



**Fáilte  
Ireland**

**An tÚdarás Náisiúnta  
Forbartha Turasóireachta**  
National Tourism  
Development Authority

***Fáilte Ireland written submission to the Joint Oireachtas Committee on Tourism, Culture,  
Arts, Sport and Media on the topic of ‘developing rural tourism in Ireland’***

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**19<sup>th</sup> October 2022**

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## 1. Opening Statement

Cathaoirleach,

Thank you for the invitation to Fáilte Ireland as the National Tourism Development Authority, to engage with the Committee through a written submission on ***‘developing rural tourism in Ireland.’***

The request from the Committee is a timely one. We welcome the opportunity to share our current and future work priorities, projects and plans but it is also an opportunity for Fáilte Ireland to raise important issues of concern on behalf of tourism businesses and to highlight the main challenges the sector is facing across the country but particularly in rural areas.

The industry is dealing with a number of very serious challenges that are threatening livelihoods and the viability of businesses across the country. The war in Ukraine and supply chain effects have exacerbated price pressures to a point where the long-term effect on tourism, regional development, economic growth and job creation is under severe threat. While many tourism businesses enjoyed a strong summer season this year the future is far from certain. They’re now facing energy bills on an unfathomable scale, unprecedented levels of inflation, spikes in food prices, rising operational costs and staff recruitment and retention issues. The severe shortage of rental cars directly links to a reduction in visitor numbers to rural Ireland and the limited tourism accommodation capacity due to the removal of blocks of accommodation as part of the Government’s humanitarian response, is affecting local tourism economic activity in some key tourism regions. Each of these challenges on their own are difficult for businesses to withstand, particularly in rural Ireland who are so dependent on tourism but combined they could have a very significant long-term detrimental effect on rural tourism development. This paper provides a more detailed analysis of the challenges currently facing the sector.

**Fáilte Ireland's role** is to support the long-term sustainable growth of the economic, social, cultural, and environmental contribution of tourism to Ireland.

We work in partnership with government, industry, State agencies, Local Authorities, representative bodies & associations, and communities to develop tourism across Ireland by creating destination development plans and networks, investing in infrastructure, activities, visitor attractions and festivals. Fáilte Ireland provides consumer and buyer insights, business mentoring & supports, tourism career initiatives and training programmes including buyer platforms that help tourism businesses innovate and grow.

In addition, Fáilte Ireland supports Business Tourism, managing the bidding for and securing of larger conferences, meetings and events to be hosted in Ireland.

We are also responsible for domestic holiday marketing across four regional experience brands: Wild Atlantic Way, Ireland's Ancient East, Ireland's Hidden Heartlands and Dublin. Through the continued development of our regional experience brands, Fáilte Ireland works on achieving balanced regional growth.

These brands create clear and compelling reasons for tourists to visit different parts of the country by defining their diverse character in a way that potential tourists can understand.

This paper will begin with a brief overview of the importance in economic and societal terms of tourism nationally and regionally. Guided by some of the themes suggested in your invitation letter, the main body of the submission will highlight our key work in developing tourism in the regions and the submission will conclude with our analysis of the main challenges ahead as we aim collectively to develop rural tourism in Ireland.

## **2. Importance of Tourism in Rural Ireland**

As one of our largest indigenous employers, tourism drives sustainable regional development in a manner that most other economic sectors struggle to match.

It is a sector with an extraordinary dispersal of opportunity and a life-source for dispersed communities and an economic artery in our cities.

It offers strength and sustainability to our economy and a building block for regional balance and a critical contributor to social cohesion and job creation. In terms of the labour force, tourism offers a broad range of roles for young and older people, part-time and full-time, with some roles requiring basic education and others requiring masters level degrees, and for those with ambition, there are multiple career pathways.

Tourism offers sustainable success in-scale for places foreign direct investment is unlikely to reach. It is a web of social and economic connectivity that benefits all and a base for indigenous enterprise and a boon for it too.

Pre-pandemic, 2019 was a record year for Irish tourism with 10 million overseas visitors and 13 million domestic trips (ROI & NI). Tourism employed 260,000 and delivered €7.8billion in expenditure while generating €1.8billion in exchequer returns which means the scale of what is at stake is underlined by the simple fact that 23c in every Euro, every visitor spends, ends up as public money helping to fund our schools, our hospitals, our infrastructure and the many social services Government provides to citizens.

Outside Dublin, tourism has accounted for 174,000 jobs (2019 figures) equating to 67% of sectoral employment in regional Ireland - often in locations where alternative opportunities can be limited.

We know Ireland's rural areas are seen in a positive light by international visitors and we have a distinct advantage over other countries in this regard. This is an asset to be protected and an opportunity to be leveraged.

But if we cannot ensure a greater regional spread of tourism, the sector's potential for generating revenue and jobs will remain untapped in many parts of Ireland which will have repercussions for rural regeneration and growth.

Typically (pre-pandemic) 7 out of 10 tourism bed-nights occurred in just five counties – Cork, Galway, Dublin, Kerry and Clare.

This points to a regional disparity which we are working to address specifically through our Regional Tourism Strategies and Destination Development Plans.

Fáilte Ireland's core initiatives support and advance tourism employment and careers regionally and seasonally; sustain communities and businesses and help drive the digitalisation transformation of SMEs and micro-enterprises.

### ***Tourism is a Sector of Small & Micro Businesses***

It is important that the enterprise landscape of tourism is understood. It is a sector predominantly populated by small and micro businesses, especially outside the hotel sector. Quite often these SMEs are owner managed.

In addition to being characterised by a very large group of small and micro-businesses, the tourism sector is also highly fragmented and diverse, covering a wide range of industries far greater than other sectors, which includes:

- Accommodation: hotels, guesthouses, B&B, hostels, self-catering, caravan and camping
- Attractions
- Activity and adventure providers
- Conferences and business meetings
- Events and Festivals
- Food and Beverage services: e.g., restaurants, pubs
- Retail
- Support services: e.g. travel agents, tour operators

- Transportation services
- Vehicle hire and venue hire

### **3. Theme - Diversifying the rural tourism offering**

#### ***Attractions, activities, outdoor recreation infrastructure, including sustainable outdoor and nature-based tourism***

Tourism isn't just an essential part of the national economy - it is an essential instrument of national policy. Every investment in tourism infrastructure is an amenity for the local community.

To develop rural tourism Fáilte Ireland works on a highly targeted basis to leverage the inherent potential of various areas to deliver incremental overall tourism growth and improved regional dispersion of visitors through tried-and-tested models.

#### **Regional Tourism Development Strategies**

We have developed **Regional Tourism Development Strategies (RTDS)** in consultation with stakeholders across all four regional experience brands - *Wild Atlantic Way; Ireland Hidden Heartlands; Ireland's Ancient East; Dublin*. Distilling destination and industry challenges and opportunities for the short and long-term, these strategies have been socialised extensively with industry, local authorities and other state agencies and are now undergoing Environmental Impact Assessment. They provide a 10-year vision and a five-year action plan for each region.

They identify what needs to be done to unlock the commercial potential of each region, while protecting the environment, enhancing the lives of local communities and serving the needs and expectations of our visitors. RTDS also seek to address the acute and immediate challenges that are facing the sector such as the current energy crisis, higher operational costs and staff shortages.



## **Destination Experience Development Plans**

To activate these strategies, we have established localised five-year **Destination Experience Development Plans (DEDPs)**. These local development plans are highly collaborative in nature, involving all local stakeholders and this is reflected in the agreed action plans where ownership is assigned among the various parties. Fáilte Ireland views each destination like a mosaic made up of many tiles; and recognises that these tiles have many owners, so without close collaboration amongst state agencies, local authorities, industry and communities, the ability to create a great destination that meets every need of the visitor and citizen is greatly diminished.

The key objectives of the DEDPs are as follows:

- Informed by research, engage with local stakeholders to identify and agree a vision for their area that can showcase its potential at its very best.
- Agree a visitor strategy that focuses collective effort around developing the experiences that meet the needs and motivations of visitors.
- Ensure the local experiences are brought to life through the development of the optimal mix of hero and ancillary attractions and experiences that entice people to the area and retain them.
- Strengthen the value of tourism to the local community by providing employment opportunities.
- Provide a coherent approach to destination recovery post COVID19 through a focus on the short-term projects while also retaining a medium to longer development approach

Fáilte Ireland will establish **37 DEDPs** by 2025. See Appendix 1\* for full details

## **Development in Gaeltacht Areas**

Contained within Fáilte Ireland's Regional Tourism Strategies are plans to develop the unique tourism offering of **Gaeltacht regions** with a focus on protecting the cultural authenticity of Gaeltacht areas. It also highlights the cultural offering as being a unique tourism experience which requires further development and makes a commitment to *“support the development of authentic experiences which make the cultural uniqueness of the Gaeltacht more accessible to the visitor.”*

Fáilte Ireland has already launched 3 Destination and Experience Development Plans (DEDPs) in the Gaeltacht areas of Conamara, Acaill and Corca Dhuibhne. The Gaeltacht Island of Oileán Chléire is also included in the DEDP for West Cork. Plans are currently underway for the areas of West Donegal and North Mayo and the Gaeltacht regions of Ráth Chairn and An Roinn will fall under the development of DEDPs in Ireland's Ancient East.

## **Destination-Led Product Development**

As part of the DEDPs a **'destination led product development framework'** underpins our capital investment programme which allow us to categorize and understand the role of product in the future development and success of destinations.

The key to unlocking the growth potential of an area is the development of attractions and experiences that will motivate potential tourists to visit.

These new experiences are less concerned with visitors passively seeing or doing things instead they encourage tourists to immerse themselves actively in the locality, interacting with people, engaging the senses and learning the history and stories of the places. DEDPs and the destination led product development framework are our key tools for doing this.

Part of Fáilte Ireland's capital funding programme comprises of a large grants scheme under the *Platforms for Growth* investment programme, which targets project categories that have the greatest potential to grow tourism across Ireland. The first Platform for Growth\* investment of €44.3million (Appendix 4) launched in 2019 and it focused on developing immersive heritage and cultural attractions. These are attractions that appeal to overseas visitors looking for experiences that help them to connect with Ireland and bring the country's culture, heritage and people to life.

With an investment of €20million our second *Platforms for Growth* programme, in partnership with 13 local authorities, focused on developing world-class water-based facilities at 20 locations\* (see Appendix 2) across the country where water-based activities are a key visitor attraction. This includes locations such as Tipperary, Sligo, Cork and Leitrim. These fully accessible facilities, designed to serve as a hub in each locality from which multiple water-sports operators can base themselves, will provide hot showers, changing facilities, secure storage, induction spaces, equipment wash-down and orientation points.

These facilities will elevate the outdoor tourism experience and grow tourism numbers and revenue in the locations.

We also provide further capital supports to tourism attractions and experiences through small grants schemes; strategic partnerships with other State bodies and direct investments.

Our strategic partnerships with Waterways Ireland, Coillte, the Office of Public Works and NPWS have delivered world class experiences and attractions and led to the development of action plans that will transform destinations. We are funding over a dozen projects which will be completed between 2022 and 2025 with many others in the pipeline.

See Appendix 3 for examples of transformative attractions benefiting from Fáilte Ireland investment with our strategic partners.

A particular highlight this year has been the redevelopment of Avondale House and Forest Park. We invested €6million into this project in partnership with Coillte and EAK (erlebnis akademie AG) and it has transformed Avondale into a unique family attraction and a key new destination in Ireland's Ancient East. It was opened by President Michael D. Higgins in July and already it has welcomed more than 150,000 visitors.

Another highlight has been the opening of a new National Famine Museum at Strokestown Park House. Fáilte Ireland is the majority funder of the development investing €3.9million to the project, supported by a range of business supports and mentoring in the areas of Retail, and Food & Beverage. The new attraction was officially opened by Minister Catherine Martin on October 12<sup>th</sup> last.

**The Tourism Masterplan for the Shannon 2020 – 2030** was developed in partnership between Fáilte Ireland, Waterways Ireland and 10 Local Authorities along the navigation, which includes Cavan, Leitrim, Roscommon, Longford, Westmeath, Offaly, Galway, Clare, Tipperary, Limerick City & County. The Shannon Masterplan assesses the strengths and weaknesses of this key tourism asset and brings forward proposals on how to grow a sustainable international tourism destination in the Shannon Corridor which respects the nature and diversity of the environment and its people.

### **Beara Breifne Way**

The Beara Breifne Way has been identified as a Signature Visitor Experience. It is a walking and cycling trail of scale, stretching 500km from the tip of the Beara Peninsula in West Cork to Blacklion in Cavan, following the line of the 17th century march of O'Sullivan Beare, the last great chieftain of West Cork and South Kerry.

This historical trail has the potential to be an internationally motivating activity experience of scale for holidaymakers looking to engage with Ireland's cultural landscape on quiet and off-road trails.

Building on the significant work undertaken by local community groups in conceiving the Beara Breifne Way and developing the 12 way-marked ways that constitute the integrated long-distance route, Fáilte Ireland is currently undertaking a detailed development plan for the finalisation of the Beara Breifne Way walking route. This plan will identify the works required to bring the entire Beara Breifne Way route (from Dursey Island in Co. Cork to Blacklion in Co. Cavan) to National Trails Office standard and comprises a detailed trail audit and detailed route design, visitor experience plan and design, and interpretation strategy and plan.

Funding will subsequently be sought for the implementation of the plan. The Suck Valley Way, Lung/Lough Gara Way and Miners Way in Galway, Roscommon and Sligo are three of the 12 way-marked-ways that comprise the Beara Breifne Way.

### **Digital That Delivers Programme for Tourism**

Driving the digitalisation transformation of tourism businesses is a core focus for Fáilte Ireland. The digital revolution in the global economy continued unabated during 2021 and is the planning and purchase channel of choice for most.

Tourism businesses need online booking and distribution to better manage visitor numbers; their business operations; and their revenues.

While some sectors such as accommodation have made satisfactory progress in this area, others including Attractions and Activity providers are still only starting this journey with many only having a basic website.

Just 15% have any type of online booking engine and only 13% have connected distribution capability. Even those businesses with good online presence are still not fully leveraging the benefits and in particular the role intermediaries (tour operators, online travel agents, etc.) can play in driving revenue.

Fáilte Ireland has launched the Digital that Delivers programme to support the digital transformation of the visitor experience sector. Businesses will be on the programme for two years and will receive practical and technical support to enable visitor experiences to:

- Secure direct bookings through their own websites
- Distribute products via third party channels such as online travel agents, aggregators and tour operators
- Drive operational efficiencies through new technologies
- Target the consumer at key stages on their path to purchase
- Enhance their own websites and digital marketing content
- Evaluate and optimise their digital channel performance

### **Marketing to the Domestic Visitor**

The domestic visitor is critical to tourism businesses, especially in regional and rural areas, as domestic tourists travel year-round and to a much wider breadth of destinations than the typical overseas visitor.

Fáilte Ireland's focus of promoting the regions has included significant investment into brand building through individual 'Keep Discovering' campaigns for each of the four regional experience brands, as well as media publicity, digital channels, and online sales platforms. All four regional brands are being promoted across a mix of TV, press, radio, digital and social media.

Fáilte Ireland also promotes individual destinations with many being featured on our RTE Weather broadcast sponsorship and in national press.

## **Festivals & Events**

Fáilte Ireland designs and delivers a diverse portfolio of both Fáilte Ireland owned and co-created Festivals that are critical for developing tourism in rural areas. One of our hero Festivals, Púca was developed by Fáilte Ireland in partnership with local stakeholders in the Boyne Valley region. The festival harnesses a unique opportunity to tell the story of Halloween's origins in Irish and Celtic traditions, with the aim of driving more international visitors to visit Ireland in the shoulder season.

Our co-created Festivals such as the St. Patricks Regional Festival (Cork, Killarney, Limerick and Waterford) and Global Irish Festival Series (Mayo, Kerry, Donegal and Limerick) are particularly important as they deliver on key tourism objectives such as regionality, seasonality and sustainable tourism development, while also increasing dwell time and economic impact.

As part of our Strategically Funded Festivals we support a diverse selection of Festivals and Events throughout the 26 counties.

Our high impact Festivals in Mullingar, Kerry, Donegal, Galway, Wexford, Cork and Cork County attract incremental international visitors who spend more and stay longer during the off-peak months. Our festivals in West Cork, Donegal, Listowel and many other locations throughout the country attract significant domestic audiences.

***Ireland's Regional Festival Scheme*** totalling €560,000 is available to local community festivals and is administered by the Local Authorities. Each Local Authority manages their own application and grant process, with schemes opening for applications typically in March/April on the Local Authority websites.

The scheme seeks to influence culture and arts sector investment in the outdoors to enhance visitor experience in rural and local communities. It also seeks to animate the local area encouraging domestic visitors to increase dwell time in the local area.

In 2019 (last full year of festivals activity pre-pandemic) a total of 227 Festivals were funded in 26 counties.

Fáilte Ireland does not yet have final listings from all Local Authorities for supported festivals in 2022 when activities resumed. This information can be submitted to Committee members in due course.

### **Outdoor Active Festivals**

Fáilte Ireland has been providing capital investment to local authorities to improve our outdoor facilities and trails. To compliment this work, we developed the outdoor active scheme to support and develop Outdoor Active Festivals.

The focus this year has been on enhancing existing events to enable them to grow from one day events into larger festivals to target international and domestic participants and to raise awareness internationally of Ireland as a destination for activity events.



Fáilte Ireland supported 7 Outdoor Active Festivals in 2022 focusing on festivals that took place beyond the tourism hotspots and in the off-season.

	County	Dates	Amount	Participants	Contribution to local economy*
Outdoor Active Events					
Wander Wild Festival	Kerry	25th - 27th March	€ 25,000	2,500	€129,000
Dublin Marathon	Dublin	30th October	€ 10,000	25,000	€6,000,000
Seven Sisters Skyline	Donegal	21st May	€ 20,000	642	€181,500
Ocean to City	Cork	4th June	€ 30,000	503	€205,500
Ironman	Cork	11th August	€ 25,000	4,500	€4,099,500
Quest Lough Derg	Lough Derg	10th September	€ 30,000	1,500	€900,000
Wicklow Eco Trail	Wicklow	24th September	€ 30,000	1,800	€810,000
			<b>€170,000</b>		<b>€12,325,500</b>

## **Recruitment and Retention of Staff in the Tourism Industry**

Business cost pressures aside, staffing issues are the next biggest concern for the industry and we are putting significant resources into trying to help solve the problem. The recruitment difficulties are having an impact on people working in the industry especially in rural areas with 76% saying that it is forcing them to reduce capacity or trading hours. The housing crisis is making it harder to attract internationally mobile workers.

Fáilte Ireland has an extensive plan in place to support the tourism industry to address both its immediate and longer-term recruitment challenges to ensure businesses can recover from the pandemic and rebuild its staffing and skills. We conducted the most comprehensive piece of research ever undertaken into the tourism and hospitality labour market in late 2021. We surveyed 1,000 businesses and 5,000 workers overall including 3,500 within tourism and hospitality. This research has shaped our Tourism Careers strategy for 2022 and beyond.

Using [tourismcareers.ie](https://tourismcareers.ie), we highlight the range, variety, and flexibility that tourism offers. Vibrant social media campaigns and content is shining a spotlight on great employers who make tourism a rewarding and appealing place to work.

There is a range of supports to build the industry's recruitment capabilities and to support businesses access those on the live register via the Government's new Pathways to Work strategy and linking businesses with local third level students.

Fáilte Ireland is also supporting the industry to identify best international markets which includes building a collaborative relationship with EURES - the European employment services network - allowing the industry to leverage EURES' structure and services to access target markets in Spain and Italy particularly. We are increasing the profile of Ireland and our industry as an attractive place to work through both online and in-market events.

Fáilte Ireland has also engaged with the Department of Enterprise, Trade and Employment, our parent Department and with the tourism industry to expedite permits for international workers into Ireland. This has resulted in circa 1,345 Employment Permits applications for chefs being processed since May with processing times for permit applications reduced significantly from 21 weeks to the current time of 5 weeks.

Our recruitment initiatives are complemented by a range of programmes to build skills and capability for businesses and individual employees, including a suite of online self-directed professional development courses. The longer-term retention and repositioning of the sector is critical for developing tourism in rural areas.

To help reposition how the industry is seen as a career choice, Fáilte Ireland's new **Employer Excellence Programme**, launched last month, is supporting businesses to consistently drive good employment practices and greater employee engagement, while building the appeal of workplaces and showcasing good employers across the tourism industry.

#### **4. Theme - Rural tourist accommodation standards, regulation and challenges:**

Fáilte Ireland operates the National Quality Assurance Framework (NQAF) which recognises accommodation businesses of all types and styles.

This includes properties which are required to register with Fáilte Ireland, such as hotels and guesthouses prescribed under the Tourist Traffic Acts.

Under the Tourist Traffic Acts 1939-2016, Fáilte Ireland has specific powers and functions regarding the registration and grading of tourist accommodation. In accordance with the legislation, certain categories of accommodation are statutorily obliged to register with Fáilte Ireland and comply with approved regulations. These categories are as follows:

- Caravan & Camping Parks
- Guest Houses
- Holiday Camps
- Holiday Hostels
- Hotels
- Registered Self-Catering Holiday Apartments
- Registered Self-Catering Holiday Cottages; and
- Youth Hostels.

Fáilte Ireland also maintains voluntary listings outside of the mandatory registration categories. Each of these businesses must meet either regulations or agree to a code of ethics.

There are 2,869 registered tourism accommodation providers across the country excluding Dublin.

### **Tourism Accommodation Challenges**

Challenges exist in rural areas as there is little incentive for larger operators to invest and build. The season is shorter, returns are lower as there is not the critical mass required to support a hotel or larger guesthouse.

The introduction of the Welcome Standard in 2017 provided an opportunity for a typical accommodation business e.g., self-catering, Shepherd's Huts, B&B style accommodation, a platform for these businesses to promote themselves on both the domestic and international stages through Discover Ireland and Ireland.com. Fáilte Ireland continues both on its own and in conjunction with Local Authorities to encourage unapproved businesses to approve their businesses through the NQAF. However, there is a concern in rural areas, particularly in rent pressure zones, that smaller accommodation businesses may close if they are required to change existing planning to commercial planning.

## Regional Supply and Demand

### Regional: Supply / Demand



- Currently 40,500 hotel rooms regionally
- Pipeline 8,600 rooms
- No clear delivery timetable
- Alternative accommodation types are required to fill gaps
- Barriers to entry:
  - Construction costs
  - Planning
  - Economic uncertainty



As part of the Government's *Housing for All* plan, Fáilte Ireland is working to establish a new register of short-term letting properties (the 'register') *with a goal to ensure that housing stock is used to best effect in areas of housing need*. Once legislation is enacted, property owners advertising short-term tourism accommodation for periods up and including 21-nights will have a statutory obligation to register their property with Fáilte Ireland.

It is expected that legislation to underpin the register will be brought forward by the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) before the end of 2022.

In keeping with its remit and competency as a Tourism Development Authority, Fáilte Ireland will not investigate or enforce planning permission as part the register, however it will as part of the registration process ask property owners to confirm that they have the required planning permission in place.

The information will be made readily available to Local Authorities (LAs) and Fáilte Ireland will act to remove properties from the register where LAs advise that they do not have the requisite planning permission.

While data in this sector is difficult to rely on, at this point we estimate that up to 27,000 properties are being advertised to tourists in Ireland. Of these up to 15,000 are full houses and apartments. It is likely that a large number of these properties may be suitable for long term rental and related to this they do not have the necessary 'change of use' planning permission to act as tourist accommodation. As a result, once the register is introduced, capacity in the sector will fall significantly.

In this context, it is important to stress the contribution of short-term letting properties to the tourism sector. This segment of the market is a valuable part of the accommodation mix to ensure that sufficient tourist accommodation is available in the State. Locations across the country, such as The Wild Atlantic Way (North of Galway), Connemara, parts of the Ireland's Hidden Heartlands and several smaller counties do not have sizeable hotel stock. In addition, as seen in the recent season, there are hotel capacity constraints. As a result, the provision of short-term letting properties play a very significant role in the economic prosperity in many areas across Ireland.

At meetings between DTCAGSM, DHLGH and Fáilte Ireland the impact of the introduction of the register on the short-term letting sector has been discussed and all sides have acknowledged the need to balance an appropriate mix of long-term private rental and short-term letting accommodation.

Fáilte Ireland is of the view that property owners operating within the sector that need to apply for change of use planning permission are allowed, for a time limited period of perhaps six months, to continue to offer their accommodation as tourist accommodation while their application is being considered.

This would act as an important transitional arrangement for providers that have accommodation offered and booked for the months ahead, along with providing some protection for the wider sector as they continue planning for 2023 and beyond. In addition, we believe that LAs should take a reasonable and balanced approach to granting planning permission for tourism accommodation that does not lead to properties that due to their specification or location are unsuitable for long term rental being taken out of the short-term tourism market. We will continue to work with stakeholders in this regard as the legislation to underpin the register is finalised.

There is ongoing pressure on tourism accommodation capacity as displaced citizens from other countries continue to arrive in Ireland. Nationally, up to 10% of accommodation is unavailable for tourism, which is having a disproportionate effect on rural locations and a knock-on effect on the wider tourism ecosystem.



## **5. Challenges for developing Rural Tourism in Ireland**

Economists and financial agencies are warning of very high uncertainty in the months ahead. This is very much the reality on the ground for Ireland's tourism industry as we head into 2023.

Fáilte Ireland's most recent Tourism Barometer\* (Appendix 5) shows that rising energy costs are causing deep distress for every business owner. Energy costs are now the primary concern for business owners followed closely with rising operating costs aside from energy.

Rising costs are a major crunch issue for the industry. Notwithstanding the role Government supports played in keeping businesses open, scarring is apparent. The impact of the pandemic has been felt right across the industry throwing into question business models and leaving the sector highly exposed to cost pressures and recruitment and retention issues. Extended closures wiped-out cash buffers, compromised balance sheets and reduced the ability to repay debt and to borrow. This limited ability to absorb rising costs means businesses are left with little option but to pass them on. Of course, this is happening at a time when households are grappling with their own cost-of-living crisis with its knock-off effect on demand. Rising operating costs and lower demand largely explain why there is a growing commentary around business closures and insolvency.

These issues are being further exacerbated by the war in Ukraine, rising inflation, an energy crisis, higher food and operational cost pressures.

Core tourism and hospitality input costs are often among the highest in Europe. For example, labour costs in Ireland sit near the top of the European leader board. We have the second highest minimum wage in the EU and the cost of capital, especially loans to SMEs, in Ireland is amongst the highest in Europe.

### **Energy Costs:**

Tourism and hospitality businesses are significant **users of energy** and are facing massive hikes in their energy bills. Data reported from one large indigenous hotel group shows an increase of 104% in their energy costs this year compared to the same period in 2019 and in some cases energy bills have quadrupled year on year.

### **Insurance Costs:**

Rising **insurance costs** and difficulties securing affordable liability insurance continue to have a significant impact on businesses in the tourism sector. This issue is particularly evident within the adventure tourism, festivals and events sectors where difficulties in the insurance market pose a real threat to the viability of these businesses. Not only does this have implications in terms of the negative economic impacts (employment and revenue), it also has the potential to seriously undermine Ireland's overall tourism offering. Our analysis shows that the insurance difficulties facing tourism SMEs in Ireland is unique to us. Competitor destinations and their SMEs do not experience these challenges. Fáilte Ireland continues to engage with the Office to Promote Competition and industry stakeholders to keep tourism at the forefront of the insurance reform agenda.

### **Skills & Staffing Shortage:**

Business cost pressures aside, **staffing issues** are the next biggest concern for the industry. The recruitment difficulties are having an impact on people working in the industry especially in rural areas with 76% saying that it is forcing them to reduce capacity or trading hours. The housing crisis makes it harder to attract internationally mobile workers.

## **Visitor Access and Mobility**

Regional Access – Into and around the Regions  
Grow air access; Rail Access; Coach Access  
Smart Ticketing Solutions

## **Rental Car Sector**

**Shortage of rental cars** will impact on regional development and tourism growth in rural areas. The rental car fleet is 50% of its pre-pandemic size. Given the recovery in overseas demand, this is (a) driving up rates and (b) suppressing demand. The lost business is most acutely felt in rural areas. Rental cars are key to getting high spending tourists out of Dublin and into the regions. Without a sufficient supply of rental cars, it is very difficult for high-spending holidaymakers from overseas to spend time and money in rural Ireland.

A hire car is key to how one-third of overseas tourists engaged with Ireland; hence car hire availability and price are researched early in the consumer decision journey. Lack of availability or high pricing has;

- a) an impact on whether overseas tourists will travel to Ireland and
- b) damaging implications for the country's reputation as a good value destination.

## **VAT Rate**

Governments in competing markets have cut VAT rates for tourism-related goods and services enhancing the competitiveness of their tourism offering. As a result, several destinations in Europe now have lower tourism VAT rates than even the reduced Irish rate.

Based on a combination of domestic and international evidence, the analysis highlights several significant VAT cut benefits including;

1. Increased jobs numbers within the sector
2. Improved business turnover and profitability
3. Higher wages and supplier prices
4. Lower consumer prices

Ireland previously adopted a reduced VAT rate to support the tourism industry during the global financial crash, when employment in the sector fell sharply. Following its introduction, jobs numbers in accommodation and food services began to quickly recover, with growth outpacing that of the wider labour market. Indecon Economic Consultants conservatively estimates that at this time the lower VAT rate of 9% could support 6,500 additional jobs in 2023, rising to more than 9,000 over the medium-term, versus a scenario where the VAT rate reverted to 13.5%.

### **Climate Action**

The tourism sector must play its part to help deliver Ireland's commitments under the Paris Agreement on Climate Change.

The desire to reduce carbon emissions is strong, and tourism businesses along with all businesses face increasing pressure to do so. Moving to achieve a reduction in overall greenhouse gas emissions as committed to in the Climate Action Plan is a significant undertaking. *(The enterprise sector which includes Irish Tourism and hospitality businesses is committing to a 35% reduction in emissions by 2030)*

The sheer scale of the task of reducing emissions can be daunting particularly for small businesses and the issue is a complex one. A lack of necessary knowledge and expertise to implement effective carbon-reduction measures is adding to pressures for some businesses which Fáilte Ireland is working to alleviate through targeted practical supports and expert guidance.

As the National Tourism Development Authority, Fáilte Ireland has a leading role to play to ensure that the tourism sector is contributing to national commitments on sustainable development and climate action.

In conclusion, as a country we must deepen our understanding and appreciation of the benefits of tourism to rural communities, to regional development, to job creation and to the national economy as a whole and work to develop it in partnership with Government, Local Authorities, industry, State Agencies and communities.

Fáilte Ireland has a strong plan of work based on robust research, deep expertise and local on-the-ground collaboration with critical stakeholders. This work is backed by unprecedented levels of marketing support into developing tourism destinations outside the traditional tourism hotspots such as in Cavan, Monaghan, Louth, Offaly, Meath and many other areas and regions as already outlined in this submission.

The inherent nature of Irish tourism and Fáilte Ireland's major initiatives support and advance the vision set out in the Government's Our Rural Future plan which is supporting employment and careers in rural areas; sustaining communities through regional tourism strategies; driving the digitalisation transformation of SMEs and micro-enterprises; transitioning to climate neutrality. Indeed, we believe it is possible that tourism can have a regenerative impact on the environment of many parts of the country – a point in case is the work in Ireland's Hidden heartlands which will gain even more momentum now that Just Transition funding has been secured, allowing us all to re-imagine what the midlands can be.

Tourism is countless strands woven into the fabric of the local community and economy. The sustainable development Fáilte Ireland has a demonstrated capacity to lead on, supports visitors and communities alike. Investment in tourism benefits all. Attractive towns and cities are key motivators for visitors which means improving public facilities is not just an investment in a better quality of life and local civic pride, it is an economic necessity.

Thank you.

**Ends**

## APPENDICES:

### APPENDIX 1: Destination Experience Development Plans (DEDPs)

<b>Wild Atlantic Way:</b> The intention is to develop 17 Destination and Experience Development Plans	
1.	Inishowen Peninsula
2.	West Donegal and the Islands
3.	South Donegal
4.	Sligo DEDP
5.	North Mayo/Erris
6.	Clew Bay
7.	East Mayo
8.	Galway City
9.	Connemara & Islands DEDP
10.	Burren DEDP
11.	Limerick City Gateway DEDP
12.	Cliff Coast DEDP
13.	Dingle Peninsula DEDP
14.	Killarney DEDP
15.	Skelligs Coast DEDP
16.	West Cork Coast DEDP & West Cork Peninsulas & Kenmare
17.	North Cork Region

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**Ireland's Ancient East: 11 DEDPs** will be established in Ireland's Ancient East over the next five years in partnership with relevant stakeholders and industry

1.	Meath & Louth (Ancient) (2021)
2.	Kildare and Tipperary (Thoroughbred Country) (2021)
3.	Monaghan (2021)
4.	Cork – (Cork City, Harbour and East Cork)
5.	Waterford
6.	Wexford
7.	Kilkenny
8.	South Tipperary
9.	Wicklow
10.	Laois
11.	Carlow

**Ireland's Hidden Heartlands:** In addition to the existing DEDP for Lough Derg, it is intended that every part of the region has an appropriate development plan in place within realistic timelines including:

1.	Lough Derg (East Galway, East Clare, North-West Tipperary) (launched April 2021)
2.	Upper Shannon & Shannon Erne (West Cavan, Leitrim, North Roscommon)

3.	Lough Ree & Mid-Shannon (Longford, South Roscommon, Westmeath, Offaly)
4.	East Galway
5.	East Cavan, North Westmeath & East Longford

## **APPENDIX 2: Platforms for Growth 2 Water-based facilities**

- Claycastle Sports Activity Facility - Q1 2024
- Kilkenny Water Sports Hub - Q3 2024
- Tramore Water-Sports Activity Facility Centre - Q3 2024
- Ardmore Water-Sports Activity Facility Centre - Q3 2023
- Curracloe Water Sports Activity Centre - Q2 2023
- Ballycuggeran Sports Activity Facility - Q3 2023
- Acres Lake Activity Facility - Q2 2023
- Dromineer Sports Activity Facility - Q3 2023
- Kilkee Waterworld Activity Facilities - Q3 2023
- Tullan Strand Centre for Water Sports Activities Bundoran Q1 2024
- Downings Water Sports Activity Facility - Q1 2024
- Corrib Sports & Adventure - Q3 2024
- Ballybunion Beach Shared Facilities Centre – Q3 2024
- Fenit Beach Shared Facility Centre - Q2 2023



- Magherabeg Shared Facilities Centre - Q1 2024
- Keel Facility Centre for Water Sports Activities - Q4 2023
- Carrowmore Water Sports Facility Centre - Q3 2023
- Enniscrone - Q4 2024
- Rosses Point PFG - Q4 2024
- DLRCC Killiney Beach Facilities Project - Q4 2023

## APPENDIX 3: Project Development Investments

Name	Grant Type	Funding Recommended Amount	Start Date	End Date	Project Open Date
Brú na Bóinne Knowth	OPW - Phase 1	€1,398,450	23/02/2017	30/04/2020	04/03/2022
Patrick Kavanagh Visitor Centre Experience	IAE Storytelling 2017	€198,600	14/03/2018	31/12/2022	31/03/2022
Berthings & Moorings	Waterways Ireland	€781,550			31/03/2022
Daniel O'Connell - Old Barracks Heritage Centre	New Horizons Grants Scheme 2018	€200,000	24/09/2018	31/08/2022	01/06/2022
Destination Towns - Trim	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/01/2022	08/06/2022
Ceide Fields - Immersive Experience	OPW - Phase 1	€266,250	24/09/2019	31/03/2022	10/06/2022
Ceide Fields	OPW - Phase 1	€862,500	14/06/2017	31/03/2022	11/06/2022
Blasket Island Centre - Viewing point and Exhibition Upgrade	OPW - Phase 1	€1,687,500	10/04/2018	27/06/2022	27/06/2022
Avondale House and Forest Park - Delivery Phase	Coillte	€6,124,000	17/05/2018	31/05/2022	30/06/2022
Strokestown	Large Grant Scheme - Delivery	€3,725,364	27/11/2018	28/02/2022	08/07/2022
The Transatlantic Visitor Centre	New Horizons Grants Scheme 2018	€200,000	24/09/2018	31/07/2022	21/07/2022
Connaught Harbour Re-development & Waterside Enhancement Projects	Waterways Ireland	€2,080,250	18/12/2020	31/08/2022	01/09/2022
Mount Congreve	RRDF1	€930,000	26/07/2019	31/12/2022	01/10/2022
Strandhill Surfing Centre	Large Grant Scheme - Delivery	€1,459,139	24/09/2018	30/09/2022	31/10/2022
Sligo Plaza Project and Garavogue River Trail	Large Grant Scheme - Delivery	€2,523,256	16/05/2019	31/12/2023	31/03/2023
Newgrange Visitor Facilities and Landscaping	OPW - Phase 1	€1,012,440	30/03/2019	31/03/2023	31/03/2023
Granard Motte (Norman Heritage Park)	Large Grant Scheme - Delivery	€627,500	16/05/2019	01/04/2023	30/06/2023
Inis Mor - Visitor Centre Upgrade and Information points	OPW - Phase 1	€450,000	10/04/2018	30/09/2023	30/06/2023

### APPENDIX 3: Project Development Investments

Name	Grant Type	Funding Recommended Amount	Start Date	End Date
Destination Towns - Wicklow Town	Destinations Towns Capital Investment Programme 2019	€500,000	01/07/2020	01/09/2022
Destination Towns - Ennistymon	Destinations Towns Capital Investment Programme 2019	€500,000	01/07/2020	01/09/2022
Destination Towns - Portlaoise	Destinations Towns Capital Investment Programme 2019	€500,000	12/06/2020	30/06/2022
Destination Towns - Lucan	Destinations Towns Capital Investment Programme 2019	€500,000	12/06/2020	12/06/2023
Destination Towns - Athlone	Destinations Towns Capital Investment Programme 2019	€500,000	12/06/2020	31/03/2023
Destination Towns - Dún Laoghaire	Destinations Towns Capital Investment Programme 2019	€321,000	12/06/2020	01/09/2022
Destination Towns - Bantry	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Belmullet	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Enniscrone	Destinations Towns Capital Investment Programme 2019	€499,862	01/02/2020	01/09/2022
Destination Towns - Limerick	Destinations Towns Capital Investment Programme 2019	€468,750	01/02/2020	01/09/2022
Destination Towns - Tralee	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Galway	Destinations Towns Capital Investment Programme 2019	€461,250	01/02/2020	01/09/2022
Destination Towns - Bundoran	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Boyle	Destinations Towns Capital Investment Programme 2019	€470,715	01/02/2020	01/09/2022
Destination Towns - Longford	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Carrick-on-Shannon	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	01/09/2022
Destination Towns - Cavan	Destinations Towns Capital Investment Programme 2019	€404,389	01/02/2020	01/09/2022
Destination Towns - New Ross	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	01/09/2022
Destination Towns - Waterford	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	01/09/2022
Destination Towns - Birr	Destinations Towns Capital Investment Programme 2019	€412,500	01/02/2020	01/09/2022
Destination Towns - Monaghan	Destinations Towns Capital Investment Programme 2019	€497,962	01/02/2020	31/03/2023
Destination Towns - Drogheda	Destinations Towns Capital Investment Programme 2019	€499,924	01/02/2020	01/09/2022
Destination Towns - Kildare	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/03/2023
Destination Towns - Cork City	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	21/10/2022
Destination Towns - Carlow	Destinations Towns Capital Investment Programme 2019	€543,787	01/02/2020	30/09/2022
Destination Towns - Dublin Docklands	Destinations Towns Capital Investment Programme 2019	€500,000	01/02/2020	31/12/2022
Destination Towns - Skerries	Destinations Towns Capital Investment Programme 2019	€261,000	01/02/2020	30/11/2022

### APPENDIX 3: Project Development Investments

Name	Grant Type	Funding Recommended Amount	Start Date	End Date
Clondara/Tarmonbarry Masterplan	Feasibility Studies & Masterplans	€40,000	31/03/2021	31/12/2023
Guidelines for Biosecurity Measures	Feasibility Studies & Masterplans	€20,000	31/03/2021	31/12/2022
Shannon Discovery Points & Interpretation Project	Feasibility Studies & Masterplans	€135,000	31/03/2021	31/12/2022
Rock of Cashel Visitor Experience Centre Site Options Analysis	Feasibility Studies & Masterplans	€150,000		31/12/2022
Glenveagh National Park Visitor Management Plan, Donegal	Feasibility Studies & Masterplans	€271,763	23/02/2017	01/10/2022
WAW - Congestion/Solving Visitor Mngt Issues (FI)	Feasibility Studies & Masterplans	€853,230		31/12/2023
Glendalough & Wicklow Mountains National Park Visitor Masterplan	Feasibility Studies & Masterplans	€420,000	24/08/2020	31/12/2022
Integrated Strategy & masterplan - Cliffs of Moher	Feasibility Studies & Masterplans	€282,900	14/03/2018	31/12/2022
Malin Head Detailed Design for Wider Visitor Mgt & Experience	Feasibility Studies & Masterplans	€184,500		31/12/2022
Ards Forest Park - Feasibility & Scoping Assessment, Donegal	Feasibility Studies & Masterplans	€61,500	18/10/2016	31/12/2022
Sullivans Brewing Experience	IAE Storytelling 2017	€190,000	14/03/2018	31/12/2022
St. Mary's Collegiate Church/Story of Youghal	IAE Storytelling 2017	€186,000	14/03/2018	31/12/2022
Medieval Kilkenny Experience (Town Hall Hub - Tholsel)	Large Grant Scheme - Delivery	€3,054,414	01/04/2021	31/03/2023
The Little Museum of Dublin	Large Grant Scheme - Delivery	€1,030,000	23/09/2020	31/05/2023
Land of Myth	Large Grant Scheme - Delivery	€1,520,000	17/05/2018	10/06/2022
Connemara National Park trail development and new car park	National Parks & Wildlife Service	€1,900,000		01/04/2023
Connemara Railway Centre	New Horizons Grants Scheme 2018	€200,000	24/09/2018	31/12/2022
Transatlantic Connections Centre	New Horizons Grants Scheme 2018	€200,000	24/09/2018	31/08/2022
Killary Fjord Technical Assistance	New Horizons Grants Scheme 2018	€20,000	27/11/2018	31/12/2022
Connected Islands Gaeltacht Visitor Experience	New Horizons Grants Scheme 2018	€100,000	24/09/2018	31/12/2022
Aran Heritage Centre	New Horizons Grants Scheme 2018	€112,000	24/09/2018	31/12/2022
Trim Castle RRDF Project	OPW - Phase 1	€43,750	04/05/2017	31/12/2022
Technical Trail Audit Beara Breifne way	RRDF2	€12,500		31/12/2022
Irish National Heritage Park	RRDF2	€90,500	26/02/2019	28/02/2023
Nenagh Historic & Cultural Quarter	RRDF2	€41,000	26/02/2020	31/12/2022
Waterford Urban Animation	Urban Animation Investment Scheme 2021	€539,275	17/06/2021	31/12/2022
Galway Urban Animation	Urban Animation Investment Scheme 2021	€1,030,834	18/06/2021	31/12/2023
Louth Urban Animation	Urban Animation Investment Scheme 2021	€672,208	18/06/2021	31/12/2023
Dublin Urban Animation	Urban Animation Investment Scheme 2021	€847,487	18/06/2021	31/12/2022
Kilkenny Urban Animation	Urban Animation Investment Scheme 2021	€439,875	18/06/2021	31/12/2022
Cork Urban Animation	Urban Animation Investment Scheme 2021	€673,310	18/06/2021	31/12/2023

## APPENDIX 4: Platforms for Growth 1 investments

Name	Funding	Grant Type
Fort Dunree	€9,251,000	Platforms for Growth 2019-2022: Platform 1 - Immersive Heritage & Cultural Attractions
Restoration and Interpretation of Westport House & Gardens	€20,245,000	Platforms for Growth 2019-2022: Platform 1 - Immersive Heritage & Cultural Attractions
This Is Ireland	€10,000,000	Platforms for Growth 2019-2022: Platform 1 - Immersive Heritage & Cultural Attractions
Shannon Pot	€4,832,585	Platforms for Growth 2019-2022: Platform 1 - Immersive Heritage & Cultural Attractions

## APPENDIX 5: Tourism Barometer September 2022

[View full document on Fáilteireland.ie here](#)

### Good summer performance compared to 2021

- As Covid restrictions lifted and international travel resumed as we entered the summer months, the majority (62%) of businesses report an upturn in visitors compared to summer 2021, 15% report no change and only 23% saw a downturn.

- Businesses which depend more on inbound tourism are most likely to be up, for example, tour/coach operators and DMCs (91%) and businesses located in Dublin (86%).
- However, some operators are quick to point out that this does not mean their business is doing well financially
- 45% of accommodation operators welcomed more guests so far this year compared to pre-Covid norms; 29% have had fewer.
- 30% of non-accommodation operators report that business is up year to date vs 2019, however, the majority, 57%, are down
- The domestic market continues to perform strongly for some sectors, especially for caravan & campsites, where 65% record more domestic guests year to date vs pre-Covid.
- Similarly, 63% of hotels report an increase in domestic guests compared to pre-Covid times. For hotels, the domestic market has performed particularly well for short breaks rather than long stays

### **Overseas tourism re-emerging, though not back at pre-Covid levels**

- After a long absence due to Covid, operators are happy to see overseas tourists again – 63% cite this as a reason to be positive this year; American visitors are particularly noticeable.
- However, all major overseas markets, including North America, have not yet caught up with pre-Covid volumes.
- 35% of businesses have had more overseas visitors year to date compared to pre-Covid, 49% are down.
- B&Bs go against the trend, having enjoyed increased volumes from France and Germany.

### **Rising costs now dominate concerns**

- Covid has been replaced as a key concern by more topical issues
- The top four concerns for businesses relate to rising costs: energy (82% are concerned), other operating costs (76%), cost of car hire (53%), and people lacking disposable income (49%)
- Operators now face the challenge of rising costs, whilst many consumers face reduced spending power

## **Sustainability measures**

- 78% of businesses have measures in place to manage their waste sustainably
- 65% have measures to manage energy consumption sustainably, and 61% for water usage
- For each of the three types of measure, roughly a third of those with no current plan intend to introduce measures in the next 12 months
- The two most common reasons for not intending to introduce plans to manage one or more area sustainably are:
  - Business is very small, so not relevant
  - Do not know where to sta

