

DÁIL ÉIREANN

AN COMHCHOISTE UM

FEIDHMIÚ CHOMHAONTÚ AOINE AN CHÉASTA

JOINT COMMITTEE ON THE IMPLEMENTATION OF THE GOOD FRIDAY AGREEMENT

Déardaoin, 11 Deireadh Fómhair 2018

Thursday, 11 October 2018

The Joint Committee met at 2.10 p.m.

MEMBERS PRESENT:

Deputy Declan Breathnach,	Senator Frances Black,
Deputy Tony McLoughlin,	
Deputy Fergus O'Dowd,	Senator Mark Daly,
Deputy Maureen O'Sullivan,	Senator Frank Feighan,
	Senator Niall Ó Donnghaile.

DEPUTY SEÁN CROWE IN THE CHAIR.

North South Implementation Bodies: InterTradeIreland and Tourism Ireland

Chairman: Apologies have been received from Deputy Brendan Smith who is on Oireachtas business. Today, as part of our work programme for 2018, we are commencing a series of meetings with the North-South implementation bodies established under the Good Friday Agreement. It has been some time since the committee has heard from some of the bodies and we are keen to get an update on their work, the challenges facing them and, in particular, the impact Brexit may have on their work. Today we will hear from InterTradeIreland and Tourism Ireland across two sessions.

I welcome Mr. Aidan Gough, chief executive, and Ms Kerry Curran of InterTradeIreland. I will invite Mr. Gough to give his opening statement which will be followed by questions from members of the committee. Before we begin, however, I remind members, guests and people in the Visitors Gallery to ensure that their mobile telephones, tablets and so forth are switched off for the duration of the meeting as they cause interference, even in silent mode, with the recording of the committee's proceedings.

Mr. Aidan Gough: For the record, Chairman, my official title is designated officer of InterTradeIreland.

Chairman: Okay. My apologies.

Mr. Aidan Gough: We are unable to appoint a CEO at present. It is probably worthwhile to run through the achievements of InterTradeIreland, how the landscape has changed over the past 20 years and touch on the impact of Brexit. InterTradeIreland was founded formally in the British-Irish Agreement Act and the Good Friday Agreement. The environment in which it was formed was well summed up in an editorial that spoke about a cold denying silence that descended across the island and resulted in a process of fracture across all spheres of public life. This was particularly acute in the business sector. Research commissioned by us a number of years ago showed that the level of cross-Border trade was significantly below what one would expect between two economies of this size sharing an island space. In fact, the trade was less than 30% of what one would expect.

Have things changed in the interim? From our point of view, InterTradeIreland has engaged, advised and guided over 39,000 companies in the last 19 years. The companies are in every county across the island. We see ourselves as an all-island body working with businesses and offering the opportunities that cross-Border trade and business development can give to small businesses across the island. We have worked directly with, and supported through our programmes, 8,000 companies. Over 1,000 of them were first time exporters and almost 1,000 were first time innovators. Exports and innovation are critical to the growth of businesses and the economy. As a result of these interventions, and they are primarily with small to micro-scale businesses rather than those with 40 or more employees, those businesses have created over €1.2 billion of additional business development value and have delivered over 14,000 jobs. The impact of the body has been considerable in the last 18 years.

At a more macro economic level, total cross-Border trade has doubled. It has been growing at an average rate of 4% per annum and currently stands at approximately €6.3 billion. The cross-Border market is disproportionately important for both Northern Ireland and Ireland. At present, Northern Ireland accounts for 10% to 12% of total exports from Ireland to the UK but Northern Ireland's population is only 2.9% of the UK's total population, so there is disproport-

tionate reliance on the Northern Ireland export trade for Irish business. For over half of Irish exporters Northern Ireland is the destination for more than half of their exports and for 25% of Irish firms Northern Ireland is their only export market. The degree of inter-reliance is considerable.

It is a particularly important market for small businesses. For Northern Ireland, the majority of cross-Border transactions are made by micro and small businesses. Some 74% of export deliveries involve businesses with fewer than 50 employees, while 80% of micro businesses and 70% of small businesses that export from Northern Ireland sell only to the South. It is their only export market. The type of business involved in cross-Border trade is also reflected in the pattern of trade across the Border. It is relatively high frequency and of relatively low value, which again reflects the small business aspect. It also reflects a growing island economy. These are primarily small businesses that are operating in and treating the island as a local market. Approximately 208,000 vans travel across the Border every month. They are carrying relatively low value produce on board but it is indicative of a market that is a local island economy where a business rings another looking for something and the other business can say it will deliver it down the road later that day. It is a market characterised by low value but high frequency small businesses operating as a local market because there are no barriers.

From research we have carried out over the past year there is strong evidence of considerable growth and a considerable level of interconnectedness of trade through the development of cross-Border supply chains. Our research, which we commissioned from the Economic and Social Research Institute, ESRI, shows that the majority of cross-Border trade takes place in intermediate products, that is, products that are moving within supply chains. They often move back and forth across the Border numerous times before a final product is sold.

That is how the trade picture has developed. There is a much more interconnected cross-Border picture now. The same applies to research partnerships, which are also vital for the economies. InterTradeIreland convenes and shares an all-island steering group for Horizon 2020. In 2014, the group agreed a strategic action plan, to be implemented by InterTradeIreland, with the target to draw down €175 million in North-South collaborative projects from Horizon 2020. That is a considerable uplift on the achievement regarding the previous framework programme, FP7, under which we drew down some €70 million or €75 million. So far, the evidence from the first two years of Horizon 2020 suggests that North-South applications and drawdown have been double that of the equivalent period in FP7. The total drawdown to March 2018, the date up to which we have statistics available, shows that collaborative North-South applications for Horizon 2020 are to the tune of €68.5 million, which is nearly what we achieved in the whole of the FP7 programme. Again, this shows how the connectivity of the relationships has built up and that we are starting to reap value from those initiatives. We also provide a secretariat to the US-Ireland research and development partnership programme, which is a partnership that is growing and delivering world class research. Projects that are supported through that programme are world class and there is roughly €70 million worth of world class research being done on a collaborative basis through the US-Ireland research and development partnership programme.

Cross-Border co-operation is delivering and we can see this by just measuring our own performance in terms of value added in business development figures and jobs created. We also see it in a wider perspective. In particular, it plays a valuable role in the development of an export strategy. Some 71% of exporters report that cross-Border trading was the catalyst for exporting further afield. For 71% of businesses, their first experience of exporting was into the

cross-Border market on this island, which is where they gained the confidence and experience to go further afield. Recent research published by InterTradeIreland finds that cross-Border exporters have higher productivity, higher turnover and employ more people than businesses that do not export. In fact, goods firms that export across the Border are found to have a productivity boost of 9% and 93% higher turnover than firms that only sell in their local market, and they employ 46% more people. Cross-Border trading is delivering, and the evidence shows the degree of connectedness between Northern Ireland and the Republic of Ireland has grown substantially in the past 20 years. That cold, denying silence to which I referred at the beginning has been replaced by a real willingness to do business, and business that is creating real value. We envisage building on these growing relationships by scaling existing partnerships and networks into wider clusters.

In view of the fact that ours is a cross-Border trade and business development body, Brexit has been exercising our minds considerably in the past two years. InterTradeIreland bases all its interventions on evidence-based research. We have undertaken a programme of research to determine the potential impact of Brexit on the existing trade structures and to help us identify sectors and business types which are most likely to be impacted. One of the first studies we published looked at the impact of what is known as a hard Brexit - the WTO scenario. It concluded that, if nothing else changed, there would be a negative impact of 16% on cross-Border trade and it would have an impact across all sectors, but predominantly on the agrifood sector. This is now well known but I make the point that we published that report two years ago, so it was one of the first reports that provided this evidence. A further report shows that supply chains are highly integrated and the majority of goods that cross the Border do so as components within supply chains, and this happens to a much higher degree than is the case with other international trade. Therefore, protecting those cross-Border supply chains will be important.

As we know, cross-Border trade supports increased productivity, employment and firm turnover. Small businesses that trade across the Border fall into the highest risk categories and would be the most exposed to a hard Brexit basically because they do not have the capabilities and resources to deal with the extra bureaucracy, and we found they are operating at relatively low margins. While the research is much more detailed, those are the headline points. Ms Curran may wish to explain the detail further.

We have also opened a Brexit advisory service to help businesses navigate through whatever new relationship emerges from the negotiations. The first thing we did in regard to that service was to get out and speak to businesses. Our message was to tune down the noise. We were very concerned that some 98% of businesses were basically ignoring Brexit and not planning, whereas we were trying to get them to start planning for it and wanted to help them with that process. While they told us that the main reason they were not planning was uncertainty, our message was that there was planning and risk assessments they could undertake to see where they were exposed in order to be ready for whatever scenario emerges. Since then, we have held events all over the island and we continue to do so.

We have also introduced a Brexit voucher which is assisting small businesses to start the planning process and through which they can claim up to €2,000 to get expert advice to see where they are most exposed and to start taking action. There is a very high demand for that service and it is rising all the time. We have given out some 675 vouchers, divided 50-50 between North and South. While it was slow at the start, it is really starting to take off and we have a very busy team trying to meet demand.

Chairman: It could take off even more after today.

Mr. Aidan Gough: It could well do.

Deputy Declan Breathnach: I thank Mr. Gough for his presentation. I have a couple of questions relating to the research. In an exit, whether hard, soft or otherwise, there will be a high number of companies - roads maintenance companies would be a classic example - that trade in the North and the South. What will the implications be for Northern companies in regard to being able to partake in the EU tendering process if they are outside the EU?

Mr. Gough referred to South-North movement and the giving out of vouchers. What are the figures for the number of people from the South trading into the North in comparison with the number from the North trading into the South? We rarely hear of many companies which are benefiting from exporting into the North. I am interested to know if Mr. Gough has any idea of the figures.

Mr. Gough referred to Horizon 2020 and the large amount of money involved. This was very much an EU-led programme. How will such programmes be sustained or is there any commitment to guarantee them post-Brexit? We have had various people before the committee from the peace and reconciliation funds who said there are guarantees up to 2022. What guarantees, if any, does InterTradeIreland have?

Mr. Aidan Gough: On tendering, one of our programmes assists businesses to enter the cross-Border public procurement market. A number of Brexit issues could make that more difficult. Ms Curran will go into those issues in a minute. We know that 25% of Irish exporters sell to the North only. That is a considerable number of businesses. In addition, 50% of Irish exporters sell 50% of their produce to the North. These figures show that a considerable number of businesses are involved in cross-Border trade from an Irish perspective. We have struggled to get the exact numbers from the statistics. Approximately 7,800 small businesses in Northern Ireland trade into the South annually. It is important to note that the number of businesses involved in cross-Border trade is considerable. It is not just about the value of cross-Border trade; it is also that the number of businesses involved in cross-Border trade is substantial and disproportionate. Many small businesses regard the other side of the Border almost as a local market.

Deputy Declan Breathnach: Mr. Gough stated that 7,800 businesses in the North are trading in the South. Why is there no figure for the individuals in the South trading in the North?

Ms Kerry Curran: I can answer that. We do not have an exact figure for businesses in the South trading in the North because of the way data on firms is collected by the CSO. We have hard data from the Intrastat returns from cross-Border traders. The firms in question are trading above a €635,000 threshold. We have solid numbers from Intrastat. The rest of the data we have are survey data. According to the all-island business monitor, which has been going for approximately ten years, approximately 20% of firms in the South are trading in the North. That has been the average number over the past ten years. However, actual solid statistical numbers from the CSO do not exist.

Deputy Declan Breathnach: I would like to make a final observation. I apologise for coming in for a third time. When I travel on the motorway every day, I notice that many small carpentry, electrical and services businesses are trading in Dublin. When I am coming the other way, and travelling from the South towards the North, it strikes me that a small fraction of small businesses are able to trade into the North, or are getting an opportunity to do so. It always strikes me that there is a large imbalance in this regard. People are able to trade from

the North into the South, but small businesses in the South face many impediments when they seek to trade into the North.

Mr. Aidan Gough: Approximately two thirds of the businesses that participate in our programmes come from the South.

Senator Mark Daly: I am not sure whether Deputy Breathnach got an answer to his question about EU procurement rules. How will Brexit affect the ability of Northern companies to tender for jobs?

Ms Kerry Curran: The latest technical notice on this question from the UK Government, which was published recently, advised businesses in the North that they will be able to apply for public tendering in the South. Likewise, businesses from the South and the rest of Europe should - all things being equal - be able to apply through the UK's new e-tenders system.

Senator Mark Daly: I thank Ms Curran.

Deputy Maureen O'Sullivan: I thank our guests for their presentation, which is one of a number of presentations to have shown us the possible damage that Brexit can do. The kinds of issues that have been raised today were certainly not being considered when people were voting on Brexit in 2016. I know that InterTradeIreland's research is informing its work, but I would like to know whether that research has gone anywhere else. Has the UK Government, for example, been influenced by it in any way?

I can understand where companies are coming from when they complain that it is difficult to plan for something when they do not know exactly what it will be. Will there be a hard Brexit, a soft Brexit or another referendum? The number of people who have taken up the offer of help at this point is interesting. Do the witnesses envisage that more people will look for such help? Do they have the capacity to help more companies with their planning? Is it the case that the harm being done to the agrifood business can already be seen?

Reference was made to high-level visitors from EU partners. What sort of response was received when those meetings took place?

Mr. Aidan Gough: I ask the Deputy to repeat her final question.

Deputy Maureen O'Sullivan: According to the briefing material we received in advance of this meeting, InterTradeIreland has hosted a number of high-level visitors from EU partners as part of the Government's efforts to increase understanding of the complexities of the Border issue. I would like to know what sort of response it has got from those meetings.

Mr. Aidan Gough: We almost always form a committee, including representatives of our sponsor Departments, to oversee our research. This means that our research feeds immediately into the policy frameworks. I presume the Departments in Northern Ireland have links with what is going on in London. We think our research has been influential and has raised issues. The work we did on non-tariff barriers and on the impact of the imposition of WTO rules provided the first hard evidence of the potential impact of a hard Brexit scenario and fed into the work of policymakers.

We envisage an increase in demand from companies. We do not know what the new relationship will be. It is likely that there will be some changes, at least, in the trading relationship. We do not know what those changes will be. It may be the case that we have to give

reassurance. I hope that will be the case. We are planning for an increase in demand. We have increased next year's budget for our Brexit advisory service accordingly.

I would say that the biggest impact being felt by the agrifood industry in Northern Ireland so far has related to accessing skills and labour. There has been a reduction in the willingness of European migrant labour to take up positions in this industry in Northern Ireland. That has been by far the biggest impact to date. I am not sure what the Deputy means when she refers to "high-level visitors."

Deputy Maureen O'Sullivan: We were told that the agencies have hosted some high-level visitors from the EU partners.

Mr. Aidan Gough: We were invited to host meetings. We did not actually arrange the meetings. Michael Barnier attended an InterTradeIreland meeting with the business community. He listened to the views of cross-Border traders. He heard directly from the horse's mouth about the difficulties they envisage that they would experience in the event of any sort of barrier to trade being erected. There was particular reference to the costs that would be associated with additional form-filling and customs requirements.

Senator Niall Ó Donnghaile: I apologise for missing some of the presentation. The witnesses have referred to a number of issues that are being faced by businesses that are engaged in cross-Border trade. In light of the expertise of the agencies they represent, and indeed their personal corporate expertise, what level of engagement have they had with the Irish Government as it continues its preparedness work? Alternatively, has the British Government sought out the expertise, engagement or information of the agencies at any stage while it has been shaping its approach to the negotiations and its general approach to Brexit?

Mr. Aidan Gough: We are funded by the Northern Ireland Department for the Economy and the Department of Business, Enterprise and Innovation in the South. Both Northern Ireland and the Government in the South have given us additional funding to support our Brexit interventions. We are working very closely with an ongoing campaign that is sponsored by the Irish Government. We are speaking at all of those events. I think one of them is taking place today or tomorrow. There is one in Cork. Is there one in Galway today? We speak at all of those events.

Senator Niall Ó Donnghaile: I assume Mr. Gough is referring to the Making Ireland Brexit Ready events.

Mr. Aidan Gough: Yes.

Senator Niall Ó Donnghaile: I have expressed disappointment with the Department that none of those events is taking place in the North. I am sure Mr. Gough shares that disappointment given the nature of his work. I would not ask Mr. Gough to comment on that.

Specifically on the British Government, while I appreciate where the funding comes from, has there been engagement at political, ministerial or official level with InterTradeIreland? I am not looking for any state secrets., rather whether there has been any crafting of the negotiation approach.

Mr. Aidan Gough: We have had interest in the services we are delivering. We have had visits from UK Government departments which are interested in the services we have been delivering given that we introduced these services very early and have had them evaluated already. We are able to point to the success of the voucher and the 85% of businesses which have

received it and are delighted with the advice they got. We have had engagement at that level on the interest in the services we are delivering.

Senator Niall Ó Donnghaile: Mr. Gough mentions a Brexit voucher. I do not know if there is a uniform approach or if it is different for each business. What is the voucher being used for by businesses primarily? I am interested to know what it means in terms of helping them to get Brexit-ready. How does it work if one is a shopkeeper or a factory owner in terms of preparing for Brexit?

Mr. Aidan Gough: We make it easy for businesses to access it because the businesses which are impacted and most exposed to Brexit are small ones. These are businesses which do not have the time or the capacity. As such, the service is easy to access. It provides £2,000 to deal with an issue or the potential impact of Brexit the company identifies, whether that is informational or operational. It might be a technical matter or issues around VAT changes. A business might ask what it will have to do if there are customs barriers. It is basic stuff.

Senator Niall Ó Donnghaile: It is upskilling in a way. It is primarily around that.

Mr. Aidan Gough: In many ways, it is a matter of risk assessment to determine where the exposure is and it is then about what a business should do.

Senator Niall Ó Donnghaile: Does InterTradeIreland deliver that training?

Mr. Aidan Gough: We have created a framework involving experts on whom we can draw. If it is a specific tax issue, a business can get a tax expert to do that.

Ms Michelle Gildernew: Mr. Gough said a lot of the cross-Border business done by small businesses is high frequency and low value. There are millions of journeys across the Border at those crossings where a count is taken and that is without mentioning the hundreds where no count is made. Does Mr. Gough have a sense of the vulnerability of low-margin businesses to the impact of time delays by the carrying out of checks at the Border? The cost of waiting at the Border for a HGV is on average £1 per minute. If there is an additional wait of five minutes and the truck has to wait for a number of times a year, what will it cost? Are there businesses which will fold as a result of Brexit?

I have first-hand experience of the challenges that faced the agrifood sector when the whole island was in the European Union and we were operating across the Border we have had for the past decade. I know how difficult Brexit is likely to be for the sector. Mr. Gough referred to a lack of skills and available labour. Does he have any ballpark statistics on the number of workers we are short in the agrifood industry or the engineering sector? From personal experience in Tyrone, I know that not one engineering firm has a full cohort of staff. Everyone is crying out for workers, which is impacting the ability of firms to take on and fill orders.

Mr. Aidan Gough: I drive through Tyrone a lot and I see the signs up which state “Welders Wanted”. I do not have exact figures on that, however. I am not sure if Ms Curran has come across them.

Ms Kerry Curran: No. However, the Department for the Economy is working across a number of other departments on that whole skills piece. There is an event tomorrow at which we will probably find out more about what is known and what future plans there are to identify the skills needs in Northern Ireland.

Mr. Aidan Gough: On the impact, we are completing a study on the shock absorption capacity of businesses to deal with any shocks in the trading relationship. We are just completing that at the minute.

Ms Kerry Curran: On the overarching messages emerging from this research, we are seeing a majority of businesses in vulnerable and at-risk groups having regard to the shock costs associated with Brexit. In both the import and export sectors, it is in the region of three quarters of all businesses in Northern Ireland. It is very significant for Northern Ireland firms. Ms Gildernew mentioned vulnerability to time delays. While we have not calculated the figures or specific issues around vulnerability and time, we calculated in our first research project, which was looking at the impact of tariff and non-tariff barriers, that non-tariff barriers alone would account for a 9% reduction of cross-Border trade in a hard Brexit scenario. That includes assumptions around the additional cost of time. Anecdotally, we have spoken to a range of businesses which have mentioned concerns around the potential for time delays if there were customs at the Border or indeed any delays in their journeys. A number of firms in Northern Ireland provide just-in-time services to firms in the South. For example, the delivery of medical supplies or surgical goods is done on a just-in-time basis as surgeries are scheduled. Any delays in that process would require those businesses to reroute their supply chains to meet customer demand. There will be far-reaching implications if there are delays in delivering goods across the Border.

Mr. Aidan Gough: The Northern Ireland manufacturing industry representative group has calculated that the costs of form filling would be very substantial having regard to the delays. It would be much more than £1 per minute and would amount to hundreds of pounds when all of the administrative costs are taken into account. Some businesses we have worked with do upwards of 100 deliveries a day. If they have to start to fill in forms, it would, conservatively, add costs of close to £750,000 to £1 million. In a small business, that represents an existential threat.

Ms Michelle Gildernew: Absolutely. I note in relation to Senator Ó Donnghaile's question that we have not been inundated with requests from the British as to how Brexit will impact on all-Ireland trade. It is not surprising but, at the same time, the fact that it has not sought out views is very telling, regardless of whether the Department for the Economy has forwarded them.

Senator Frank Feighan: I will try not to go over ground already covered. I thank the witnesses for their presentation. The increase in trade and so on over the past 20 years is remarkable and I hope it continues. Mr. Gough referred to low-value exports. What are those? Are they agricultural products? What can we do to protect the cross-Border supply chain when Brexit takes place? I had other questions but they have already been asked.

Chairman: Before we finish I will ask about the area of productivity. There is supposed to be a lower level of productivity in the North than in the South and if we look at regions of Britain, Northern Ireland is way down again. Has that come across in the research and is that one of the concerns the witnesses would have in light of the Brexit scenario coming down the road?

On the voucher, I presume people go onto the InterTrade Ireland website to get in contact about that. Is it specifically for small firms or is it open to all firms?

Senator Mark Daly: On the issue of e-tendering, can other non-EU countries e-tender for the witnesses work within the European Union? I know they have advice from the British

Government saying that is possible but does it happen elsewhere?

Deputy Declan Breathnach: I refer to the moneys and funding for Horizon 2020 in the context of Brexit. Will that be a problem from the perspective of the North?

Mr. Aidan Gough: Productivity in Northern Ireland has historically been low and continues to lag. We have seen from the research we have just published that cross-Border exporters have a 9% productivity premium. Cross-Border trade is contributing to a core problem for the Northern Irish economy and given the number of businesses involved and the fact that so many of them are small, the impact is considerable.

The vouchers are primarily for small businesses. Large companies usually have resources and supports elsewhere to deal with this.

On Horizon 2020, there has been a guarantee that the British Government will support existing partnerships up until Horizon 2020. Beyond that we are not sure what will happen. There is scope for third country status which the British Government may avail of but there is a degree of uncertainty at the moment which is not helpful to say the least when we are trying to form partnerships. We see that anecdotally as we try to promote cross-Border partnerships.

Ms Kerry Curran: We were talking about the low value of trips. This piece of work was originally undertaken by the Northern Ireland Statistics and Research Agency, NISRA, and was only very recently released. It looked at the average value of trips from North to South and concluded that the average value was £4,500 which roughly equates to €5,700. In this basic research, NISRA has taken the low value to be beneath that £4,500 average. The Senator also mentioned supply chains-----

Senator Frank Feighan: What is considered low value? Is it milk or other agricultural produce, for example?

Ms Kerry Curran: The majority of trade crossing the Border from North to South, roughly 50% of it, is in agricultural produce but the value does not relate to an actual sector or product. It could be across a whole range of products. It could be a box of material or mechanical equipment and could belong to any sector. It is just the value-----

Mr. Aidan Gough: The value per delivery is much lower than it would be from Northern Ireland to Britain for example where the value per delivery is higher but the number of deliveries is disproportionately bigger with cross-Border trade than it is with east to west trade, if that explains it.

Senator Frank Feighan: It does, yes.

Ms Kerry Curran: The Senator also asked about supply chains.

Senator Frank Feighan: What can we do to protect supply chains?

Ms Kerry Curran: There are probably a few things that we can do. We are looking into a three hour research at InterTrade Ireland. We identified the potential exposures for our supply chains through the research we conducted earlier this year. We are also now undertaking some further work around our supply chains to look at how we can introduce a supply chain support programme to InterTrade Ireland. That may well be one of the results but we are still undertaking the work. We are looking at improving people's knowledge of supply chain management and upskilling individual firms but also helping them to access larger supply chains as appropri-

ate. That piece of work has yet to be suitably conducted but those are some of the issues we are trying to address at the moment.

Senator Mark Daly: On the e-tender issue, I know the witnesses have a note on it from the British Government but where is the precedent for that?

Ms Kerry Curran: What precedent?

Senator Mark Daly: The precedent for non-EU member states being able to apply for tendering within the EU.

Ms Kerry Curran: I am sorry but we do not have that information. It is not my area of expertise.

Senator Mark Daly: There could be a precedent.

Mr. Aidan Gough: Our focus is on the cross-Border elements. We are not experts on what the EU is doing at the moment and as Ms Curran said, technical issues are being put forward by the UK Government on what will happen in the event of a no deal Brexit scenario and these are coming out every day. It is moving and changing every day.

Senator Mark Daly: If there is a no deal Brexit I am sure that e-tendering will be far down in the list of problems it will have.

Ms Kerry Curran: I also mention that these are guideline technical notes from the UK Government and are not necessarily agreements that have been put in place with the EU.

Senator Mark Daly: Those guidance notes do not refer to issues such as northern Cyprus as an example where companies in that jurisdiction are able to e-tender for jobs in southern Cyprus-----

Ms Kerry Curran: They do not go into that level of detail.

Senator Mark Daly: They certainly do not go into much detail. I wanted to ask about that because Deputy Breathnach makes a valid point about the issue of companies from the North being able to e-tender for public jobs in the South. I cannot imagine how the European Union would allow a country which is outside of the European Union and is able to use unfair advantages and make up its own rules for itself and its workers to tender and then suddenly say that it will be at an unfair competitive advantage against other member states.

Mr. Aidan Gough: The main problems would be if regulations and standards begin to differ.

Senator Mark Daly: I presume that the job will be done to a specific standard. The question then comes into employment law and if they no longer comply with European employment law or regulations, then there would be an unfair advantage in that sense. We have seen that being clamped down on, for example, with Turkish workers being brought in to work on motorway schemes here which the EU had to clamp down on. Did the EU have any precedent that it could point to?

Mr. Aidan Gough: I am sorry but we cannot shed any light on that.

Senator Mark Daly: I thank the witness.

Chairman: On behalf of the committee I thank the witnesses for appearing before it today and for answering the questions so comprehensively. Míle buíochas. I suspend the meeting while we bring in our next witnesses.

Sitting suspended at 3.08 p.m. and resumed at 3.13 p.m.

Chairman: I welcome Mr. Niall Gibbons, chief executive of Tourism Ireland. I will shortly invite him to give his opening statement to be followed by questions from members of the committee. I ask people to turn off their mobile phones.

I remind members of a long-standing parliamentary practice to the effect that Members should not comment on, criticise or make charges against a person or a body outside the House, or any official by name in such a way as to make him, her or it identifiable. By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any persons or entity by name or in such a way as to make him, her or it identifiable.

Mr. Niall Gibbons: I am chief executive of Tourism Ireland. I thank the Chairman for the opportunity to address the committee today. As members will know, Tourism Ireland is the organisation responsible for marketing the island of Ireland overseas. It was established as one of the six areas of co-operation under the framework of the Belfast Agreement of Good Friday 1998. We undertake marketing campaigns in 23 key source markets across the world.

Tourism is a vital industry for the island of Ireland. It is a significant driver of economic growth and helps to support more than 300,000 jobs in communities right across the island. Overseas tourism has recorded seven consecutive years of growth. Last year, 2017, surpassed all previous records, when we welcomed some 10.6 million people to the island of Ireland and they spent more than €5.6 billion while here. Northern Ireland has shared in that record growth. It welcomed almost 2.2 million overseas visitors last year whose visits generated more than £566 million in revenue for the Northern Ireland economy, an increase of 4% on the previous year.

Growth continues in 2018. The latest Central Statistics Office figures for Ireland show strong visitor and revenue performances in the first half of the year. For Northern Ireland, there were almost 400,000 overseas visitors in the first three months, generating revenue of almost £100 million, an increase of 3%.

While tourism performance overall is strong, beneath the surface a number of vulnerabilities are evident. For example, while we welcome the increase in visitor numbers from Britain in recent months, it is too soon to know if this represents a real longer-term turnaround in trend. Exchange rate movements have made Ireland more expensive for British visitors. As we have observed our competitors, VisitBritain, VisitScotland and VisitWales have intensified their operations across all of our major tourism markets.

Brexit dominates all other uncertainties. Since the UK voted to leave the European Union, Tourism Ireland has taken a number of steps to monitor the situation, maintain confidence among our partners in Britain and at home, and ensure we are ready to deal with the implica-

tions. Our activities have included: ongoing research among British consumers to evaluate sentiment on holidaying in Ireland; ongoing market assessment of economic trends by Oxford Economics; liaison with key tourism industry partners here on the island to assess implications and gauge reaction; and liaison with key international partners and bodies such as the European Tour Operators Association, UKinbound and the Tourism Alliance in the UK for the same reasons. This work continues and I thank the Minister of State with responsibility for tourism and sport, Deputy Griffin, and his officials, for their participation in our Brexit task force meetings in London over the past two years.

Tourism Ireland has also commissioned a wide-ranging review of the British market. The review is independently chaired, and is led by a steering group of top Irish and UK-based industry partners. It will conclude shortly and will inform planning for 2019 and beyond.

In parallel with this, Tourism Ireland continues to pursue its strategy of market diversification. This strategy, which commenced in 2014, focuses more effort on markets with a longer stay and higher spend. This has seen mainland Europe become the largest contributor of overseas tourism revenue delivering almost €1.9 billion of spend in 2017, up from €1.4 billion in 2014, an increase of 36%, and North America has overtaken Britain as number two, delivering €1.6 billion, up from €1 billion in 2014, an increase of 60%.

Last spring, our national television and digital campaigns in the US were seen by around 85 million people, and television and digital campaigns in Germany and France reached a combined 39 million potential visitors.

Opportunities in the fast-growing emerging markets of the east continue to grow, especially in China following the launch this year of the first ever direct air services from Beijing and Hong Kong, with Hainan Airlines and Cathay Pacific, respectively.

We have also identified a number of key priorities from an overseas tourism perspective, arising out of Brexit. Retention of the common travel area, and free movement of overseas visitors across the Border, is vital, especially for overseas tourism to Northern Ireland and to Border counties. On average, 75% of visitors from North America to Northern Ireland and 63% of visitors from Europe arrive via the Republic of Ireland. In addition, about 950 international tour operators now programme the island of Ireland. Any impediment or perceived impediment to free movement between the two jurisdictions and any delays at Border checkpoints could discourage tour operators from continuing to programme Northern Ireland and Border counties and could discourage holiday visitors from travelling between the two jurisdictions.

With regard to developing markets such as China, India and the Middle East, the British-Irish visa scheme, announced by the UK and Irish Governments in October 2014 and the short-stay visa waiver programme, introduced by the Irish Government in 2011 and extended until October 2021, have provided a significant boost to our promotional efforts in these markets. The lifting of the visa requirement in January 2018 for citizens of the UAE travelling to Ireland was welcomed by the industry, which has seen an increase in business from that market since the relaxation.

We are very pleased that the World Economic Forum's global travel and tourism competitiveness index ranks Ireland third out of 136 countries in the context of effectiveness of marketing and branding to attract tourists. *Ireland.com* now attracts close to 20 million unique visitors a year and is available in 11 language versions. Tourism Ireland is the fourth most popular tourism board in the world on Facebook, with 4.3 million fans, the fourth on Twitter and the third

on YouTube. The creation of award-winning digital campaigns have capitalised on our connections with “Game of Thrones” and “Star Wars” and have allowed us to reach new audiences across the world. Campaigns with the major air and sea carriers serving the island of Ireland, and with traditional and online tour operators, leverage significant funding each year from the commercial sector, encouraged also by investment by Irish Ferries and Stena Line in recent years. Our annual overseas publicity programme, and our relationships with 22,000 international media from around the world, generate positive exposure for the island of Ireland worth an estimated €330 million each year and greatly influence perceptions of Ireland overseas.

Favourable winds, such as a 39% increase in air access since 2010, particularly on transatlantic routes, supportive economic conditions in key markets, the fashionability of the island of Ireland as a location for “Star Wars” and “Game of Thrones” and our capacity to shift to new, lower cost, digital and social marketing, have helped to deliver record performances to the island of Ireland. Few, if any, of these factors will continue in our favour indefinitely. We have seen how economic uncertainty and fluctuating exchange rates have impacted on visitor numbers from Great Britain. Research also shows a significant and worrying diminution in what we call Ireland’s share of voice, or visibility, in our top markets. Over the past two years, we have seen major competitors intensify their marketing. Also, a critical component is the future of the EU-UK open skies agreement, which has the potential to have significant downside risks for Ireland if a successful resolution is not found. In addition, the price of oil poses a risk to the sustainability of air routes. Tourism Ireland is working with industry partners to grow overseas tourism revenue by 5% in 2018 and we look well on target to exceed this. Moving into 2019, we expect to place a more significant emphasis on season extension, regional performance and sustainability.

Tourism has endured many crises over 20 years, including 9-11, the global financial crisis and terrorist attacks in North America and Europe. However, it also serves as an example of how compromise and goodwill between people can build a stronger future for us all. At a recent conference, the former secretary general of the United Nations World Tourism Organisation, Mr. Taleb Rifai stated, “We face a deficit of tolerance. Tourism brings people together; it opens our minds and hearts”. We must continue to build on the achievements of the Good Friday Agreement and continue to build hope for the future across the island of Ireland, and a growing and sustainable tourism industry is key to this.

I thank the committee for this opportunity to present to it. I am happy to discuss these matters and answer any questions that may arise.

Senator Frank Feighan: I thank Mr. Gibbons for his submission. It is good news all around for the island of Ireland. I have a few questions. I congratulate the witnesses on the direct air links to Beijing, with Hainan Airlines, and to Hong Kong. These links are hugely significant for the island of Ireland. We need to do a lot more. We should be very proud of Ryanair and Aer Lingus because they provide value flights from Europe into the country. When we were in opposition, we complained about Terminal 2 because it cost an awful lot of money. There has been an increase in the number of passengers from the United States. Previously, they might have stopped in Manchester or elsewhere in the UK, but flights are now coming to Dublin and we should be very proud of the airport. The airport in Knock is also delivering by bringing in passengers, particularly from the UK, to the west of Ireland and the benefit is filtering around.

How influential is Airbnb, not only in Dublin but throughout the country? When we went on vacation, we used Airbnb throughout the country. Tourism is on an all-Ireland basis-----

Chairman: Somebody's phone is going off.

Senator Frank Feighan: It is not mine.

There are two "T"s that have certainly brought the people of the island together. These are Titanic Belfast, which has brought people from the Republic to see Belfast for the first time, and Tayto Park, which has brought more people from-----

Senator Niall Ó Donnghaile: Is the Senator referring to the northern Tayto Park?

Senator Frank Feighan: I am referring to the real Tayto Park. What these two projects have done is bring people from various parts of the island who normally would not have travelled. People from the North who were never in the Republic come to Tayto Park. We should be very proud of it and of Titanic Belfast.

Mr. Niall Gibbons: The picture regarding access is very positive overall. Every single week this summer, 591,000 seats were available from all destinations. To put this in perspective, in the summer of 2010 the number was 424,000. We have approximately 170,000 more seats every week. We are very pleased with the progress Aer Lingus has made, particularly on transatlantic flights, in terms of opening new routes and expanding existing routes. I was with Ryanair this morning announcing its summer schedule for 2019, which will see further expansion next year. It is a particularly good story.

With regard to China and Hong Kong, the route operated by Cathay Pacific is performing very well. I met its representative here yesterday and I attended the Irish Hong Kong business forum. There certainly is a large increase in the amount of trade and tourism now flowing. The advantage with Hong Kong is that it is English-speaking and there is no visa requirement. These are real added advantages. We face much bigger challenges in China because we really are painting on a blank canvas. The Ireland brand is not well known so we have an awareness issue. We also have a visa regime. We are working with the Department of Justice and Equality to try to improve the visa regime *vis-à-vis* our competitors. For example, someone from China who chooses to go to Europe will get a Schengen visa, which will give them travel rights in 25 different countries at the same price as a visa for Ireland. We really want to try to improve with regard to these challenges. We are delighted to have air access from Beijing.

In the context of Terminal 2, we have a very good working relationship with all of the airports. Terminal 2 has really proved its worth, particularly for visitors from North America. We maintain a very close working relationship with the airport in Knock, which, I accept, is a vital gateway for the west of Ireland.

Airbnb has grown in significance over the past number of years. It is a very small percentage of overall business. Recently we subscribed to a site called AirDNA. A significant number of properties are available on Airbnb, particularly in rural Ireland. The data suggest more Airbnb beds than hotel beds are available in places such as Cork and Galway. This has acted as a safety valve in our industry given the increase in air traffic and the number of people travelling. We can see the impact demand has on hotel prices in Dublin, where nothing has been built for six or seven years.

There is no doubt that all of the new attractions that have come on stream have really added to the tourism experience. I congratulate the people involved with Titanic Belfast. It was not there eight years ago and it welcomed 850,000 visitors last year. The work they have done with Tourism Ireland abroad has been absolutely terrific. I went to Tayto Park with my family last

year. It is also very good.

Senator Niall Ó Donnghaile: I thank Mr. Gibbons for his presentation. I remember having to go on the media quite a bit in the run-up to the opening of Titanic Belfast to defend visitor numbers because everyone told us we would not hit them. It had 1 million visitors earlier than expected. It has been a tourism success.

Does Tourism Ireland measure Airbnb stays in the same way those relating to hotels and bed-and-breakfast establishments? There is a glaring omission in the context of strengthening our tourism brand, particularly internationally. This is a bugbear of mine. I do not know whether Mr. Gibbons has an opinion on it, either personally or from a corporate perspective. The Wild Atlantic Way stops at Derry and Ireland's Ancient East stops in Louth and does not go into Downpatrick and south Armagh, with the Cú Chulainn aspect. It makes practical sense to join the two and bring the Wild Atlantic Way across to include the north Antrim coast and the Giant's Causeway.

I would like Mr. Gibbons feedback on the air links, particularly Belfast International Airport's loss of the New York route and the impact this has had. Is work being done in the context of targeting North America? There are some additional flights to North America, not via Belfast International Airport but via Dublin Airport. It is an ongoing job of getting people to turn the other way on the motorway when they come out of Terminal 2.

I commend Tourism Ireland on what it is doing overseas. I have been a long-time supporter and champion of what it is doing. Ireland works best when it works together. Tourism Ireland is an exemplar in the context of what it does because we are stronger, whether in branding or delivery, when we are as one. Mr. Gibbons has made a particular investment in tourism, certainly, in places such as Belfast, in what would not be mainstream or big iconic attractions, and that has had tangible benefits on the ground. Next year we hope to open a new James Connolly interpretative centre on the Falls Road, which will be a great new tourism asset along with a series of tourism attractions beyond the big iconic places. It will get people in to the authentic tourism experience. I am sure that is the case right across the entirety of the island.

Mr. Niall Gibbons: We have had a number of discussions with Airbnb. It is not as easy to quantify the scale and scope of it as it would be for, say, hotels that are registered when we know they have a bed on sale for 365 days of the year because someone could put his or her property onto Airbnb for two weeks and then take it off again. The average host earns approximately €3,500 a year. The size and scope of Airbnb has grown rapidly in recent years. There is no question about that. We are working with both Airbnb and our colleagues in the Department of Transport, Tourism and Sport to get a better handle on quantifying what is involved. It has certainly played a much bigger role than it has done in the past three years. There has been significant growth.

In the context of the Wild Atlantic Way and Ireland's Ancient East, I have been vocal about the fact that our overseas customers do not recognise borders. They are looking for an experience. That is the bottom line. There are really good opportunities for the Wild Atlantic Way, particularly in respect of linking to Derry. There have been many positive discussions in that regard. We talked previously about Derry being the intersection point between the Causeway Coast and the Wild Atlantic Way. In the year of the 20th anniversary of the Good Friday Agreement, that sort of peace story would go down well and would attract a lot of positive attention. Ireland's Ancient East stretches into the likes of the ecclesiastical capital of Downpatrick. There are real, good resonances in that regard. We and Fáilte Ireland - they have discussed

the matter with their colleagues in Tourism Northern Ireland - are open to promoting them as combined experiences.

In the context of Ireland's Hidden Heartlands, a concept which has been developed by Fáilte Ireland and which runs along the Shannon corridor, so to speak, it would be important that Fermanagh and the lake lands are included when its time comes to go into the international marketplace. That will be in the latter half of 2019.

I thank Senator Ó Donnghaile for his kind words. I have been personally committed to some of the developments in Northern Ireland. The work done on Féile 30 was outstanding. I first met those involved with the developments in question ten years ago. It is amazing to see the progress that has been made. I refer, for example, to the quality of the walking tours. The international journalists who come here have made positive comments in that regard. We had some industry people over from France recently who did the walking tour of west Belfast. It just opens up a whole new dimension of experience tourism for them. That is encouraging. I thank the Senator for that. We will continue to do it. We had a dialogue with the Grand Orange Lodge of Ireland for ten years. It is a long journey to go but the EU interpretative centre has helped in that respect. I think of all the experiences to which I refer as being a flavour of things to do and see when one visits the island of Ireland. They also show the advantage of the diversity of it.

Senator Niall Ó Donnghaile: Would Mr. Gibbons comment on the air links between Belfast International Airport and New York?

Mr. Niall Gibbons: Sorry, yes. Air access from North America is that it has been a strong journey for the island of Ireland. For example, ten years ago, there were 35,000 seats a week from the United States and Canada and now there are approximately 65,000. Those are concentrated more into Dublin, although Norwegian Air, when it opened last year, did open it to Dublin, Belfast, Shannon and Cork. Unfortunately, we have lost the Belfast link.

There used to be three air carriers that went from Canada into Belfast. We do not have any now. It is all concentrated into Dublin, and a small bit into Shannon. Cork has lost the winter service provided by Norwegian Air. It has gone on sale for next summer. Norwegian Air has expanded operations slightly into Shannon Airport. We remain concerned regarding direct air access because that is the lead indicator for tourism performance. We will continue to work as best we can to encourage more direct air access into Belfast but it is proving difficult. The view of the American carriers is that a lot of people want to spend part of their holiday in Dublin, although the Northern Ireland market is growing. The other issue is that customs and border clearance in Dublin and Shannon makes a huge difference to the ease of travel. That facility is not available in Belfast at present.

Ms Michelle Gildernew: I welcome Mr. Gibbons. I tried recently to book the Harry Potter studio tour in London but there are only a few slots available between now and 2019. I welcome, therefore, the "Game of Thrones" projects near Banbridge. Anything that we can use to get tourists to come here is hugely important. "Game of Thrones" and the film industry in general in the North have been great for us. With "Star Wars", both in Donegal and in Kerry, they have had a bit of an uplift.

Mr. Gibbons talked about the areas in which Tourism Ireland has been very strong and how it does not expect them to last for ever. He also noted that Tourism Ireland is looking at new unique selling points to attract people to the island of Ireland. I agree that Ireland's Hidden

Heartlands should include Fermanagh. However, there is scope elsewhere. For example, Arts Over Borders has done great work in the Border region. Those involved in this initiative are talking about developing a corridor comprising places associated with Yeats, Heaney and Kavanagh and that this could act as a unique selling point in terms of literary tourism.

I also wonder about the extent to which we are exploiting political tourism, North and South. When we took the children to Glasnevin in 2015, the tour was booked out. We got the last slot of the day. There is a desire and an appetite to learn about our political past as well. That is something for which tourists come here. If one ever tries to get into our office on the Falls Road on a summer's morning, one must run a gauntlet of hundreds of tourists. We should take every opportunity to exploit the fact that we can get people into the country. We must show them what we have to offer.

Mr. Niall Gibbons: I agree with Ms Gildernew regarding "Game of Thrones". It has come out of nowhere. We were fortunate to establish a relationship with HBO very early on. It signed a licence agreement with Tourism Ireland to allow us to use the term Northern Ireland "Game of Thrones Territory". "Game of Thrones" is also filmed in Croatia, Spain and Iceland. We took first move advantage - we got in early. The example of working across Government with the Irish Film Board, in the instance of "Star Wars", allowed us to develop a relationship with Lucasfilm and Disney early on. That put us way ahead of the curve.

There are great legacy possibilities regarding "Game of Thrones". The final series will be broadcast next year. We are in talks with HBO. Ms Gildernew might have seen our "Doors of Thrones" campaign. If she has not, she should visit Blakes of the Hollow because one of the doors in question is hanging there. The tapestry in the Ulster Museum was the second most visited exhibit it ever had, and it brought a younger profile of visitor in as well. This is bringing the North of Ireland to a new generation of people who would never have thought about it. There are exciting prospects down the road in the context of "Game of Thrones". There should be a good legacy in that regard.

I agree with Ms Gildernew regarding Arts Over Borders. Literature is something in respect of which we have a really good, stand-out cachet abroad. It plays well into the publicity space relating to international journalists. There are approximately 1,500 journalists who come to the Ireland every year on carefully selected itineraries and that is one aspect that plays into very well if something does develop. I have visited the Heaney centre. What has been done there is outstanding. I like the idea of doing something on a cross-Border basis. That would work well.

I agree with Ms Gildernew on political tourism. It is part of the programme for our international publicity. I have done the Coiste tour on many occasions on the Falls Roads. It is still one of the highlights for me. Visitors are very interested in that history, particularly when it is well told. The key is having a good guide. Guides have to be well trained. The centenary in 2016 acted as a good platform in the context of promoting the historical aspect abroad. In terms of the importance of having good facilities, Ms Gildernew mentioned, Glasnevin Cemetery. The tour on offer there is excellent. The people in Glasnevin have quite a quirky way of telling the whole story of Irish history. That is very much part of our mantra abroad as well.

Deputy Declan Breathnach: Tourism Ireland has been a great story. It continues to be a growing story of publicising our country and, obviously, that hidden gem of tourism.

I have a couple of questions. Have we the capacity to cater for the growing number of tourists to which reference has been made? Is our capacity continuing to grow? It is clear that

the UK is our biggest market. Mr. Gibbons referred to issues that could cause problems in the context of Brexit. I often wonder to what degree we have further capacity there. It is like a shuttle bus, as I describe it, from Liverpool to either Dublin or Belfast. Does Tourism look at opportunities to market into large populations in order to attract tourists out of season? I firmly believe from my travels, be it into Manchester or Liverpool, that one does not see much encouragement for people to come to Ireland.

Even for weekend visitors it is like a shuttle bus service between the international airport in Belfast and those large cities. This is a constructive criticism.

We all understand the flagships. I have been accused many times of dealing in the micro instead of the macro but as far as I am concerned rural Ireland has an important role to play outside of the flagships, which are to be commended. I hope the witnesses will take this in the way I mean it, as constructive criticism. Our history, archaeology, geology, architecture and more are all recorded in our libraries. When will we have a programme that will provide people with information on where they are, outside of visiting the flagship locations? That would be relevant for local tourism in Ireland, which is an important trade itself, as well as for those coming in from outside. I accept the Ireland's Ancient East initiative and the programme in the midlands that has been referred to. However, I note that we could communicate with people through a computer system as they traverse our side roads, providing information such as place names, the name of the local townland or the presence of a Harry Clarke church window nearby. That information could be sent to people driving, walking or cycling through. Surely we could give them the hidden history that will make them stay in rural Ireland for longer. I ask Mr. Gibbons to comment on those possibilities.

Finally, regarding cross-Border trade, some fantastic walkways and greenways have been created. The Narrow Water bridge is a project with tourism potential, linking what might be the most beautiful part of Ireland - I often call it the Kerry of the North - to both the Cooley Mountains and the Mourne Mountains. Does Mr. Gibbons see that project as one that can be promoted in the future?

My last question relates to the recent change in the VAT rate from 9% back up to the 13.5%. Does Mr. Gibbons have an opinion on whether that will impact on the hospitality and tourism sectors? Thinking back to my native roots, it is important to me to see rural Ireland improve and not deteriorate. We have a great opportunity to transfer and translate what is in our libraries into digital applications. Someone travelling to a small village in Louth or Meath may have a child sitting in the back of the car who would be interested in the story of Cú Chulainn, as has been referred to, or the story of Setanta. Alternatively, the adult driving the car may have an interest in architecture. There is relevant information to those interests but it needs to be captured for visitors.

Mr. Niall Gibbons: The Deputy made several points there. First he inquired whether we can keep growing at this pace. We have to be very mindful of the fact that we have seen rapid growth in the past seven or eight years but we face sustainability issues in certain parts of the country. We have to be careful to pursue much more balanced growth. Our emphasis is shifting to regional spread, particularly outside of the tourist season. We are launching a new campaign in 2019 which will have a much more sustainable focus in driving those priorities. The first part of the campaign begins shooting next Monday. It focuses on the northern half of the island of Ireland because that is where the growth opportunities are.

In regard to Great Britain, one of the reasons the Deputy will not have seen as much pro-

motional material as he would expect or like in places like Liverpool and Manchester is that our budget in Britain has been sharply reduced from what it was in 2012. Visibility is not what it used to be. We are delighted to see that the Minister has granted additional funds to Tourism Ireland in 2019, so there will be more of that. We have to be very careful to focus where investment goes in Britain. A campaign focusing on the wonders of the Wild Atlantic Way was directed at places like Liverpool, Bristol, Manchester, Birmingham and Edinburgh this year. It focused on the West of Ireland Airport. It is all about Derry, Knock, Shannon, Kerry and Cork. Again, this is region to region promotion. We will keep on doing that because it is very important.

Our emphasis is on promoting Ireland overseas, so I cannot give the Deputy a direct answer. It is a very good idea. I do not see why all the relevant local history could not be collated in one place on a mobile app. I am not sure where that stands at the moment, but I can find out and talk to colleagues in my office about it. I have met colleagues working on Narrow Water bridge. As new assets come on-stream new tourism possibilities are opened up. We are more than happy to promote those. Our international publicity programme is very effective, particularly when new things are coming on-stream. We have 22,000 international media on our database and we send them out regular news updates. We invite them on tailored programmes where there are new stories. If that happens, we will be very happy to include it.

The industry has already expressed disappointment with the VAT rate returning from 9% to 13.5% because it will take €460 million out of the industry. The rural community is much more concerned about it, as is the restaurant sector. My job is promoting Ireland abroad. We have good air access coming on-stream this winter and next year, so there are possibilities for growth. There has been an increase in our budget and we will give it our best. It is really important that we all work together. One thing we learned during the recession is that projects like the Wild Atlantic Way and Ireland's Ancient East are not just about the marketing of those regions. They are about getting communities to work together to create a great experience for people when they come. They have met with a fantastic reaction abroad, and we will keep doing that in 2019 and beyond.

Senator Mark Daly: Deputy Breathnach raised the issue of the VAT rate and it was answered. I wish to ask about the Chinese visitor numbers and the common visa with the UK. What percentage of those who get a UK visa, which makes them eligible to come to Ireland, make the trip? What are the impediments to them coming? Mr. Gibbons referred to English tourists. Obviously Brexit will have a big impact on that trade. How much has the industry changed since sterling started devaluing? What is the plan to get those tourists back, given the likelihood that the sterling will be at the same value for quite some time?

Ireland Reaching Out was an initiative through which local communities that were not on the main tourist routes could pursue destination tourism. Through 2,000 community groups, places that would never see a tourist could identify ancestors of the diaspora and encourage people to come back. Visitors in Ireland for whatever annual festival would be able to see their family's place of origin, even it had been five or six generations ago. Given the huge scale of the diaspora, DNA and all the rest, is there any specific focus on improving that as a way of bringing tourists to locations that would never really see tourists, especially the more rural areas?

Australian tourism promotion had an idea that I am sure Mr. Gibbons has looked at. As a very cheap way of getting advertising in America, the Australians invited "The Oprah Winfrey Show" to Australia to film at the Sydney Opera House. I would not say we would want to do

this in Ireland on St. Patrick's Day, but I note that a relative of Con Colbert is named Stephen Colbert. He often refers to the fact that he is related to Con Colbert, who was executed in 1916. I know Tourism Ireland has pursued different initiatives like that. Mr. Michael Fassbender is another candidate. He is from Kerry.

I refer to the Red Bull Air Race held around the Rock of Cashel, which I know Tourism Ireland was involved in. The Red Bull Cliff Diving Series was held off the Aran Islands and was featured all over the world. I know budget issues are involved in bringing "The Late Show with Stephen Colbert" to Ireland for St. Patrick's week, but it would get free publicity which has a multiplier effect. Has Tourism Ireland looked at that approach?

On a more local issue, I note there is a new public park in Kenmare. I would like all those present to come down to visit. Mickey Ned O'Sullivan, the captain of the 1975 team, is the chairman of the initiative to get funding from Tourism Ireland to bring more tourists to Kenmare. Committee members are all more than welcome to come down and look at it.

Senator Niall Ó Donnghaile: Are any jobs available for Senator Daly?

Senator Mark Daly: I know the Senator does not say that because he wants to get rid of me.

Senator Gerard P. Craughwell: That was four times Kenmare was mentioned.

Senator Mark Daly: I hear that China is a good spot.

Deputy Maureen O'Sullivan: Some of the Senator's colleagues think that nobody is going to Kerry at all, and that they are on their knees-----

Senator Mark Daly: We can always take a few more.

Deputy Maureen O'Sullivan: It was a very impressive report and backed up with lots of statistics. On the issue of VAT and the price of hotels in Dublin, it is quite embarrassing to hear what they charge. I worry about where that increase will be seen. Mr. Gibbons speaks about promoting Ireland, but if we are pricing ourselves out of that, then it could be significant. From friends in the small restaurant business I am aware of the staff shortages they face. While that issue is not within the remit of Tourism Ireland, it all leads to the promotion of Ireland. Does Mr. Gibbons have the figures for those who move out of Dublin? Tourists do visit rural Ireland, despite what certain people say. Parts of rural Ireland are doing very well, and rightly so, because they are places of great beauty. I have a particular interest in the islands of Ireland. Apart from the Aran Islands, which have some of the literary aspects that draw people to them, there are other islands and I believe they have a particular beauty of their own. Some of these islands are really on their knees in terms of viability and sustainability. While I understand that it is about road connections, it did not make sense to me that the islands in the Atlantic Ocean were not included when the Wild Atlantic Way was promoted. I would ask the Mr. Gibbons to look at some promotion that is specific to the islands.

Chairman: Lambay or Ireland's Eye-----

Deputy Maureen O'Sullivan: I did not say anything about them.

Senator Mark Daly: And Valentia or Rathlin.

Deputy Maureen O'Sullivan: Cape Clear is the island I know the best if the Chairman

really wants to know.

Mr. Niall Gibbons: We have done some research that indicates the vast majority of tourists who come from China come for the UK and Ireland package experience. The UK-Ireland visa scheme is absolutely vital in that regard. Post-Brexit, hopefully that will be confirmed to stay in existence. It is going to be really important. We simply would not get the cut through on our own in China. There has not been enough of a history such as we have in the United States of America where there is an awareness of Ireland. Many tourists would come to Ireland on packages of typically seven to nine days that start in London and finish in Dublin.

More than 70,000 people travel between Scotland and Northern Ireland on the Stena Line, which is a whole UK-Ireland experience that is very important. We saw a reduction of some 7% in British visitor numbers last year, largely due to the change in sterling rates when the eurozone became 20% more expensive. In the last five months of this year we have seen an increase of 2.5%, so we have clawed back some of the losses.

The air access situation with the UK has stabilised, which is good. We will have more ferry access next year. Irish Ferries will have the *WB Yeats* going on the Holyhead-Dublin route and Stena has invested in craft also, which will come on stream in 2020. The largest investment in the history of Irish tourism is taking place currently in Longford with Center Parcs. That will have the capacity to grow numbers of visitors from Great Britain also. This €230 million project has not been talked about a lot but it is a significant one that will be important and useful in attracting British tourists.

We are well aware of Ireland Reaching Out. It was a unique initiative at the time and it received great coverage in publications such as *The New York Times*, particularly when Ireland was coming out of a recession and was able to look into its soul and reconnect with the diaspora. The Gathering is an example of one of the most significant tourism projects Ireland ever had. On a very low budget it managed to tap into the story of the Irish. We still do a lot of work with diaspora and media abroad. We connect with diaspora groups every time we go abroad. The GAA also has an important role to play in keeping us connected. With technology the world has become a much smaller place now. We are all a click away from our relatives abroad. This is an aspect to which Tourism Ireland pays a lot of attention.

On the big initiatives, we are aware that “Oprah” went to Australia. We are always watching each other and robbing each other’s big ideas. Our own big one is St. Patrick’s Day, which is Global Greening. This started off in lighting up the Sydney Opera House on what was the 200th anniversary of the first reception for Irish ex-pats in 1810 by Governor Lachlan Macquarie.

Senator Mark Daly: Were they convicts or just visitors?

Mr. Niall Gibbons: I do not have their CVs. They lit up the Opera House with green in 2010, and since then we have gone on to light up some 300 global icons with green around the world for St. Patrick’s Day. This is incredible PR for Ireland. No other country in the world does this. There are icons that one would never have thought could go green such as Nelson’s Column in Trafalgar Square. It shows the affection in which the Irish are held is renowned abroad.

Film tourism is another example of great innovation. Between “Star Wars” and “Game of Thrones”, those campaigns have been seen by 250 million people around the globe. We do reach big numbers and we are always open to new ideas if anyone has any.

I agree with the comment on hotel prices, especially in urban areas. It is not only Dublin, there are other places where people have to be careful about the prices that are being charged. I understand that it was a supply and demand issue; very few hotels were built and demand increased a lot. Dublin is not competing with London, Paris or Rome; it is competing with secondary cities such as Barcelona, Amsterdam and Copenhagen. If we get more expensive, as happened ten years ago, it is inevitable that we will see a fall in business. We have to be mindful of this.

With the VAT issue we are more concerned about rural areas in particular and with the restaurant scene where the margins are low and there is a capacity to suffer. This is why regional-ity and seasonally is going to be a big part of our campaigns for next year.

I agree with the Deputy's point on the islands. A lot of work has been done, with the Skelligs for instance, but there is a balancing act to perform here. I believe that Skellig Michael has had some 14,000 or 15,000 visitors and it probably cannot take any more. We have done work promoting Ireland's islands before. There is also a new ferry in Doolin, which is carrying more-----

Deputy Maureen O'Sullivan: That is the Aran Islands. I am referring to all the other islands.

Mr. Niall Gibbons: That is fair enough.

Senator Gerard P. Craughwell: I agree with Deputy O'Sullivan.

Mr. Niall Gibbons: Specific work has been done, and with Rathlin Island also. There is talk about the Valentia Transatlantic Cable Station perhaps being twinned with its opposite number in Newfoundland. If members have any issues they want to bring to my attention I would be happy to go back to the team and talk about it.

Senator Frances Black: It is lovely to see Mr. Gibbons here. I have met with him a couple of times. I commend the work being done by Tourism Ireland. I can see that Mr. Gibbons loves the work he does. He is very passionate about it and is doing a great job. It must be lovely to go abroad and sell such a beautiful product. The island of Ireland is one of the most beautiful countries in the world and Mr. Gibbons's job is to go out there and sell it. I agree with some comments made by my colleagues. Deputy O'Sullivan spoke about hotel prices and about islands. They slag me here because I brought them all up to Rathlin Island, where we had a great time. It is a great idea to bring the Wild Atlantic Way up north, across to Derry, and across to Cushendall and Cushendun, which is one of the most beautiful parts of this country. My father is from Rathlin Island and it is stunning. It often saddens me when I go to Rathlin Island, which is about three or four times a year, and I do not see signs for the island. I am starting to see the signs now in Ballycastle. It is so beautiful even for day trips to walk the island. It really is heaven. I am aware that I might be pitching it a little bit but it is the reality. Rathlin Island is the largest island in the six counties so it should be getting that little bit more. It is only now that Rathlin Island's beauty is starting to come to the fore.

I commend Tourism Ireland on the great job is doing. I feel bad that I was not aware that Tourism Ireland is an all-island initiative. This is fantastic. We should take this model and use it for other things that are going on because obviously it is working. I thank Tourism Ireland and I thank Mr. Gibbons for the great presentation today.

Senator Gerard P. Craughwell: I did not get to hear the presentation because, unfortu-

nately, I was called away for a meeting. I join with my colleagues in congratulating Tourism Ireland on the fantastic work it does. It is only when one takes a drive around the country that one can see the various attractions that are there. It is fantastic.

On the costs of hotels, in 2012 I was caught on the western side of Ireland with no hotel booked. I picked up the phone and started with one of the premier hotels. The receptionist said that they had a room. I asked how much it was and I was told that it was €35. I said “Sorry?” and she said “It is €35”. I booked it straight away. Recently I was in the same part of the world and caught in exactly the same way. I called a number of different hotels and I finished up with one of the lesser hotels, shall we say. It was €235 for the night. It is impossible to see how that sort of money is justifiable. To my mind it is wrong in every sense of the word. It is destroying a lot of the good work being done by Tourism Ireland. Wages have not gone up by an amount commensurate with the increase in the cost of a room for the night. Insurance and many other costs have risen but the core wage has not. That may be damaging Tourism Ireland.

We spend a lot of time persuading people from other countries to visit Ireland. I have met a significant number of people, particularly in the south of Ireland, who have never visited places such as Rathlin Island. I will never forget the beautiful drive to Cushendall. We need to give more consideration to staycations so that Irish people holiday in this beautiful country and visit places such as Rathlin Island or County Down. Anything that could be done to improve that would be welcome.

The Tidy Towns competition has done a fantastic job of making Ireland a really beautiful place but, goddamn it to hell, when one drives into some parts of Ireland all one sees are boarded-up retail outlets. There is a lack of any semblance of life and all one can see is the death of a town or village. We should find a way to incentivise people to keep facades looking lively and respectable and villages looking like somewhere we would want to visit.

That said, Tourism Ireland does a fantastic job. I apologise for missing Mr. Gibbons’s opening remarks.

Mr. Niall Gibbons: I thank the Senator. I take his point regarding hotels. A hotel can make money charging €35 per night. However, when one starts to price oneself out of the market, it takes years to get one’s reputation back. We keep hammering that message home to hoteliers.

I agree with the Senator on the Tidy Towns competition which is a fantastic initiative and gets communities involved in tourism. They take great ownership of and pride in their town. It is very obvious which towns are involved in the competition. I sometimes refer to Westport as a town that is always in the top ranks in terms of tourism. The Tidy Towns competition plays a huge role in its community spirit.

I thank Senator Craughwell for his kind words. We have 150 staff based in 23 locations around the world. They do not often get home but will all do so together for the first time at the end of this year. They appreciate a pat on the back, so I will pass on those kind words. They do a terrific job and we are very proud of them.

Chairman: Do any other members wish to contribute? I thank Mr. Gibbons for his attendance and the amount of time he put aside for questions. We look forward to meeting him again.

The joint committee went into private session at 4.02 p.m. and adjourned at 4.07 p.m. *sine die*.