

Joint Committee on Media, Tourism, Arts,
Culture, Sport and the Gaeltacht
Leinster House
Dublin 2

28 April 2021

Ref: JCM-I-315

Re: 'Invitation to make a brief written submission on the impact of Covid-19 on the hospitality and entertainment sectors'

Dear Ms. Pathe,

Thank you for the invitation to Fáilte Ireland to engage with the Committee through a brief written submission on "***the impact of Covid-19 on the hospitality and entertainment sectors***".

To avoid any confusion this submission will only relate to Fáilte Ireland's work as the National Tourism Development Authority and the support we are providing to tourism and hospitality businesses during this time of deep crisis. It does not include references to the entertainment sector as this sector is supported by other organisations that report to the Minister.

This letter will provide a brief analysis on the impact of Covid19 on the tourism sector and our response to support the industry in a number of key areas. I will provide the Committee with a concise overview of the financial and business supports that Fáilte Ireland has been providing to tourism businesses since early March 2020. Our primary focus has been on working with and delivering for the tourism industry to provide them with the support to survive this crisis and the capacity to reopen, recover and renew.

Impact of COVID19:

When Covid19 was formally announced as a pandemic on March 11th 2020 by the World Health Organisation, global tourism was brought to a halt and the impact on the Irish tourism industry was immediate and catastrophic. Economically, tourism was hit first, hit hardest and will take the longest to recover. Our analysis shows the sector revenue declined by 80% or €6billion with hundreds of thousands of jobs lost instantly. To compound the problems for businesses, while revenues disappeared, many business costs remained such as insurance, rent and banking costs.

Pre-COVID, Tourism accounted for 260,000 or 1 in 9 jobs and worth almost €8billion to our economy annually. In some counties along the Wild Atlantic Way tourism accounts for over 1 in 5 jobs. In 2019 Ireland welcomed 9.7 million overseas tourists in addition to domestic trips. The importance of our tourism industry lies in the fact that for every €1million euro spent by tourists, €720,000 stays in the Irish economy.

But tourism is not just about jobs and money, it sustains infrastructure and businesses that are vital to the wellbeing of local communities, culture and environment.

Indeed, within tourism, there is a differentiation of impact. Businesses in urban areas have lost even more than those along the Wild Atlantic Way or in Ireland's Hidden Heartlands, who were able to salvage part of last summer with a short but strong domestic season. While sectors who rely primarily on international and business tourists and large events have been decimated.

In summary:

An Employment Intensive Industry in Crisis

- Tourism is the most directly affected business sector in the COVID19 pandemic crisis.
- The shutdown was immediate with 93% of businesses closed.
- The sector's revenue declined by 80% or €6billion in 2020 with tens of thousands of these jobs lost.
- Ireland's dependence on international travellers accounts for 79% of total tourism revenue.
- While revenues disappeared, many business costs remained.
- As a labour-intensive sector, directly contributing to over 11% of employment, tourism is a leading job creator employing 260,000 people. The sector is a significant generator of jobs in regional and rural Ireland.
- Outside Dublin there are an estimated 174,000 jobs directly related to tourism – 66% of sectoral employment is in regional Ireland.
- A widespread collapse of tourism SMEs is having a detrimental effect on the economy and on our society.

Tourism Businesses are highly interdependent SMEs

- In terms of the enterprise landscape, tourism is populated in large part by small and micro businesses, especially outside the hotel sector.
- Many of these SMEs are owner managed.
- Tourism services are often interdependent and a crisis in one sub-sector can have disastrous knock-on effects on the tourism value chain.
- To provide seamless tourism experiences for visitors, as the sector looks to re-open, a key challenge is getting these interlinked parts of the tourism supply chain working together again.
- Tourism is a highly seasonal industry and is often seen as comparatively less attractive to institutional investors and banks. This is compounded by the fact that many tourism SMEs would have invested in their businesses in anticipation of the 2020 tourism season. These businesses are unlikely to be able to take on additional debt.
- Weddings and similar events are an important additional revenue source for tourism SMEs.
- Business Tourism is the highest yielding segment within tourism. The estimated loss to the economy from cancelled business tourism events due to COVID-19 in 2020 is €650million and a predicted exchequer revenue loss of €150million.

- Incentive travel is another very lucrative segment for Ireland and speaks very highly to our regional objectives. In 2019 the estimated value of incentive to Ireland was €100million. This market segment is a primary income stream for specialist SMEs who work exclusively in this space. They will struggle to find alternative business in the short-term.
- The outdoor recreation potential of state-owned and managed assets will be critically important in Ireland's recovery. Our natural assets provide opportunities for tourism SMEs to develop and deliver a wide variety of activity and nature-based visitor experiences that will stimulate demand.
- Outside Dublin 66% of paid bed nights originate from the domestic market. For every 10% of spending that we can redirect towards home holidays the results are an extra €500million for Irish tourism SMEs and 13,500 jobs being supported in the sector.

Fáilte Ireland's Response to support the Tourism Industry:

Fáilte Ireland's response was immediate, constructive and comprehensive involving financial and key business supports. Our work continues at pace and our priority remains on delivering for the tourism industry to provide the support to survive and the capacity to reopen, recover and renew. We are focused on delivering grant schemes that provide financial assistance, domestic marketing at national and county level, outdoor investment, business and employee supports with a special focus on mental health, financial training and HR.

In late February 2020 we established a Covid19 Industry Advisory Group comprising of industry associations, members, agencies and department officials. This group has now met over 30 times.

We immediately refunded €3million to businesses in fees paid and set up a Covid19 Taskforce and an Online Business Support Hub. We created 14 separate suites of new online business supports and training tools to help businesses manage their people, their operations and their finances. These supports are highly valued and have been accessed over 885,000 times by industry on our online Support Hub. We developed 11 new sets of Safe Reopening Guidelines for specific tourism sectors that have been viewed and downloaded over 90,000 times.

We launched the Fáilte Ireland Covid19 Safety Charter designed to deliver and instil confidence in the safety of tourism businesses. Over 5,900 businesses have registered to date. We also launched a major new summer marketing campaign '*Make a Break for It*' and developed campaigns to promote safe indoor dining and accommodation Christmas gift vouchers.

Business Tourism is one of the industry's highest-earning sectors, with business travellers spending almost three times more than the average visitor. We continued our work in winning future conferences and events for Ireland in collaboration with industry. So far this year alone we have developed 29 new bids worth almost €25million and have confirmed 19 new events worth almost €10million for future years. In 2020 the team, working with industry, successfully managed to reschedule 22 events worth €22.5million

and generated 219 new conference leads worth €133million. Our total future leads pipeline is now worth €1billion.

On international leisure tourism, we supported over 1,150 Irish industry to engage with international buyers on 51 virtual international sales platforms.

On financial supports we worked fast to introduce and deliver four (4) new Grant Schemes delivering over €40million to thousands of businesses to date:

- The COVID-19 Adaptation Fund
- The Restart Plus Grant for B&Bs
- The Coach Tourism Business Continuity Scheme
- The Ireland Based Inbound Agents Business Continuity Scheme

An allocation of €55million was secured by Minister Catherine Martin TD in Budget 2021 for a programme of funding under the Strategic Tourism Business Continuity Scheme. The Scheme is designed to help strategically important tourism businesses through a direct financial contribution to support them with future operational and continuity plans. Fáilte Ireland is responsible for developing and administering this Scheme. Phase 1 opened on February 11th 2021 for outdoor activity providers (e.g. Bike tours, Surf Schools, Kayaking tours, Angling, tourist boat tour operators, Hop on Hop off Bus tours with onboard tourism experiences, walking tours, instructor led/guided tourism equestrian experiences and golf courses with a tourism offering), visitor attractions not eligible for CRSS, caravan and camping providers registered with Fáilte Ireland and eligible cruise hire companies. Phase 1 is now closed for applications and we are continuing to evaluate applications and issue payments. Stage 2 of the €55million Tourism Business Continuity Scheme opened on April 8th 2021 for tourism transport operators such as car rental companies, chauffeur and limousine businesses and escorted tour providers. Applications close on May 13th.

Working in partnership with our colleagues in local authorities we recently announced a new €17million Scheme for developing outdoor dining capacity nationwide. The Outdoor Dining Enhancement Scheme comprises two parts and will be delivered in partnership between ourselves and Local Authorities across the country. Part One of the Scheme is providing funding for individual tourism and hospitality businesses to develop and increase their own outdoor seating capacity. Funding allocated under Part Two will enable Local Authorities to develop permanent outdoor public dining spaces in towns and urban centres, similar to those that exist in various European cities.

Staff recruitment is a significant concern and focus now for businesses in preparation for the reopening of the tourism and hospitality sector. Fáilte Ireland is delivering strategies and working closely with industry, education providers and other State agencies to address the recruitment and retention challenges. On April 30th we are hosting a Recruitment and Retention Webinar for over 900 tourism businesses.

We are also providing one to one finance clinics to hundreds of businesses directly while delivering a 3-month strategic leadership programme to 82 destination critical tourism businesses.

All our work has been and continues to be informed by extensive research. Since March 2020 we have undertaken 32 separate research projects receiving insights from over 3,000 businesses and over 61,000 consumers.

In addition, and while we had some delays in construction timelines due to the COVID-19 restrictions, we have made significant progress on our product development work on 50 Large Capital Projects, 31 Destination Town enhancement projects, 10 greenways and 5 mountain bike trails and a range of Blueways. Significantly this year we progressed our work under Platforms for Growth to build world-class facility centres at 22 locations nationwide where water-based activities are a key visitor attraction. Minister Catherine Martin recently announced the €19million investment and the 13 counties where the 22 locations will be located. Each centre will provide hot showers, changing and toilet facilities, secure storage, induction spaces, equipment washdown and orientation points.

In March we also announced details on The Shannon Tourism Masterplan with our colleagues in Waterways Ireland and Local Government. The Shannon Tourism Masterplan is the first dedicated plan undertaken on the entire Shannon Region, setting out a 10-year integrated framework to develop the tourism potential of the Shannon region between 2020 – 2030. The Masterplan is a collaborative project led by Waterways Ireland with Fáilte Ireland and 10 Local Authorities along the River Shannon and Shannon-Erne Waterway.

With a €6billion loss in sector revenue the total support industry requires is well beyond the resources of Fáilte Ireland. We continue to work tirelessly on behalf of business and our Minister in providing analysis and input to our Department, the Tourism Recovery Taskforce, the Recovery Oversight Group and wider Government on everything from wage subsidy schemes, restart grants, VAT, and fixed cost cover supports, to help inform ongoing policy decisions.

Recap Summary - Fáilte Ireland's Covid19 response March 2020 – April 28th 2021:

- Immediately refunded €3 million to businesses in fees.
- Established **Covid19 Tourism Industry Advisory Group** which has met over 30 times
- Delivery of **4 new** Grants Schemes distributing over **€40million** to businesses
- Delivery of **€55million Strategic Tourism Business Continuity Scheme**
- Developed in partnership with all Local Authorities a **€17million Outdoor Dining Enhancement Scheme**
- Delivered **14** separate suites of **online supports and training tools** which have been accessed over **885,000** times by industry.

- Launch of the **COVID-19 Safety Charter** designed to deliver and instil confidence in safety of tourism businesses. 5,991 businesses registered to date.
- 2,000 businesses and 6,500 participants in our training and capability building supports focused on Leadership, Finance, Sales, Marketing and HR.
- We developed and continuously update **11 sets of Sectoral Safe Reopening Guidelines**, that have been accessed over 90,000 times.
- One-to-one finance clinics & strategic leadership programmes
- Completed **32 separate research projects** with responses from 3,000 businesses and 61,000 consumers
- Established **18 Local Destination Recovery Taskforces** nationwide
- Delivery of **€19million** investment for facilities at **22 locations** for visitors taking part in water-based activities
- Facilitated over 1,150 Irish industry to engage with international buyers on **51 virtual international sales platforms**
- Generated 219 new business conference leads worth €133million and our total future leads pipeline is now worth **€1billion**. In Q1 2021, we developed 29 new bids worth almost €25million and have confirmed 19 new events worth almost €10m for future years
- We launched a major new summer marketing campaign '**Make a Break for It**' and developed campaigns to promote safe indoor dining and accommodation Christmas gift vouchers
- We redeveloped and relaunched one of the very best websites in any category in the country **DiscoverIreland.ie**
- A new programme around lean efficiencies on Food & Beverage with over 2,500 downloads on **new Inside Tourism Podcast**
- New **Tourism Careers Recruitment for Reopening** awareness drive
- Launch of **The Shannon Tourism Masterplan**

Looking to the future, recovery will not be immediate, but tourism will recover. How fast will it come back post COVID is hard to predict as there are many challenges to consider, such as economic uncertainty, traveller anxiety and, of particular concern to Ireland, the crisis in the aviation industry.

Overall what businesses are telling us is that they need clarity on long-term planning from Government on fiscal commitments such as VAT rates to enable them to plan with confidence and accept bookings. Business deals are made many years in advance in some cases, particularly in business and events tourism and in the entertainment sector. Clarity on long-term economic commitments can offer hope and ensure as many tourism and hospitality businesses as possible not just survive this crisis in the short term but thrive in the long term.

In conclusion, the significant growth in Ireland, and globally, in the level of household savings will result in these savings being spent in Irish tourism businesses when tourism restarts. Tourism Ireland's research shows Ireland ranks highly as an attractive destination to visit post COVID19.

COVID-19 undoubtedly dwarfs previous crises, but I firmly believe that by working together, once it is safe to do so again, we can deliver a recovery of a scale befitting the scale of this crisis.

Yours sincerely,



Paul Kelly
Chief Executive