

Joint Committee on Media, Tourism, Arts, Culture, Sport and the Gaeltacht

Written Submission from the Recovery Oversight Group

April 2021

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Executive Summary

- The Minister appointed a Recovery Oversight Group in December 2020. The Oversight Group's remit is to oversee the implementation of the Recovery Plan prepared by the Tourism Recovery Taskforce and monitor the tourism sector's recovery.
- The TRT did a comprehensive analysis of the impact of the pandemic and found that it has been an existential threat to the tourism economy, devastating employment, businesses and livelihoods across the sector.
- It reached a number of findings which informed the recommendations set out in the Recovery Plan it submitted to Minister Martin in September 2020.
- The Group presented its first report to the Minister on the 15th February. In the report, we welcomed the progress made to date in terms of implementation of the Recovery Plan, particularly around the introduction of business supports.
- The Group also noted that the tourism sector remained in survival mode and set out a number of areas where we believe the Government should focus to mitigate the ongoing impact of the pandemic and support the recovery.
- The ROG has recently held a dedicated meeting on the impact of not restarting international inbound tourism given its importance for the sector here. It expects to report back to the Minister on this critical issue in the coming weeks.

Background

The Minister appointed a Recovery Oversight Group in December 2020. The Oversight Group's remit is to oversee the implementation of the Recovery Plan prepared by the Tourism Recovery Taskforce and monitor the tourism sector's recovery.

The Tourism Recovery Taskforce (TRT) was established on 20 May 2020. The purpose of the TRT was to prepare a Tourism Recovery Plan for submission to the Minister for Tourism which included a set of recommendations on how best the Irish tourism economy can adapt and recover in the changed tourism environment as a result of the COVID-19 crisis.

The Taskforce completed its work and the Chair presented the report to the Minister in September 2020. The report made a number of recommendations to help tourism businesses to survive, stabilise and recover from the Covid pandemic.

Impact of the Pandemic

The TRT did a comprehensive analysis of the impact of the pandemic and found that it has been an existential threat to the tourism economy, devastating employment, businesses and livelihoods across the sector. Prior to Covid, tourism employed 260,000 people across Ireland and up to 180,000 of these jobs are either vulnerable or already lost. Total revenue generated by the sector was over €9 billion and this has been severely reduced.

Tourism's contribution is not confined to directly generated employment, economic activity and exports. The sector has an important multiplier effect on other employment sectors such as agriculture, transport, food and beverage and retail, and is particularly important to regional economies. It also contributes to Ireland's international attractiveness for FDI, supporting the reach of our cultural heritage and the arts, and promotes social inclusion and access to the labour market. It has played a vital role in reshaping North/South relationships since the Good Friday Agreement through the joint marketing and promotion of the island of Ireland internationally. It has a proven track record in delivering strong recovery following previous global economic shocks, creating the largest number of jobs post the 2009/2010 recession.

The TRT Recovery Plan was developed after an extensive consultation with the industry across the country. The TRT itself worked in eight separate workstreams, with the support of industry practitioners and experts, reflecting the breadth of the impact that this crisis has had on the sector. In addition, the TRT collected the views of stakeholders through a public consultation which attracted 813 responses, with separate submissions from over 60 organisations, a number of which presented directly to the Taskforce.

In terms of impact, following the analysis it carried out, some of the key findings by the Taskforce in relation to tourism which informed its recommendations include:

- Viable businesses are vulnerable, unable to take on additional debt and require grant aid support to enable them to reach sustainable levels of support when demand returns.
- Protecting workers and retaining tourism jobs will be vital to the sector's recovery.
- It is essential that tourism is enabled by the supply of competitive international aviation and maritime access and connectivity.
- Protecting the existing strong position of Tourism Brand Ireland in the international market is crucial for our longer term prospects in an even more competitive international marketplace.
- In the short-term, domestic marketing will be critical to sustaining tourism businesses and jobs.
- Consumers in a post Covid-19 environment will require a different experience and one that Ireland is well positioned to take advantage of.
- Competitiveness issues are key for tourism and impact on our ability to compete internationally.

- The current crisis presents Ireland with an opportunity to present Ireland in a more meaningful way.

The recommendations identified by the Taskforce are in the following areas:

1. Supporting Business Survival
2. Enhancing Sustainable Employment
3. Re-Establishing International Access
4. Strengthening Marketing Investment
5. Investment in Product Development
6. Promoting Competitiveness
7. Building a Sustainable Tourism Industry
8. Overseeing Implementation of the Plan

The Tourism Recovery Plan produced by the Group can be accessed at www.gov.ie/tourismrecoverytaskforce

Creation and Role of the Recovery Oversight Group

On foot of a recommendation in the Recovery Plan, the Minister appointed a Recovery Oversight Group in December 2020. The Oversight Group's remit is to oversee the implementation of the Plan and monitor the tourism sector's recovery.

The Recovery Oversight Group is made up of an independent chairperson and 8 other members with a broad spectrum of backgrounds. These were selected by the Minister on the basis of each person's capacity to bring his/her personal knowledge, skills, experience, competence, capability, strategic leadership and ideas to the work of the group. Together we work for the good of Irish tourism as a whole which will be beneficial for all businesses which depend on the sector. Membership and Terms of reference of the Group are included as Appendix 1.

The Group has met six times to date. In order to deliver on our mandate, we will be reporting to Minister Martin on a regular basis with progress reports around the Recovery Plan and recommendations relating to the survival and recovery of the sector.

Our challenge now is to ensure the recommendations, devised after significant consultation and consideration, are implemented.

ROG Report to Minister

The Group presented its first report to the Minister on the 15th February. The first thing to note is that due to the impact of Covid the sector is still in survival mode. 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 they 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. The Minister has noted that she will

keep the content of the report under review, together with the initial Recovery Plan produced by the Tourism Recovery Taskforce as the situation evolves.

A good deal of progress has been made and this is very welcome. Measures such as the CRSS, EWSS and other horizontal measures, together with sector specific schemes such as the Fáilte Ireland business supports have been and continue to be critical in helping tourism businesses and jobs to survive. (In terms of the take-up of the economy wide measures by businesses in the broader tourism economy, I would refer the Committee to information published by the Revenue Commissioners which it may find instructive.)

The Group made a number of findings which informed areas on which it feels the Government should focus on, in order to mitigate the ongoing impact of the pandemic and support the recovery. These areas of focus are set out hereunder.

In terms of survival, these are:

- Maintain the EWSS in its current form for all businesses until the end Q2 2021 at the earliest and for businesses where reference turnover is down 50% or more until the end of the year, ensuring that those hit hardest get the most benefit.
- Maintain the CRSS in its current form until the end of 2021 and ensure that tourism sectoral supports, such as the business continuity schemes administered by Fáilte Ireland, continue to be sufficiently funded to allow businesses to survive until recovery comes.
- Identify, in the context of the revised Living with Covid Plan, clear criteria which will determine when the tourism sector can re-open, including international access and inbound tourism, and ensure that there is clear and consistent communications from Government around this to provide much needed certainty for the industry and consumers.
- Extend the Local Authority Rates Waiver until the end of 2021 for tourism and hospitality businesses.

We also identify steps needed to be taken now to put the conditions in place to allow the sector to plan and budget for recovery, as follows:

- Extend the 9% VAT rate out to 2025 to provide certainty for businesses in pricing in what will be a hugely competitive tourism environment when international travel resumes.
- Accelerate progress on implementing the Government's Action Plan for Insurance Reform and examine specific issues affecting the tourism sector in this context as a matter of urgency.
- Revise the Stay and Spend initiative to make it more consumer friendly and extend the qualifying period to the end of 2021.

Following on from the submission of the report, the Group was pleased to see extensions to the CRSS, EWSS and Rates Waiver when the new COVID Plan, *The Path Ahead*, was published. As a Group, we are asking the Minister and her colleagues in Government to continue to make progress in these critical areas as the sector begins what we hope will be a successful process of recovery later this year.

The full report submitted to the Minister is included at Appendix 2.

Economic impact of loss of international inbound tourism

The ROG has recently held a dedicated meeting on the impact of not restarting international inbound tourism and will report back to the Minister on this critical issue in the coming weeks.

In terms of context, it is worth stating the economic importance of inbound tourism. In 2019, overseas tourists contributed €5.2 billion to the Irish economy, plus another €1.7 billion in airfares for Irish carriers. That amounted to three-quarters of the revenue generated by the tourism economy. A full recovery in the Irish tourism sector will depend on safely re-starting inbound tourism from overseas as soon as possible.

The minutes of each meeting and the reports produced by the Group can be accessed on www.gov.ie/tourismrecoverytaskforce.

Appendix 1: Tourism Recovery Oversight Group Membership and Terms of Reference



Tourism Recovery Oversight Group Members	
Name	Organisation
Nóirín Hegarty	VP, Lonely Planet
Ruth Andrews	CEO, ITOA, Chair, ITIC
Paul Kelly	CEO, Fáilte Ireland
Niall Gibbons	CEO, Tourism Ireland
Paul Gallagher	GM, Buswells Hotel
Helena Healy	CEO, B&B Ireland
Aisling Reynolds-Feighan	Professor of Transport Economics and College Vice Principal for Research Innovation and Impact at the UCD College of Social Sciences & Law
Rob Rankin	MD, Vagabond Tours
Maria Melia	PO, Tourism Policy and Marketing Division, Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media

Terms of Reference

- To oversee the implementation of the recommendations set out in the Tourism Recovery Plan.
- To submit revised or consequential recommendations to the Minister where these become necessary as a result of the evolving situation.
- To monitor the sector's recovery from the COVID crisis using an appropriate and consistent dataset.
- To report to the Minister on progress as regards implementation of the Plan and the recovery of the sector on a six-monthly basis (or more frequently if necessary).

Appendix 2: Tourism Recovery Oversight Group Report to Minister, February



Report to Minister Catherine Martin February 2021

Introduction

A Tourism Recovery Taskforce was appointed by the then Tourism Ministers in May 2020 to prepare a Tourism Recovery Plan with recommendations on how best the Irish Tourism sector can adapt and recover in a changed tourism environment as a result of the COVID-19 crisis. The Taskforce submitted its final report to the Minister in September 2020.

The Recovery Plan makes a number of recommendations, both to help ensure the survival of tourism businesses and jobs and also to help the sector to stabilise and recover in the years to come. Within this, it has identified a number of priority recommendations aimed at ensuring the survival of tourism businesses and jobs, in areas such as:

- Business continuity grants and additional operational supports for enterprises
- Professional development supports for workers in the sector
- Liquidity measures to support vulnerable but viable businesses
- Facilitating the resumption of inbound international tourism
- Increasing competitiveness through a VAT reduction and actions to increase the cost and supply of insurance
- Increased domestic and overseas marketing expenditure

In December 2020, Minister Catherine Martin appointed the Recovery Oversight Group. The following is the Group's agreed terms of reference:

- To oversee the implementation of the recommendations set out in the Tourism Recovery Plan.
- To submit revised or consequential recommendations to the Minister where these become necessary as a result of the evolving situation.
- To monitor the sector's recovery from the COVID crisis using an appropriate and consistent dataset.
- To report to the Minister on progress as regards implementation of the Plan and the recovery of sector on a six-monthly basis (or more frequently if necessary).

Implementation Progress

The ROG notes and welcomes the progress that has been made in implementing the Recovery Plan to date, in particular the measures provided for in Budget 2021, as follows:

- The commitment by Minister McGrath to continue the EWSS in some form for all of 2021 and the alignment of EWSS rates with the rates of payment under PUP, up to €350 per week, until 31 March 2021.

- The introduction of the Covid Restrictions Support Scheme (CRSS). As at 4 February 2021, Revenue Commissioners' data shows that almost €267m was paid out under CRSS, of which approximately 63% (€168m) related to Tourism and Hospitality, showing the importance of the measure for the sector.
- The extension of the Commercial Rates Waiver to the end of Q1 2021.
- The €55 million business continuity scheme introduced by Fáilte Ireland to help strategic tourism business survive the pandemic and drive recovery.
- The cut in the VAT rate for the Sector to 9% which will help improve the competitiveness and viability of businesses.
- The €10million Ireland Based Inbound Agents Business Continuity Scheme opened for applications in November.
- The funding of €5 million provided for upskilling training and to improve digital presence.

These measures, together with measures introduced as part of the Government's July Stimulus package earlier in the year, have been hugely beneficial in helping business to survive and retaining jobs in the tourism sector. However, the evolution of the pandemic and the consequential public health measures have meant that tourism remains in a very precarious position. We must ensure that adequate survival measures are maintained or introduced, as appropriate, whilst continuing to plan for the recovery.

A progress report on the implementation of the Recovery Plan is attached to this report.

Findings of the Oversight Group

Since its appointment, the Recovery Oversight Group has met three times, on 7 December, 13 January and 11 February. The Group has discussed the evolving situation with regard to tourism and how it is being affected by the pandemic. The following outlines the findings of the Group in broad terms:

- Tourism remains in the survival phase which has gone on much longer than anticipated or feared when the Taskforce was preparing the Recovery Plan.
- Ongoing supports to the sector are critical. The Group notes the significant reliance of both tourism businesses and employees on Government schemes such as the CRSS, EWSS and the PUP.
- A twin-track approach is required whereby the short-term needs of the sector are met while continuing to plan for the recovery.
- Uncertainty is a significant negative for the sector in terms of planning for reopening and messaging from Government must be clear and consistent.
- There is a real risk that talent will be lost from the sector which will act as a negative for the recovery.

- Loss of connectivity is a major concern and will have a very detrimental impact on tourism if it is not restored to something approaching the 2019 levels.

Areas of Focus

In view of the foregoing and the Group's analysis of where the sector lies, as well as the recommendations in the Recovery Plan, we believe that the following areas require the attention of the Minister and her colleagues in Government:

The sector remains in survival mode. Businesses and jobs in tourism must be kept in existence until conditions allow for sustainable recovery:

1. Maintain the Employee Wage Subsidy Scheme (EWSS) in its current form for all businesses until the end Q2 2021 at the earliest and for businesses where reference turnover is down 50% or more until the end of the year, ensuring that those hit hardest get the most benefit.
2. Maintain the Covid Restrictions Support Scheme (CRSS) in its current form until the end of 2021 and ensure that tourism sectoral supports, such as the business continuity schemes administered by Fáilte Ireland, continue to be sufficiently funded to allow businesses to survive until recovery comes.
3. Identify, in the context of the revised Living with Covid Plan, clear criteria which will determine when the tourism sector can re-open, including international access and inbound tourism, and ensure that there is clear and consistent communications from Government around this to provide much needed certainty for the industry and consumers.
4. Extend the Local Authority Rates Waiver until the end of 2021 for tourism and hospitality businesses.

Additional steps also need to be taken now to put the conditions in place to allow the sector to plan and budget for recovery, as follows:

5. Extend the 9% VAT rate out to 2025 to provide certainty for businesses in pricing in what will be a hugely competitive tourism environment when international travel resumes.
6. Accelerate progress on implementing the Government's Action Plan for Insurance Reform and examine specific issues affecting the tourism sector in this context as a matter of urgency.
7. Revise the Stay and Spend initiative to make it more consumer friendly and extend the qualifying period to the end of 2021.

The Recovery Oversight Group urges the Minister and her colleagues in Government to make further progress on the Implementation of the Recovery Plan, with a particular focus on the areas outlined here. We believe that the existential risks to many parts of our sector have only increased since the Recovery Plan was drawn up. Whilst it is inevitable that some

businesses may not come through the pandemic, a significant level of business failure will have far-reaching consequences for the recovery and the economic and social sustainability of many areas with few alternative options for employment.

Nóirín Hegarty
Chairperson
15 February 2021