

DÁIL ÉIREANN

AN COMHCHOISTE UM IOMPAR, TURASÓIREACHT AGUS SPÓRT

JOINT COMMITTEE ON TRANSPORT, TOURISM AND SPORT

Dé Céadaoin, 2 Bealtaine 2018

Wednesday, 2 May 2018

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Kevin O’Keeffe,	Frank Feighan.
Robert Troy.	

I láthair / In attendance: Deputies Sean Sherlock and Peadar Tóibín.

Teachta / Deputy Fergus O’Dowd sa Chathaoir / in the Chair.

Business of Joint Committee

Chairman: Apologies have been received from Deputy Imelda Munster. I propose that we go into private session to deal with some housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 9.45 a.m. and resumed in public session at 9.50 a.m.

Chairman: I remind members to turn off their mobile phones as they interfere with the recording and broadcasting equipment.

Correspondence item No. 2018/267 is a letter from Ms Bríd Dunne, clerk to the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach, forwarding a letter from Claremorris Chamber of Commerce regarding the exclusion of the west and north-west regions from the TEN-T network. It is proposed to note the correspondence. Is that agreed? Agreed.

Correspondence item No. 2018/268 is a letter from Mr. Ronan Gill of CIÉ in response to a letter issued from the committee regarding the funding for independent advice to the trade union groups. It is proposed to note the correspondence. Is that agreed? Agreed.

Scrutiny of EU Legislative Proposals

Chairman: We now turn to the scrutiny of EU legislative proposals which the joint committee discussed earlier in private session.

On the proposals included in Schedule A, it is proposed that there are no subsidiarity concerns with COM (2018) 137. It is proposed that there are no subsidiarity concerns with this proposal and it is also proposed that this proposal does not warrant further scrutiny. Is that agreed? Agreed.

With regard to COM (2018) 69 and COM (2018) 122, it is proposed that the proposals listed in schedule B warrant no further scrutiny. Is that agreed? Agreed.

Tourism - An Industry Strategy for Growth to 2025: Discussion

Chairman: The main business of the meeting is the consideration of the issue of Tourism: An Industry Strategy for Growth to 2025. I welcome Mr. Eoghan O'Mara Walsh, chief executive officer, and Mr. Maurice Pratt, chairman, Irish Tourism Industry Confederation, ITIC. Tourism is Ireland's largest indigenous industry, employing 230,000 people, according to Tourism Ireland. It also provides jobs in rural and urban parts of the country with many local communities benefiting from revenue generated by visitors. However, despite the success of the industry to date, it is important that we continue to develop and invest in our tourism offering. The ITIC set out a roadmap for the industry's growth in the coming decade and we will now examine it greater detail, identify the key growth areas, potential challenges and what State agencies should do to sustain and expand the industry.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. If, however, they are

directed by it to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to 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 asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable. I invite Mr. Eoghan O'Mara Walsh to make his opening statement.

Mr. Eoghan O'Mara Walsh: I thank the committee for the opportunity to discuss tourism's opportunities and challenges. ITIC is the umbrella representative group for tourism business interests. From airlines and sea carriers to hotels, attractions, restaurants and tour operators, since 1984 ITIC has been making the case for tourism and just last month published a blueprint for the sector's success - Tourism: An Industry Strategy for Growth to 2025, which I am happy to circulate to members.

Tourism is Ireland's largest indigenous industry. It employs 230,000 people throughout the country, which equates to one in every ten jobs, and it is the only industry that can develop long-term sustainable jobs in both urban and rural Ireland. It is a thriving export sector. Last year, earnings from overseas visitors topped €4.9 billion as 8.9 million tourists came to our shores. It is within the prism of tourism as an export sector that ITIC devised its strategy for the sector and with the right policies and investment strategies, the export value of tourism can grow by 65% to more than €8 billion annually by 2025. That would mean a further 80,000 jobs nationwide and almost €2 billion in returns to the Exchequer in direct tourism-related taxes annually.

Some media and political commentators have taken the view that there is no need to develop a strategy for the future when everything is going so well for tourism at the moment. Our counter-argument is that the time to fix the roof is when the sun is shining. Tourism has vastly more potential for this country and its regions but, as a sector, it cannot be taken for granted. The correct strategy must be pursued, supported by State agencies, and, crucially, enabled by Government.

The current national policy for tourism – People, Place and Policy – was published three years ago by the Fine Gael-Labour Party Administration. At the time, ITIC felt that the policy lacked ambition and we have been proven right. The 2025 targets in that policy have nearly been met. It is now outdated and has been overtaken by both the industry's success and external events such as Brexit. It is time for a new roadmap and that is what ITIC's strategy aims to achieve.

Irish tourism's success has been led largely by the private sector. In the next three years alone tourism businesses will spend €2.5 billion on new hotels, aircraft, ferries and visitor attractions. The industry also spent a whopping €92 million in overseas marketing last year. The State must also play its role in investment. The Government and previous Government got much right on tourism taxes, particularly the VAT rate and airport passenger duty, APD, but it has been found wanting in investment in both tourism product development and overseas marketing. State funding for tourism is down 25% or €40 million, since 2008 and Government support for tourism is a vital enabling factor if future success is to be achieved. This year, the Government has only allocated €113 million in current spending to Fáilte Ireland and Tourism

Ireland. This needs to increase by €50 million to help achieve the goals relating to Exchequer returns, revenue and jobs outlined in our strategy. Likewise a capital investment analysis shows the State grossly under-investing in tourism. Only €300 million of the recent €91 billion ten-year national development plan was earmarked for tourism. As a country we must develop new projects to see and do of scale and international appeal and often the State must be the first mover in this regard. The shining example of this is the Wild Atlantic Way.

Brexit is the big challenge to Irish tourism and is likely to remain to be so in the next few years. The British market – Ireland’s single largest source market for visitors – is in retreat and this is a very worrying trend. It has reduced by approximately 5% over the past 12 months. Crucially, within any new EU-UK deal the common travel area and a soft border must remain in place. Anything that impedes the free movement of people within the island of Ireland or between Britain and Ireland would be seriously damaging to tourism. Likewise, a liberalised aviation market and a harmonisation of regulatory standards between post-Brexit UK and Ireland are critical.

Tourism: An Industry Strategy for Growth to 2025 is the result of 12 months of extensive consultation and research with the tourism and hospitality industry throughout the country. There are 56 policy recommendations within the strategy and they act as the considered and informed views of the tourism sector. This roadmap for tourism’s success may be industry-led but it needs to be Government-enabled and agency-supported. Tourism’s role needs to be positioned and defined as a significant economic engine within the national accounts. In that context ITIC also proposes a national tourism day, the like of which is marked in the USA, Canada and England as well as in the EU and the United Nations, to raise the profile of the industry and celebrate the importance of tourism in Ireland. Our sector employs one in ten people nationally, contributes billions of euro to the economy in taxation, and impacts positively on communities and cities throughout the country. There are 20,000 businesses involved in tourism and the sector crucially cannot be outsourced or offshored. It is high time that Ireland elevated tourism within the national debate and ITIC’s strategy identifies clear opportunities as well as challenges for the sector in the coming year.

Mr. Maurice Pratt: I endorse Mr. O’Mara Walsh’s comments. This is most extensive review the industry has conducted in 20 years. It is about positioning ourselves for growth over the next decade. World tourism growth is between 5% and 6% annually and, therefore, the opportunity is there. It is about making the right policy choices. One has to examine industry such as this on the basis of decades as opposed to a short-term basis. There are many opportunities but the greatest is probably the ability to spread tourism more rurally because it is in every community in the State. The tourism industry can be brought to parts of the country that other industries would never be able to reach.

Senator Frank Feighan: I thank the witnesses for attending. Tourism hugely benefits the island of Ireland. The sector has come a long way, changing its dynamic. I live in Boyle, County Roscommon. I was heavily involved in ensuring Lough Key Forest Park was developed. At the time, Coillte owned the park and people were concerned about its future ownership. In 2001, I advised the local authority that if it took a stake in the park we could draw down the European regional development grants. The park got €15 million to €16 million and is now a major tourist attraction. It needs to be added to.

However, we have no hotels. There were two hotels in Boyle previously, but they are closed. Five hotels were refused planning permission. Hotels were built all around the country but they are not where we need them. I had a meeting yesterday as I am trying to get the local

authority to examine this. It is very difficult now to get people in the tourism industry to locate in those areas because we missed out during the boom. I was also in China last week and met various investors who are considering another hotel. Is it not ironic that the witnesses are telling us how important and successful the tourism industry is, yet we find it very difficult to get investors from the indigenous tourism sector to invest in places which I believe have huge potential? Perhaps we are missing something. Those are only two issues. I am trying to get the local authority to develop a hotel in Boyle and when I was on the Oireachtas representatives' tour I met Chinese investors to try to get them to invest in a hotel in Roosky, which is already there. That tells me there is something fundamentally wrong with the industry.

However, we have come a long way. I believe there are huge opportunities in China. There are now two direct flights, one from Hong Kong to Dublin and one from Beijing to Dublin. That was unheard of, and we are in a much better position with regard to exports and tourism. In addition, there are direct flights from Frankfurt to Knock airport. People have said there is a noticeable number of German tourists in the west of Ireland because of these flights. Ryanair and Aer Lingus have helped the industry by bringing people in. I realise they are bringing people out as well, but it is something we should not underestimate.

The witness said that the Government was not doing enough with regard to investment. In 2011 a strategic decision was made to reduce VAT to 9%. It is worth approximately €625 million per year. Many people, including people in the unions, oppose it. They believe it is wrong. I am a little taken aback not by the tone but with regard to this €625 million per year. If we had not done it the tourism industry would have been much worse off. I appreciate that the witnesses must fight for extra money in the budget but I wish to make that point.

Finally, the global Irish homecoming and the Wild Atlantic Way have been a huge success. The challenge is to get tourists out of Dublin. The witnesses are correct that we are missing out on UK tourists now. Perhaps they have all been to Dublin and elsewhere in Ireland and are now going somewhere else, but there is a new open market with China as well as the United States. They are high-worth, they are spending and they are coming here. The Germans and French also travel to the places in the country where we need them such as Carrick-on-Shannon, Boyle, Sligo and so forth.

It has been a very successful seven or eight years. However, hotel prices, especially in Dublin, can sometimes be off the Richter scale. That might be due to lack of capacity but that is being addressed. I was in the Iveagh Garden Hotel on Harcourt Street last night, which has 150 rooms. We need more hotels. A hotel in a local town is part of the social infrastructure. It need not be a huge hotel. I appeal to people in this regard. The Government cannot give grant aid because it would distort the market, but there are huge opportunities in smaller towns around the country that do not have a hotel and need one. Do the witnesses have any views on that or do they have ideas about how politicians or the Government can help would-be hoteliers to develop such hotels? There are probably only 40 or 50 areas left in the country that do not have that social infrastructure and need it.

Again, I thank the witnesses. It has been a successful nine or ten years during the most difficult of times. I know what it is worth because I had a bar and restaurant as well as a newsagents many years ago and we lived off the tourists. One saw the industry changing. For ten or 15 years we had fishermen coming to the rivers and lakes but they seemed to disappear. They were replaced by a different type of tourist. The challenge is to get the tourists out of the main areas in Dublin. I was chairman of the British-Irish Parliamentary Assembly and was a member of the Joint Committee on the Implementation of the Good Friday Agreement. Ironically, the

opening of the Titanic centre in Belfast has brought more people from the South to Northern Ireland than probably ever went there in the last 100 years. It is very welcome.

Mr. Eoghan O'Mara Walsh: I will respond on a couple of matters before Mr. Pratt responds. I agree with the vast majority of what the Senator said. The Titanic centre is a great example of a new tourism product or tourism investment that has driven demand and transformed the city. I was in Belfast yesterday and the number of new hotels being constructed in Belfast is remarkable. It is partly because there is a strong draw for Belfast with the Titanic centre.

I also agree that a hotel in a town is particularly important from a tourism perspective and even from a social perspective. My wife's family is from Roscrea in north Tipperary and it is in the same position. It does not have a hotel and the town misses it. It has a great castle, Roscrea Castle, which is in the care of the Office of Public Works, OPW, but it lacks that infrastructure. There is good news on the hotel front. We do some work with CBRE in terms of it giving us intelligence on what is happening. There was a period of about ten years when there were no new hotel developments around the country, be it in Dublin or elsewhere. That was a legacy of the property and financial crash and developers not being in the business any more. That is changing. Approximately 6,000 bedrooms are due to be constructed between now and 2022. They are much needed. The Senator mentioned hotel prices in Dublin. That is due to capacity and the fact that demand and supply are out of sync, so we need the additional hotels. The majority of the 6,000 bedrooms will be in Dublin but approximately 1,000 of them are being constructed outside Dublin. I do not know about Boyle *per se*, but we need a hotel infrastructure that is equitably spread around the country if we are to get real regional benefits from tourism.

The Senator probably knows that the midlands has just been given a new branded identity developed by Fáilte Ireland. It is something ITIC has been seeking for some time and Fáilte Ireland has got it over the line. It is Ireland's Hidden Heartlands, which goes through that area, and that will help to put the midlands in the shop window. That is important because ultimately private sector investment in hotels and so forth is largely a relation of how much demand there is in particular areas, and demand is fuelled by marketing and branding.

I agree there are huge opportunities in China. One of our big issues, and this refers back to the comment about being enabled by the Government, is that Ireland has very little profile in China. There is virtually no marketing money in Tourism Ireland, the overseas marketing agency, for countries such as China. We would argue that the budget cutbacks that were introduced during the austerity years must be reversed. That would allow Tourism Ireland to market effectively in places such as China, support those routes and achieve the full potential.

The current Government and previous Governments have got a great deal right on the tourism taxes. The VAT rate was the right decision and it has proven successful insofar as tourism has grown significantly since it was introduced. It puts Ireland in line with the rest of Europe in terms of the tourism VAT rate. Tourism VAT rates throughout Europe are around 9% or 10%. Ireland is aligned to that so Ireland is competitive. It is vital to retain that competitiveness, particularly if the British market is creaking.

Mr. Maurice Pratt: I agree with most, if not all, of what the Senator said. I made the point in my opening comment that the great opportunity for Ireland is rural tourism in terms of the spread of tourists. We must be conscious of the fact that tourism internationally is increasingly urban tourism. Therefore, a policy is needed to ensure there is no overpopulation of key areas to which tourists naturally want to come.

The point on the importance of hotels as social infrastructure is absolutely correct. I would like to believe that the €230 million investment being made by Centre Parcs in Longford will help to spread infrastructural development. The project will be an absolute revelation to people when it arrives. It will be fantastic for jobs in the area. That is the sort of investment we need.

We need new product. Tourism, as an industry and sector, is no different from many other business sectors in that it needs regeneration, new projects, new initiatives and new ideas. Part of what we call for is the development of stronger tourism attractions in the north west to counterbalance the Cliffs of Moher in the south, for example. Slieve League is one of the finest attractions in the entire world; it just needs better infrastructure. We need reasons for people to stay there longer. That is what develops the whole infrastructure element.

I absolutely take the point on the importance of the decisions the Government made in 2009 at 2010, in more difficult times, to the success that tourism has enjoyed. It is not unfair to say that tourism has led Ireland's economic recovery. Decisions on VAT and the airport tax have been quite seminal. I chaired a mid-term review of the Irish tourism strategy in 2009, at which time there was a call for an even more severe reduction in our investment in tourism, including expenditure on overseas tourism marketing. As somebody who spent almost his entire life in the brand business, I called at the time for no reduction, if possible. I referred to equity the State has created in "Brand Ireland". If one reduces one's investment in the market, other markets will take it from one.

The point about the United Kingdom is well made. There is no question but that Brexit is a threat. It is partly currency-driven thus far but there are other factors. There is uncertainty for UK tourists now so they are more likely to go on staycations than to go overseas, in the short term at least. That is a challenge. The United Kingdom has been our most natural tourism market, for obvious reasons. We did and do need to rebalance from where we get our tourists. The progression of tourism has been lumpy and we need to try to flatten it out better. That is why, looking to the next decade, markets such as Hong Kong, China and the east will be much more important. They will help to rebalance the lumpiness of tourism.

When one considers very large capital expenditure, the operational side, and significant reductions in one's share of voice in these markets, one notes decisions made now will affect us in two, three and four years. Our worry about the UK market is such that more money needs to be invested now in marketing Ireland and its attractiveness to British tourists. I will not say we have taken it for granted but, although it has been such an important market for us, we might be inclined to overlook it because America has been so strong. Clearly, Aer Lingus, Ryanair and international airlines have been key deliverers of the success we have enjoyed.

We should not forget, however, about how bad things were in 2008, 2009 and 2010. That is why, as Mr. O'Mara Walsh states in the tourism strategy, we want to see increased State investment. We agree with much of what is in the long-term capital plan for the period to 2040 but just believe there should be more recognition of the fact that tourism is Ireland's biggest industry. One would not think that considering some of the other industries that may have a more powerful and cohesive voice.

Deputy Robert Troy: I am sorry I was late. I was watching the proceedings on the monitor in my office so I got the full outline of the opening statement. I thank both delegates for attending. I was mentioning to my colleague that it is often forgotten and sometimes ignored that the tourism industry is our largest indigenous industry. In terms of job creation and wealth generated, tourism surpasses agriculture. Agriculture is often in the headlines because of the number

of jobs and because of how it is perceived. I am not trying to diminish the role agriculture plays but it is only right and proper that we acknowledge the important role of tourism.

I compliment the confederation on the comprehensive report it published recently. It is a very positive input to the debate. The witnesses said in their opening address that the time to fix the roof is when the sun is shining. That is quite right. We cannot take it for granted. The increase in our numbers may be attributable more to luck than design because of the favourable exchange rate with the US dollar. It is ensuring high visitor numbers from the United States. That might be compensating for the dramatic decrease in the number of visitors from the United Kingdom. UK visitors normally account for in excess of 40% of our tourists and 25% of tourist spending. We cannot ignore it. I am interested to hear whether the delegates have specific proposals on what we could do to mitigate or reverse the downward trajectory in the number of visitors from the United Kingdom.

Mr. Pratt put it quite well in saying the last Government got it right in terms of taxation. I refer to the VAT rate and the abolition of the travel tax. The travel tax was an ill-thought-out proposal made at the height of the crisis. It should never have been imposed and it was right to get rid of it. This was proven by the increase in numbers when it was abolished. Ryanair, in particular, started to utilise Dublin Airport again.

The VAT rate was introduced as a temporary measure and we have to be very careful to try to retain it. The delegation made the point that the change to the rate is only bringing it into line with that of the rest of our competitors across Europe. There may now be a feeling that the job is done and that there can be a reversal. I would say, and the delegation might be able to provide proof, that it might have been self-financing considering the number of jobs created in the tourism industry *vis-à-vis* the cost of implementation. I do not know whether the delegates have any statistics to back that up.

The confederation is correct about new product. This is why it was also correct to call out the considerable underinvestment in the most recent national development plan. When one considers how to bring people to a particular area, one must realise they do not go to an area for nothing. They want to go to an area for a reason. They want to see something and they want to do something. The Wild Atlantic Way is such a huge success because there is something to see and do, and it is quite new. In ten years the Wild Atlantic Way will not be attracting people in the same numbers as it is now because it will be an old product. We need, therefore, to invest continually. I do not know whether it is feasible or possible now but the Government needs to review the capital allocation based on the ten-year plan.

With regard to capacity and hotels, the Government might consider increasing the VAT rate when it sees the cost of hotel rooms in Dublin. It might say the good times are back and that hotels are charging far more than they were charging five and six years ago. This is predominantly because of a lack of capacity. I read the delegates' report. They have very ambitious targets for increasing the number of visitors to Ireland over the next seven or eight years to 2025 but the increase in bed numbers in hotels does not match the targeted increase. Where is it intended to put all the visitors when they come? How can we incentivise an acceleration of the building of hotels?

I recently met the president of the Irish Hotels Federation. He said that to build a hotel room in Ireland costs €300,000 and that to build one in Northern Ireland, 80 miles up the road, costs €200,000. There is a huge disparity between here and the North. I welcome the witnesses' views on that.

My colleague, Senator Feighan, asked how we can attract and retain hotels in rural Ireland. Only this morning, I received a phone call from Councillor Barbara-Anne Murphy in Wexford in relation to a hotel in Bunclody. It is being closed and sold to be converted into a nursing home. That is a planning decision and a commercial decision but the reason for that commercial decision is that money is not being made by that 60-bed hotel. That is in the sunny south east, which is hardly a black spot for tourism. I would welcome some feedback on how we might address that.

I welcome the new development of the Hidden Heartlands. It is something that, as the witnesses said, they have been promoting and calling for for some time, as have we. Will it be adequately resourced? It is one thing creating a brand, but it must be backed up with the necessary resources, whether in marketing or supporting capital investment in the region. Mr. Pratt rightly pointed out that the biggest and largest capital investment in tourism in the State's history will be coming to my constituency. It is well under way and on target to open in the middle of next year. We will benefit from Center Parcs. I was in Strasbourg some months ago and saw Center Parcs Longford advertised on an international television channel. It was great to see private industry marketing Ireland but we as a country and the Government needs to do more.

I do not know if the Irish Tourism Industry Confederation fed into the Hidden Heartlands. The Wild Atlantic Way is on the west coast, Ireland's Ancient East is coming in and encroaching in on areas that I would deem more suitable to the Hidden Heartlands. I would welcome the witnesses' thoughts on whether we ought to reconfigure the brands to ensure that geographically each county is in the correct brand and is getting the right marketing proposals to attract tourists.

Witnesses should correct me if I am wrong, but I believe I read that their confederation had called for a review of Fáilte Ireland's operation? If that is the case, will they outline their rationale?

Mr. Eoghan O'Mara Walsh: On whether there is enough investment in the midlands Hidden Heartlands, there is not. I believe €2 million was initially allocated which will not go a long way for that size of area. More investment will have to be put in on a long-term basis both in marketing for an international audience and product development. On the geographic positioning of the Hidden Heartlands, it is only something that we ourselves have seen in recent weeks and are still coming to grips with it. There does seem to be an area, somewhat like a Venn diagram, where some areas of the country can choose whether to be in Ireland's Ancient East or the Hidden Heartlands. I think that Fáilte Ireland's logic is that it is up to the particular tourism product or business as to what they think best fits their profile. That is work in progress and we will have to keep an eye on it.

On product money, I think we all agree that there is not enough investment in capital and infrastructure for tourism. The €300 million earmarked over the next ten years is all back-loaded with only around €100 million or €120 million for the first four or five years. We are not in a position to call for a review of the national development plan, which I believe is due in 2022, and hopefully tourism will get a bigger share of the pie then, but in the current allocation we could ask that rather than the sum of money being allocated towards the end of the term, it should be front-loaded which would make a big difference. Within the strategy developed by the Irish Tourism Industry Confederation, ITIC, we have proposed some tourism investment ideas such as a coast-to-coast greenway from Dublin to Galway, an observatory along the Wild Atlantic Way where one can see the dark skies around the edge of Europe and support for the likes of Slieve League and the north west. There are many product ideas that may not be com-

mercial in their own right and the private sector may not necessarily do them, but the State could move first and then the private sector, hotels, restaurants, attractions and so on, could follow in behind.

I agree with Deputy Troy on the VAT rate and that the analysis shows that income to the Exchequer from that VAT bracket has doubled since the rate was reduced to 9% because of the growth in tourism numbers. Regardless of job creation, from a purely Exchequer perspective, the VAT rate has been very successful because of the growth in tourism.

There are 56 recommendations within the strategy and one is that certain areas of Fáilte Ireland would benefit from a review. The industry feedback was that there are certain areas of what Fáilte Ireland does on product development or research or insights that could be improved. The view in the sector is that a review to help position and strengthen Fáilte Ireland would be beneficial and would help us achieve the 2025 targets outlined in the strategy.

Mr. Maurice Pratt: Deputy Troy is correct that the VAT reduction was set out as a temporary measure. We are very conscious of that. We did some research, which we are happy to share with the Deputy on the return to the Exchequer and its benefits. This strategy highlights the importance of competitiveness in tourism. VAT is part of that. The Deputy is correct that hotel rates are also part of the mix within the tourist experience. Tourists look for good value for money. If one does not provide it, they can go elsewhere. In that context, there is the reality of Brexit. Although it has not happened yet, the currency decline has made Britain more competitive for European tourists to visit because it is better value for money. They are factors that must be taken on board by the industry.

The question of hotel bedrooms is one of supply and demand. There is a significant amount of supply coming on stream. It has not come as fast as we would like to rebalance competitiveness but it is happening. The report refers to the need for 11,000 new hotel rooms nationwide between now and 2025. Knowing how long hotel developments can take in the planning process, it is possible that all those extra rooms will not come on board in that time. Hopefully they will but there is a seven-year timeframe, and if we start planning now there is a better chance of delivering those numbers.

The OPW has fantastic assets which are very well deployed for tourists but we think that there is an opportunity for more collaboration with the OPW in areas such as the extension of trading hours for those sites. A tourist to Ireland might come for a week, and for example, Sunday will be one seventh of their total time here. Opening hours - and this also applies to some areas of the private sector - are not always what a tourist would want and expect. These are the types of things where we believe we can and should do better.

I think the Hidden Heartlands is a good start and a good brand. As is always the case with new brands, there will be some growing pains. Crucially, it will come down to two things, namely Fáilte Ireland having sufficient investment to put behind the brand and private industry having sufficient confidence in the development of that brand to invest in new tourist product. We have seen quite a lot of this already with ambitious plans for greenways across the country, for example, and the use of the natural resource of the Shannon on both sides. I think everything else has been picked up. There was a question on whether we had any specific proposals to make on the UK market and so forth. That largely revolves around the need for more marketing investment. We look at where we sit in respect of the share of voice versus key competitive markets like Scotland. We are competing with it for tourists from England. When we add in the competitive issue and the fact that Scotland has increased its investment in marketing, we

are simply not getting the same share of mind with potential holidaymakers. That is the key point in the short term.

Deputy Robert Troy: I will use an example of a hotel closing down in Bunclody. From the witnesses' experience working in the industry, what can be done to help and support key tourist services? Without places to stay overnight, we will not be able to attract people into these regions.

Mr. Maurice Pratt: The local authorities have a key role to play. During the more difficult economic times, there was a reduction in the number of tourist development officers in the country. Now, as I understand it, there is again a tourism development officer in every local authority. That goes back to what the local authority's tourism development plan is. What does it involve in respect of new product and how is it being aligned with the planning development and planning policy within that area? How is it being made attractive for a hotel operator or for a mixed development to come in? There are other developments where we can see a mix of retail along with hotel accommodation and other facilities such as medical centres etc. Putting those elements of social fabric and social infrastructure together is the way to approach that issue.

Chairman: I will call on Deputy O'Keeffe in a moment but the witnesses are making some excellent points. What interaction does the Irish Tourism Industry Confederation have with agencies such as the County and City Management Association, the elected representatives for county councils, Fáilte Ireland and indeed the Department of Transport, Tourism and Sport itself?

Mr. Eoghan O'Mara Walsh: We have regular, positive and constructive relationships with all of the organisations mentioned, including Fáilte Ireland and Tourism Ireland - which is the overseas marketing agency. We are meeting the Department next week and we meet the Minister, Deputy Ross, and the Minister of State, Deputy Griffin, as much as we can. We get our points across. We also have an ongoing engagement with the local authorities. It is a collaborative approach. Tourism is not in the gift of any one entity or organisation. We are the umbrella organisation for the sector, so we speak on behalf of the hotels federation, ferry companies, airlines, restaurants, vintners, and attractions etc. We can communicate that message with a single voice. Tourism's success in future, however, is predicated on everyone working together. That sounds very clichéd but that-----

Chairman: That is it really.

Mr. Eoghan O'Mara Walsh: Yes. That is it exactly.

Chairman: We are all in different silos without that.

Mr. Eoghan O'Mara Walsh: Completely, yes.

Chairman: That is what I liked about Mr. Pratt's point about developing a product, working together and putting it up to everybody to put their best foot forward. I refer to using new ideas and new initiatives. I welcome that aspect of the contribution. I call Deputy O'Keeffe, who I just have popped in front of.

Deputy Kevin O'Keeffe: That is okay. The Chair has whittled down some of the questions I was going to ask. One involves technology. I welcome Mr. O'Mara Walsh and Mr. Pratt. The 8.9 million tourists coming into the country spend €4.9 billion. More importantly, there are al-

most 250,000 people employed. I return to promotion. I spent many years in local government. I was a committed councillor. Our council's priorities were roads, housing and other services such as wastewater etc. Now, one of Cork County Council's most important pillars is the tourism strategic policy committee, SPC. It has been working well.

Is the Irish Tourism Industry Confederation happy with the way the local authorities work their structures and the promotion of tourism? Is it happy with the delivery? I refer to a whole county spread. Are they working well enough to interconnect with other local authorities? We saw the recent launch of Fáilte Ireland's "Ireland's Hidden Heartlands" and the "Ancient East". They are all intercounty. Could local authorities perhaps work better with one another across counties to deliver these tourism initiatives?

The 9% VAT rate was also mentioned. It will be a big talking point again come the autumn. Everybody acknowledges that Dublin is booming. Hotel beds are at a premium there. I refer to my experience regarding regional taxes in other countries that have a bigger footfall. In respect of hotel bed occupancy, if one were in Limerick, one might pay a lower rate of Government tax than one would pay in the city of Dublin.

To come back to the spending tourist, I am worried about why we are giving these attractive tax rebates and concessions. Prices are still high. Where is the advantage to the consumer? The industry has surely overcome the recession and the financial crisis. The Irish Tourism Industry Confederation has 56 policy recommendations as a strategy for growth in the industry. The witness touched on one in respect of Fáilte Ireland. What are the other two or three priority policies from those 56 recommendations?

Mr. Eoghan O'Mara Walsh: The local authorities work in a far more coherent manner on tourism than they did in the past. The development of the regional brand experiences has been positive. The Wild Atlantic Way was the inaugural one and is still the best template. It covers something like nine counties - there are 18 in Ireland's Ancient East I think, we can look at a map later - in and around the western seaboard. Those nine counties have coalesced behind an umbrella brand. From an international tourist perspective, a French person, an American or whomever does not differentiate between Wicklow and Wexford. Instead, they need an overarching umbrella brand identity. Fáilte Ireland has led the way on this and has done particularly good work on it. Recently, a memorandum of understanding was signed with the local authorities. The local authorities will market their region under the brand umbrella. Local authority investment in tourism is better spent on product, on creating new things to see and do of scale and international appeal within their particular county. That will be beneficial in the future.

We have 56 recommendations in total. We plan to return to the strategy every six months or so and review how it is progressing. We do not view this as the sort of document that will gather dust on a shelf. Instead, it will be dynamic and will be reviewed on a regular basis. We will go back to it and review - in a public and transparent way - how many of those 56 recommendations are progressing in the right direction, are stalled or are in fact going backwards. There are quite a few enabling factors in there. We are confident that the private sector of tourism will do its bit. It has been proven to do its bit over the last few years.

I refer to the construction of new hotels, the development of Dublin Airport and attractions around the country, such as the aforementioned Centre Parcs in Longford and so on. The private sector will do its bit. Equally, we feel that the State has to step in with "Brand Ireland" and new tourism development. That is a key requirement. We have called for €50 million in additional budgets for the two State agencies per annum to allow the growth ambitions within

the strategy to be fully enabled. That is a key message we are keen to convey.

Deputy Kevin O’Keeffe: Does Mr. O’Mara Walsh want to identify the two or three key policies? He said he will go back to his document and try to bring all of them forward. Are there ones that are being progressed too slowly?

Mr. Eoghan O’Mara Walsh: If the Deputy is asking me about the key policies, they are remaining competitive to ensure we are not out of kilter with competitive nations in terms of costs of doing business and also making sure that the investment side of the house is appropriate and enables the sector to hit the regional growth targets that can be achieved but will not be achieved unless everyone works in that particular way.

Mr. Maurice Pratt: I might make a couple of points in response to the Deputy’s specific question. Continuing to diversify our markets is crucial. It is a very important part of what we need to do, and it comes back to investment in new markets because it will provide a return. It is important that the ambition the Government sets out is higher than that in the old plan of people, place and policy because tourism around the world is proving that it is an industry of which we are capable of getting more than our fair share, so policy needs to match that.

Eighty per cent of tourists who come here come through our airports, therefore, the expansion of Dublin Airport is crucial to the success of tourism for the next ten years and, as has been said already, an increase in the capital investment programme for newer tourism product. Newness is very important to tourists as they become more specific, determined and interested in more diverse areas of tourism. This is not a sun tourism country; it is an activity tourism country. It is people and place, heritage and folklore but it is also greenways, fishing and golf. As those areas develop, we must be at the forefront of that and provide product that meets consumers’ needs and expectations. That is what will bring them into the country.

Deputy Kevin O’Keeffe: I want to touch on the thorny issue of raising tax on a regional or intercity basis. No one can compete with Dublin. How can we make the regions more attractive? If one visits a major city in another country, one pays a higher government tax than one would pay in a smaller town in the countryside. Do the witnesses believe such an idea would be attractive?

Mr. Eoghan O’Mara Walsh: We would not be in favour of it because, as the Deputy said in his initial question, many taxes are passed on to the consumer. Ultimately, that is how they have to be recouped. The tourism sector pays approximately €2 billion each year to the Exchequer in tourism-related taxes anyway. In fact, in the strategy we have identified that there is a 34:1 return. Every euro spent on tourism gives €34 back to the Exchequer in direct tourism-related taxes. We do not believe it is the right way to go about increasing tourism because it is a cost that ultimately is borne by the consumer. This is a fiercely competitive space, particularly when we look at the United Kingdom market, which is in retreat. As Mr. Pratt mentioned, that is Brexit-related but Brexit has not happened yet so it is a currency effect as much as anything else. Already, Ireland is more expensive to the British consumer, therefore, the idea of adding tourism taxes to the system would not be sensible in our view.

Deputy Kevin O’Keeffe: In terms of the tourism sector, many hotels and restaurants benefited from the change in the VAT rate. In Italy, for example, tourists pay a higher rate of tax in Rome than, say, in Naples. Could that be applied here to attract more people to areas in rural Ireland such as Youghal in east Cork or Ennis in Clare?

Mr. Maurice Pratt: The Deputy's point is whether we could rebalance existing taxation in a way that would make what we will call rural tourism product more competitive. It is an interesting idea because we see variations of tax in other countries. I am sure those taxes probably came into being in that way because they reflected pressure from those in the local communities who were not seeing the benefit of, say, national tourism out in the more rural areas. It is an interesting point.

Chairman: I will make a point on that, if it is helpful. If someone has a pub in a rural area it is occupied rarely during the day whereas a city pub has far more business. I appreciate councils strike their own rates but perhaps commercial activities in less populated areas that have a seasonal business should have an advantage over their current position. That would be helpful.

Deputy Kevin O'Keeffe: There are very few Temple Bar type areas out in the country.

Chairman: There are one or two here and there. I have a few questions. Did the witnesses make a submission to the 2040 national development plan?

Mr. Eoghan O'Mara Walsh: We did.

Chairman: From reading their submission, they seem to be disappointed with it.

I have another question. I am looking at the investment, say, in MetroLink, which is €3 billion. The investment in the DART expansion will be hugely beneficial to tourists and indeed everybody in the city. I would have thought that would be very welcome to the witnesses, particularly the capacity to carry millions more people in the city of Dublin. I respect everything they have said, and it is right and proper that they should say it. I do not take from anything they said but I would think that in the 2040 development plan, for instance, the designation of Sligo as a growth centre for the north west is hugely important yet the witnesses do not acknowledge that in their commentary. If we look at the population statistics and the sustainability of people in communities like that, it is hugely important that the north west has been designated. The witnesses do not mention the many measures in the plan that are good for tourism. What is their response to that?

Mr. Eoghan O'Mara Walsh: We may not have done so in the five-minute opening statement and the question and answer session but it is acknowledged within the strategy. We have been quite welcoming and open about what we call tourism-enabling investment, and the Chairman mentioned the rail link to the airport, the roads and so on. We have been very complimentary about Sligo's status.

The reference to the money allocated to tourism is literally the capital development budget that is given to the State agency for tourism, which is only €300 million. That money is exclusively dedicated to tourism investment and infrastructure. Our pitch to the national development plan was that that should be something like €600 million rather than the €300 million allocated. However, we welcome all the other tourism-enabling measures - work at Dublin Airport, the MetroLink and so on.

Chairman: I would have thought it would have warranted a comment in the opening statement only because the transformation in public transport will be huge. I live in County Louth and I am delighted that Drogheda and Dundalk are mentioned in that plan. The tourist corridor North and South is hugely beneficial. There are many good things happening that were worthy of commentary in the witnesses' statement, notwithstanding any criticism they might wish to express. I say that fairly and objectively. My point is that this is about working together, as Mr.

Pratt said. From this committee's perspective, it is about the way forward.

I very much welcome the witnesses' submission and I hope that, with the consent of the committee, we will have further meetings on tourism. The Minister is due to announce the greenways investment shortly, which will be hugely beneficial. I saw mention recently of a possible greenway between Limerick and Dublin and the water infrastructure improvements that may or may not happen. The tourism industry should be very much pushing for that. I am not saying the witnesses would not do that.

The questions about the Dublin Airport runway and the impact of Brexit are hugely important. I would hope we will have the Minister, Deputy Ross, and the Minister of State, Deputy Griffin, before this committee.

If it is fair, we would like the witnesses to keep us updated on how they believe we can assist them in their objectives but the key point is, as they said, working together. That is the only way forward. New initiatives, ideas and products are needed because the old ways do not work anymore.

I would like to make one more point. The witnesses were right to mention the opening hours of OPW facilities. During the week, someone complained to me that there is no access by car after a certain time to a lovely facility in Oldbridge, County Meath. It does not make sense that people have to park on the road. The witnesses are right when they suggest we need new thinking in this regard.

I congratulate Mr. O'Mara Walsh and Mr. Pratt on their important and beneficial report, which represents a roadmap for us to follow. I do not know whether they would like to make any concluding points.

Mr. Maurice Pratt: We would like to thank the committee for its time, its input and its questions. As Mr. O'Mara Walsh has said, we do not see this as a document and that is it.

Chairman: We are not going to sit on it.

Mr. Maurice Pratt: It is just a roadmap. We are very happy to accept criticism, constructive or otherwise.

Chairman: Absolutely.

Mr. Maurice Pratt: We are not saying it is perfect. I will explain what it is about for us. We want tourism to be part of the national conversation.

Chairman: I agree.

Mr. Maurice Pratt: That is what it is about.

Chairman: Absolutely. That is what our committee will do.

Mr. Maurice Pratt: Great. Thank you.

Chairman: On a separate issue, I remind Deputy O'Keeffe that the committee will be visiting the grounds of Home Farm, Scoil Chaitríona, Na Fianna and Scoil Mobhí next week as part of our consideration of the issues that have arisen with MetroLink. I look forward to members coming along.

JTTS

Deputy Kevin O’Keeffe: Will I bring a team with me?

Chairman: The Deputy will have to bring a good team to beat the teams in question.

The joint committee adjourned at 10.50 a.m. until 9.30 a.m. on Wednesday, 16 May 2018.