overseas tourism can safely recommence.

The public health measures over the past 12 months have had an unprecedented impact on the nation's cultural life. Going to a concert or theatre or visiting a museum are all vital to

our well-being but this has been stopped as a result of Covid-19. This reduction in the access to culture has had an enormous effect on our artists, arts practitioners and all arts and cultural workers. It has been widely acknowledged that the impact of COVID-19 on the Arts and Culture sector has been more detrimental than in nearly any other sector. Almost all activity has stopped and it is likely that for many parts of the sector it will be among the last to restart.

### **Structures put in place**

#### **Tourism Recovery Taskforce**

An independently chaired Tourism Recovery Taskforce was appointed to prepare a Tourism Recovery Plan which includes a set of recommendations on how best the Irish Tourism sector can adapt and recover in a changed tourism environment as a result of the crisis.

On 25th June 2020, the Taskforce published an Initial Report recommending a number of measures identified that would help to save jobs and businesses across the tourism sector until the end of 2020. A number of these recommendations were addressed in the July Stimulus package that year – such as extending the TWSS and PUP, the tourism adaptation grant, the extended Restart grant and low interest financing.

The Taskforce presented the Tourism Recovery Plan 2020 – 2023 to Minister Martin on September 30th last. The Plan makes a number of recommendations to help tourism businesses to survive, stabilise and recover from the COVID pandemic and has been a useful input for Minister Martin and her colleagues in government in considering measures to assist the tourism sector.

#### **Tourism Recovery Oversight Group**

On foot of the recommendation in the Recovery Plan, Minister Martin appointed a Recovery Oversight Group in December 2020. The purpose of the Group is to oversee the implementation of the Recovery Plan produced by the Tourism Recovery Taskforce and monitor the sector's recovery from the COVID crisis.

The Oversight Group presented its first report to the Minister on the 15th February. The report highlights a number of areas on which it recommends the Government should focus its attention. The Minister brought this report to the attention of her colleagues in Government to ensure they are fully up to date with the position in tourism as we prepare the National Economic Recovery Plan. A number of the areas highlighted by the Group have already been addressed in the new COVID plan, *The Path Ahead*. In addition, officials will continue to engage with the tourism agencies and colleagues across Government in pursuing progress on specific recommendations. The Minister is keeping the content of the report under review, together with the initial Recovery Plan produced by the Tourism Recovery Taskforce as the situation evolves.

## **Hospitality and Tourism Forum**

The Hospitality and Tourism Forum, was established by Minister Martin and An Tánaiste, Leo Varadkar, TD, Minister for Enterprise, Trade and Employment to provide a platform for structured engagement between the Hospitality and Tourism sector, the tourism agencies and relevant Government Departments.

Its purpose is to allow key issues of relevance to the sectors to be discussed, with a view to identifying practical actions which could be taken by government (national or local), or by industry itself, to support the sectors.

The Forum enables Minister Martin and An Tánaiste, to engage with a wide spectrum of industry stakeholders in order to assess the continuing impact of the COVID-19 pandemic, to help improve understanding and responses to the crisis and to discuss ideas for recovery measures, thus assisting the Government in formulating its on-going response to the crisis.

The Forum will meet four times each year, but may convene more frequently by agreement. The forum has met three times to date i.e. in October 2020, December 2020 and March 2021.

## **Arts and Culture Recovery Taskforce**

The Arts and Culture Recovery Taskforce was set up in September 2020 and was chaired by Clare Duignan. It completed its deliberations and published its report in November 2020 titled *"Life Worth Living" The Report of the Arts and Culture Recovery Taskforce*. The Report is published and is available at: <https://www.gov.ie/en/press-release/4769e-arts-and-culture-recovery-taskforce-report-published/>

The "Life Worth Living" report made ten recommendations to aid the survival of the arts and culture sector during Covid-19 and beyond under three themes: ensuring recovery; building resilience; and facing forward. The ten recommendations seek to protect livelihoods, mitigate income loss; ensure fair play for the makers of creative content; secure the viability of the live events industry; sustain local authority capacity to support arts and culture; ensure well-being; build sectoral capacity; make space for arts and live entertainment; provide more outdoor public spaces for cultural events; and address the environmental impact of arts, culture and event activities.

Significant progress has been made on the implementation of the Taskforce's recommendations and an Oversight Group has recently been established to examine the implementation of the recommendations in the "Life Worth Living" report.

## **Night-time Economy Taskforce**

Minister Martin established the Night-time Economy Taskforce last year on 30 July 2020 as one of the priority actions for her Department. Since its establishment, the Taskforce has been examining all the challenges facing the development of a vibrant night time culture and economy such as regulations, licencing laws, transport, and diversity of cultural

activities among other issues so our cities, towns and villages which have already faced so many challenges, will be able to find and develop new opportunities.

The Taskforce is co-chaired by the Secretary General of the Department and John McCarthy, former Secretary General at the then Department of Housing, Planning and Local Government.

Its membership includes a range of Government Departments, Agencies whose remit covers aspects of the Night-time Economy and who have valuable input to contribute from a legislative and or policy perspective. The Lord Mayor of Dublin and the Lord Mayor of Cork are also members of the Taskforce given the significant experience in developing the Night-time Economy in Dublin and Cork. Give us the Night are also represented on the Taskforce. Give us the Night is an independent volunteer group of professionals operating within the night-time industry and articulates the views of this Sector to the wider Taskforce.

The Taskforce conducted an intensive stakeholder engagement process with all relevant sectors and interested parties who have a significant role in the night-time economy to ensure that all views and ideas are considered by the Taskforce. Well over 100 stakeholders from community organisations, business and industry, civic society, cultural sector and sporting organisations were invited to submit their views.

All responses are being considered by the Taskforce and they are currently finalising a report with practical recommendations on how to ensure a more vibrant and diverse Night-time Economy which is expected to be submitted to Minister Martin shortly. It is planned that this report will be published after it has been submitted to the Minister and to Government. The Department will ensure that a copy is forwarded to the Joint Committee.

A huge demand for diversity of offering and flexibility in the operating environment arose from the consultations and the recent announcement of Minister Helen McEntee regarding the modernisation of the licensing laws is a positive outcome for the work of this Taskforce.

A range of supports and measures from the Department and across other Departments have already been established for hard hit sectors which contribute to the night-time economy including the arts and creative sectors and the tourism sectors. However, Minister Martin has requested creative thinking and innovative solutions to the challenges facing the night-time economy and every opportunity is being explored and maximised as part of the work of this Taskforce.

## Supports introduced

### **Horizontal supports**

- The **Covid Restrictions Support Scheme (CRSS)** is a targeted support for businesses significantly impacted by restrictions introduced by the Government under public health regulations to combat the effects of the COVID-19 pandemic. The support is available to companies, self-employed individuals and partnerships who carry on a trade or trading activities, the profits from which are chargeable to tax under Case I of Schedule D, from

a business premises located in a region subject to restrictions introduced in line with the Living with COVID-19 Plan.

- The **Employment Wage Subsidy Scheme (EWSS)** continues to be a key component of the Government's response to the COVID-19 crisis to support viable firms and encourage employment in the tourism and hospitality sector and beyond. The Minister for Finance has stated that there will be no cliff-edge end to the EWSS and, as announced by Government recently, the scheme is being extended to the end of June 2021.
- The Covid-19 **Pandemic Unemployment Payment (PUP)** is available to employees and the self-employed who have lost their job on or after 13 March 2020 due to the Covid-19 pandemic. The PUP, which is administered by the Department of Social Protection, will be in place until 30 June 2021.
- Tourism businesses are also benefitting from horizontal supports such as:
  - The Restart Grant
  - The €2 billion Covid-19 Credit Guarantee Scheme
  - The package of liquidity and enterprise investment measures to support small and micro companies
  - Corporation tax refund and income tax relief for the self-employed; and
  - The warehousing of tax liabilities.

## **Sector specific supports**

### **Tourism**

- An allocation of €55 million was secured by Minister Martin in Budget 2021 for a programme of funding under the Strategic Tourism Business Continuity Scheme. The Scheme, which is administered by Fáilte Ireland, is designed to assist strategically important tourism businesses through a direct financial contribution to support them with future operational and continuity plans. Stage One of the Scheme, which opened for applications on 11th February 2021 and closed on 8th March, was open to outdoor tourism activity providers, tourism golf courses, hop-on hop-off tourism bus tour operators, cruise hire companies, tourism boat tour operators, visitor attractions not eligible for the CRSS, and caravan and camping providers registered with Fáilte Ireland. Stage Two of the Scheme opened on 8th April 2021 and will close for applications on 13th May. It will focus on tourism transport operators such as car rental companies, chauffeur and limousine businesses, and escorted tour providers.
- On 15th April 2021, Minister Martin launched investment under Phase Two of Fáilte Ireland's Platforms for Growth Tourism Investment Programme, which will provide €19m in funding to Local Authorities for the development of activity facility centres in 22 selected waterside locations around the country, where water-based activities are a key visitor attraction. Each centre will provide hot showers, changing and toilet facilities, secure storage, induction spaces, equipment wash-down and orientation points. The scheme was developed in partnership between Fáilte Ireland and the Local Authorities.

The investment in these activity facility centres will be of benefit to the local tourism economy, including tourism hospitality businesses.

- In recognition of the unprecedented challenges facing the Tourism and Hospitality sector, the **VAT rate was reduced from 13.5% to 9 %** from 1 November 2020. This is a temporary measure to provide support to the sector, where many businesses remain closed for now and those that are open are operating at significantly reduced capacity, and will apply from 1 November 2020 to 31 December 2021.
- The **Stay and Spend Scheme** was set up in late summer 2020 to provide targeted support to accommodation and hospitality businesses most affected by continued restrictions, and launched as an innovative approach to incentivise spending in tourism and hospitality. However, public health conditions beyond the Government's control resulted in the scheme being underutilised and it is now scheduled to expire at the end of April. A review of the Stay and Spend scheme was one of the recent recommendations of the Tourism Recovery Oversight Group. The Scheme has ended now and the Minister is currently engaging with colleagues to look at what additional measures might be appropriate to put in place towards the end of the year.
- A €26m **Covid-19 Adaptation Fund**, which ran from August to December 2020, was provided for the tourism sector, including tourism hospitality businesses, to adapt their premises to contribute to the costs of implementing Fáilte Ireland's operational guidelines for reopening, either through structural adaptations or covering the cost of Covid-19 related consumables (e.g. sanitiser, PPE). Although allocated €26m, €10m was unspent due to lower level of applicants than expected. This €10m has been repurposed toward the Outdoor Dining Scheme.
- Fáilte Ireland's **Outdoor Dining Enhancement Scheme** is a €17 million scheme for developing outdoor dining capacity nationwide. It comprises two parts and will be delivered in partnership between Fáilte Ireland and Local Authorities across the country. The first part of the scheme, to be run by the individual local authorities, will provide funding for individual tourism and hospitality businesses to develop and increase their own outdoor seating capacity. The scheme opened on Local Authority websites on 12 April and will close on 30 September 2021. Funding allocated to local authorities under the second part of the scheme will enable them to develop permanent outdoor public dining spaces in towns and urban centres similar to those that exist in various European cities.
- €8m was provided in **Restart Grant funding for B&Bs**, which was open to B&Bs that do not pay rates to their Local Authority (this scheme was administered by Fáilte Ireland on behalf of the Department of Enterprise, Trade & Employment).
- Fáilte Ireland has published **Reopening Operational Guidelines** for a range of tourism hospitality businesses, including restaurants, hotels, pubs, cafes, guesthouses and B&Bs, in consultation with the Government and public health bodies. Fáilte Ireland updates their guidelines on a regular basis in line with latest public health advice but do not have

a lead role in determining public health restrictions. The guidelines are available at the following link:

- <https://covid19.failteireland.ie/industry-updates/failte-ireland-publishes-operational-guidelines-with-industry/>
- Fáilte Ireland's **COVID-19 Safety Charter** is a Government-endorsed initiative to reinforce confidence in domestic and overseas visitors in tourism businesses. The COVID-19 Safety Charter is designed to give comfort and reassurance to employers, employees and customers that these businesses are ready and able to re-open safely.
- **Fáilte Ireland's Covid19 Business Supports Online Hub** offers supports and advice on a range of topics such as finance; HR expert advice; sales and marketing; an on-line learning hub; employee well-being; food and operational efficiencies; food tourism insights; breakfast toolkit; and a new Inside Tourism/Food Tourism podcast.

### **Live performance**

The Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, Catherine Martin TD, announced in March a new €50million suite of measures to support the commercial live performance sector to assist producers, promoters, venues and musicians as follows:

- €25m new Live Performance Support Scheme
- €14m new support scheme for live entertainment businesses
- €5m to local authorities for outdoor live performances
- €5m capital supports for live entertainment sector
- €1m to St. Patrick's Festival
- An allocation of €25 million is being made available under the Live Performance Support Scheme 2021. This scheme builds on the successful outcomes of the pilot Live Performance Support Scheme (LPSS) in 2020, which provided thousands of days of employment to hundreds of musicians, actors, crew and technicians and the valuable insights gained. This new scheme is aimed at commercial venues, producers and promoters in the culture sector and will support employment and wellbeing opportunities across all genres and continued high quality artistic output for the general public. Assessment of applications to the scheme are currently underway.
- As part of this suite of measures, an allocation of €14m will be made available for the Music and Entertainment Business Assistance Scheme (MEBAS) to make a contribution to the overheads of businesses, specifically musicians and related crew, that have been significantly negatively affected by COVID-19 and that do not qualify for other business supports. Department officials are finalising the administrative arrangements for this scheme and it is hoped that the scheme will open for applications in the coming weeks.

- An allocation of up to €5 million will also be made available to local authorities for live performances in summer 2021 to animate town centres and other locations, should public health considerations permit. This will allow for the procurement by local authorities of performances by local performers. Performances can be recorded or streamed if health restrictions prevent live events. Local authorities will be encouraged to engage curators or events companies to develop and deliver a programme of performances.
- €5 million will also be made available for a scheme of capital supports for the commercial live entertainment sector.
- €1 million has already been allocated for the St. Patrick's Festival 2021 to support the employment of performers, producers, artists, technicians, creatives and support staff which curated a rich and dynamic programme of events involving hundreds of artists, musicians, performers, creators, and community organisations.

### Take up of supports

#### Horizontal

- **Covid Restrictions Support Scheme (CRSS):** As of 22 April 2021, the Revenue Commissioners have received 22,100 registrations for the Covid Restriction Support Scheme (CRSS) covering 25,900 premises. 148,400 claims for CRSS payments of €478.9 million in respect of 24,600 premises have been made, with €475.5 million CRSS payments processed. 41.5% of the premises have come from the tourism hospitality sector (bars, cafes, restaurants, hotels and other tourism accommodation) and these premises have claimed 58.7% of all CRSS payments.
- **Employment Wage Subsidy Scheme (EWSS):** According to the Revenue Commissioners, over €5.5 billion worth of such payments have been made to employers since the pandemic began through the EWSS and its predecessor the Temporary Wage Subsidy Scheme (TWSS). As of end March 2021, employers from the accommodation and food services sector claiming the EWSS represented 14% (4,928 employers) of all employers claiming the payment. The number of employees from the same sector claiming the EWSS represented 16% (55,376) of all employees claiming the payment.
- **Covid-19 Pandemic Unemployment Payment (PUP):** As of 4th April 2021, 34,548 persons working in the accommodation sector (64.82% of the total figure employed in the sector in 2019) were in receipt of the PUP. 71,610 people working in the food and beverage service activities sector (56.92% of the total figure employed in the sector in 2019) were in receipt of the payment.



## Sector specific

- **Stay and Spend Scheme:** As of 15 April 2021, a total of 61,819 receipts have been uploaded to the Revenue Receipts Tracker, representing total expenditure of €10.1m with total tax credits of €2m due to taxpayers.
- **Covid-19 Adaptation Fund:** €6.9m has to date been awarded to 3,441 Pubs & Restaurants.
- **Restart Grant Plus for B&Bs:** €7.252m has to date been awarded to 1,372 B&Bs.
- **Fáilte Ireland Operational Guidelines:** There have been 31,000 visits to the Guidelines section of the Fáilte Ireland website since they were uploaded in June 2020.
- **COVID-19 Safety Charter:** To date, 5,991 businesses have applied for the Safety Charter. Those that have applied for the Charter are a mix of food and drink businesses; visitor attractions; activities tourism businesses; and business tourism associated businesses.
- **Fáilte Ireland's Covid19 Business Supports Online Hub:** over 80,000 tourism and hospitality businesses have visited the Online Hub.

## Next Steps

Together with horizontal measures introduced by Government, such as the EWSS and the CRSS, the sector-specific measures introduced have been key in helping tourism businesses to survive and employees to remain engaged in the sector. Government has made it clear that there will be no 'cliff-edge' end to supports.

As part of the National Economic Recovery Plan, the Government will be outlining how it will help people return to work and further support sectors which have been disproportionately affected by the pandemic. Government will consider more targeted measures to help reboot those sectors, such as tourism, hospitality and entertainment, which will face particular challenges during the recovery phase when the economy reopens.

With regard to the reopening dates for different sectors of the economy, in line with the plan set out in *The Path Ahead* and after taking full account of the current status of COVID-19 in the community and the public health advice, the Government has been implementing a limited phased easing of some Level 5 restrictions through the months of April, May and June. These decisions are the collective responsibility of Government and are made by Cabinet, on foot of advice from NPHET and the Minister for Health. This cautious approach is due to continue until a substantial level of vaccination has been achieved, at which point we hope to move to reopen our society more widely.

## **Executive Summary**

This Department is committed to continuing support for these sectors through this difficult period and to working towards their reopening and recovery. Together with horizontal measures introduced by Government, such as the EWSS and the CRSS, the sector-specific measures introduced by Minister Martin, including the Tourism Business Continuity Scheme, the €50million suite of measures to support the commercial live performance sector, the Covid Adaptation Scheme, and the Outdoor Dining Scheme are key in helping these businesses to survive and adapt.

Engagement with these sectors will continue on a regular basis and in particular through the Hospitality and Tourism Forum and direct engagement will also continue with stakeholders in the entertainment and cultural sector. As outlined in this submission, this forum was established by An Tánaiste and Minister Martin last year in order to provide a platform to assess the continuing impact of the pandemic, to help improve understanding and responses to the crisis and to discuss ideas for recovery measures, thus assisting the Government in formulating its on-going response to the crisis.

These sectors have proven themselves resilient before and the Department is confident that, with the support of Government, they will recover from this crisis and thrive again.