

DÁIL ÉIREANN

AN COMHCHOISTE UM IOMPAR, TURASÓIREACHT AGUS SPÓRT

JOINT COMMITTEE ON TRANSPORT, TOURISM AND SPORT

Dé Céadaoin, 2 Deireadh Fómhair 2019

Wednesday, 2 October 2019

The Joint Committee met at 10.30 a.m.

Comhaltaí a bhí i láthair/Members present:

Marc MacSharry,	Frank Feighan,
Catherine Murphy,	John O'Mahony,
Kevin O'Keeffe.	Pádraig Ó Céidigh.

I láthair/In attendance: Senator Kieran O'Donnell.

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

Business of Joint Committee

Chairman: Before we begin, I remind members to turn off their phones as they interfere with the recording equipment. With members' agreement, we will continue in private session.

The joint committee went into private session at 10.38 a.m. and resumed in public session at 10.48 a.m.

Deputy Kevin O'Keeffe took the Chair.

Vice Chairman: The Chairman had to be excused so I will act as Chair for the rest of the session. I remind members of the committee and those in the Public Gallery to turn off their mobile phones completely as they interfere with the recording equipment.

Before we commence the main business of today's proceedings, I wish to turn to some housekeeping matters. The minutes of the meeting of 18 September 2019 and 25 September 2019 have been circulated. As there are no matters arising, are the minutes agreed? Agreed.

The first item of correspondence is item 2019/518A and 2019/518B. 2019/518A is an email received from Maria Mulvany, Transport Infrastructure Ireland, dated 20 September 2019, attaching a letter from Michael Nolan, chief executive officer, CEO, of Transport Infrastructure Ireland. No. 2019/518B is the aforementioned letter from Mr. Nolan and it advises the joint committee that he will not be able to accept an invitation to appear before the committee due to prior commitments. There is also reference to the fact that the road in question, the R132, is a regional road and does not fall within the remit of Transport Infrastructure Ireland. Is that agreed? Agreed. No. 2019/519A is an email received from Sally Hogan of Brian Lynch & Associates, dated 26 September 2019, attaching a letter from Mr. Brian Lynch - No. 2019/519B - regarding the Comptroller and Auditor General's special report of 2017 on the provision of school transport. No. 2019/519C is a second email received from Sally Hogan of Brian Lynch & Associates, dated 30 September 2019, attaching a second letter from Mr. Brian Lynch - No. 2019/519D - regarding the Comptroller and Auditor General's special report of 2017 on the provision of school transport. Is the correspondence noted?

Senator Pádraig Ó Céidigh: I suggest we write to Bus Éireann to get a formal reply to Mr. Lynch's concerns. We can then take the matter from there.

Vice Chairman: We will also send a copy to the Joint Committee on Education and Skills.

Senator John O'Mahony: I dealt with similar issues when I was Chairman of this committee. The correspondence raises a serious matter and it is important Bus Éireann gives us its view on it. The allegation is that a profit was made from the school transport scheme and that the scheme was used to the advantage of Bus Éireann. I very much support the idea of getting answers and seeing how we proceed with the matter.

Vice Chairman: We will come back to the Senator. Correspondence No. 2019/520 is an email received from Mr. Michael Cawley, chairperson designate of Fáilte Ireland, dated 30 September 2019, concerning his scheduled meeting with the joint committee on Wednesday, 2 October 2019. I propose that we note this correspondence.

No. 2019/521 is an email received from Mr. Chris Smith from the office of the Minister for Transport, Tourism and Sport, dated 1 October 2019, regarding an invitation for the Minister to appear before the joint committee on 16 October next. Mr. Smith state that the Minister will be

out of the country at that time and will, therefore, not be able to accept the invitation.

No. 2019/522 is an email received from the office of Deputy Jonathan O'Brien, dated 1 October 2019, requesting that the joint committee change the agenda for the meeting on 2 October 2019 to include a hearing with the Football Association of Ireland. We discussed this matter in private session. It is proposed to note the correspondence. Is that agreed? Agreed.

No. 2019/523A is an email received from the office of Deputy Catherine Murphy, dated 1 October 2019, attaching two files from *cyclist.ie*. No. 2019/523B is a press release from *cyclist.ie* and No. 2019/523C is correspondence from *cyclist.ie*. We have agreed that Deputy Murphy will discuss this and it will be included in the work programme for a later meeting. Is that agreed? Agreed.

No. 2019/524A is an email received from Mr. Colm McGinty of Sport Ireland, dated 1 October 2019, attaching correspondence from Mr. John Treacy, chief executive officer of Sport Ireland. No. 2019/524B is a letter from Mr. Treacy regarding an invitation to appear before the joint committee. We discussed this matter in private session and it is proposed to note the correspondence. Is that agreed? Agreed.

Fáilte Ireland, Shannon Group and Port of Waterford Company: Chairpersons Designate

Vice Chairman: The next matter is a meeting with the chairpersons designate of Fáilte Ireland, the Shannon Group and Waterford Port. I remind members, witnesses and those in the Public Gallery to turn off their mobile phones completely as they interfere with recording equipment. This is very important because it interferes with the audio systems. I welcome Ms Rose Hynes, chairperson designate of the Shannon Group; Mr. Michael Cawley, chairperson designate of Fáilte Ireland; and Mr. Des Whelan, chairperson designate of the Port of Waterford Company.

I draw the attention of witnesses to the fact that 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. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, 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 asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or 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 House or an official either by name or in such a way as to make him or her identifiable. I invite the witnesses to make their opening statements, starting with Ms Hynes.

Ms Rose Hynes: I thank the committee for inviting me to appear before it today. I have submitted my statement and will take it as read. As members will see from my statement, I am a native of County Clare and I have worked for most of my career in the Guinness Peat Aviation Group, GPA, in Shannon so I have Shannon in my heart. When the airports were separated in 2012, I was appointed chairman of the Shannon Airport Authority in 2013 pending the estab-

lishment of the Shannon Group in 2014. Shannon Group put together the independent Shannon Airport and combined it with the restructured Shannon Development, which meant we got a property portfolio primarily composed of the Shannon free zone and a heritage portfolio added.

I set out the position at the time of the separation of the airports in my statement. At the time, passenger numbers had been dwindling and had been negative from 2006 to 2012. Addressing that was, therefore, an immediate priority. The infrastructure at the airport required significant work and expenditure as there had been a history of underinvestment. Likewise, there had been material underinvestment in the property portfolio in the Shannon free zone. The occupancy rate was 43% and many of the buildings were not fit for purpose. The Shannon Heritage portfolio also required significant investment.

I have set out the current position in my statement. We have increased passenger numbers by 34% and invested €100 million in the group since 2014 to bring things to where they should be and drive the group forward. We have stabilised and grown the financial position of the group and it is now in a much stronger position. We have invested a great deal of time and effort in that.

I will focus on the fact that this year is very challenging primarily because of the worldwide grounding of the Boeing 737 MAX jet aircraft on health and safety grounds. This has impacted us. We have lost 13 weekly flights, equating to 120,000 passengers, this year, which is a significant number for a company like the Shannon Group. It means our passenger numbers will be down this year. We have stated there is nothing we can do about this. We also lost Air Canada, which equates to about 25,000 passengers. We face a very challenging situation, including as a result of Brexit, and I would like to discuss how we will deal with those challenges. We are doing everything we can, working with all the Departments to be Brexit fit and Brexit ready, but who knows what Brexit is at this stage?

Mr. Michael Cawley: It is hard to believe it is five years since I was last before this committee. A number of familiar faces are here, including Senator O'Mahony. I am delighted to be back. In the five years since I took over as chair of Fáilte Ireland, and I assure the committee that this is entirely a coincidence, revenue from foreign tourists has grown by 78%. I do not take any personal credit for that. I just want to review where we are. The number of foreign visitors has reached almost 10 million. Revenue from domestic holidaymakers and holidaymakers from Northern Ireland grew by 26% in that period. Revenue from business tourism - conference and incentive business which is critical for us because these visitors come back as genuine tourists if they have a good experience - increased by 90% in the past five years. In some parts of the country, we are having what one would class as high-class problems in terms of capacity restraints and constraints and we are working through those as well. Tourism is the biggest industry in this country in terms of employment. It supports 260,000 jobs. Unfortunately, it is viewed in some sectors as the poor relation as a career choice for school leavers. We are working diligently to improve its profile. It is a service industry and, ultimately, we will be judged on the quality of the people we have and the quality of the welcome and service they give our visitors. We have to fix that problem in the long term and Fáilte Ireland is working strenuously with career guidance teachers at second level and third level institutions to provide courses that will be attractive. For example, we are focusing on the entrepreneurial aspect of setting up one's own business for young people who may have a hobby in activities or hospitality. We are fostering that as possibly another way of making the career an attractive option for them when they leave school or college.

It is interesting to note that 23 cent of every euro a visitor spends goes to the Exchequer.

It is a financially intensive revenue stream as far as the activity is concerned. There is hardly another industry that has a corresponding financial or labour intensive profile. The industry now generates €8 billion in revenue and, as I said, supports 260,000 jobs. Last year, 2018, was a record year for Irish tourism with 9.6 million overseas visitors. We expect it to be close to 10 million in the current year even though, as Rose Hynes said, there was a reduction at Shannon Airport. There has been an increase in Dublin Airport but it is less than was expected, also because of the Boeing 737 MAX situation. We would have expected it to surpass 10 million this year but, we will probably be just short of it. Hopefully, next year will be a further record year.

We support the industry not just financially but in many different ways. We have an extensive capital grants scheme of both large and small grants. I will talk further about that momentarily and give the committee some examples of what we have been doing. We also support the industry through management education. We have hundreds of courses and put 25,000 people in the industry through courses every year. They range from revenue management for hotels and restaurants to concierge services to tourist guides, for whom we have given certification qualifications to elevate the status of that profession within the industry.

Everybody who comes to Ireland tells us, and this is a little like motherhood and apple pie but we should never lose sight of it, that our people are the most important resource we have. The interaction with our people gives us a major competitive advantage over competing countries. People obviously do not come to Ireland for the weather, although it is a bonus when it is good, but for the welcome, the activities and, above all, the interaction with the people. We should never lose that. It is something that is innate in us but it is also something that can be taught. That is why we spend so much time educating people about their interaction with people, the knowledge they bring, the stories they tell and the legacy of what we have to offer to people who are essentially looking for authentic experiences. There are thousands of them in this country and we must harness them and present them well. That is what Fáilte Ireland does.

Some of the strategic investments and initiatives we have carried out between 2015 and 2019 are worth mentioning. Everybody is familiar with the Wild Atlantic Way and the brand in the east of the country, Ireland's Ancient East. These capture the activities that are the focus. Our research tells us that foreign visitors are not interested in visiting a country *per se*, but in what they can do, see and experience in a country. The brands we have made capture that. The "Wild" in respect of the Atlantic gives a true picture of an authentic experience which walkers, bikers and other outdoors people want to experience. Similarly, Ireland's Ancient East, built principally on the concept of ancient in Dunboyne, Brú na Bóinne and Newgrange down to the castles and medieval buildings in places such as Kilkenny, Waterford and so forth, has been an area we have tried to explore and combine with storytelling, which is a very important part of it. One must bring the bricks and mortar to life with good storytelling. Anybody who has taken a guided tour of Kilkenny Castle, for example, will know what a phenomenal experience it is, in contrast to just wandering around it alone. That is good but it is not as good as being shown around and told the stories related to it.

We have instituted another brand, Ireland's Hidden Heartlands. It is essentially on the Shannon and centred in Athlone. It has unique characteristics that attract both domestic and foreign visitors. We have instituted the Taste the Island programme this autumn. One of the key objectives of Fáilte Ireland is to extend the season. For many businesses in rural Ireland, the season lasts 12 weeks, which is too short to run a viable business. They are supported by family members who are often not being paid an economic wage. We must extend that season. Taste the Island is one of the big initiatives to extend it. It is running until the end of November. In ad-

dition, we have instituted a new Hallowe'en festival called Púca, which is starting in the Meath and Louth region at Hallowe'en. Similarly, the Bram Stoker Festival was a new festival at that time of the year in Dublin. It has been phenomenally successful. We will support, and bias our expenditure towards, regionality and seasonality. Dublin is the centrepiece for the country, but it needs less support than other parts of the country. Obviously, we will continue to develop it.

We have an apprentice chef programme. We also have a China ready programme. There are over 130,000 visitors from China, both those based in Europe and those who have come on direct flights and indirectly via London and other hubs in Europe. It is a growing tourism market. It is the biggest outbound tourism market in the world and it is a growing one for Ireland. We must be ready for Chinese visitors. They have particular requirements - dietary, protocol and customer behaviour, frankly - that some people in the sector have found difficult, but we cannot ignore the requirements of the customer. We are getting people fluent in Mandarin and Cantonese. We are building up an expertise in the country that will be able to give a pleasurable experience to the customer. Customers will go home and, hopefully, generate a multiple number more visits as access improves and the reputation of Ireland spreads in that important market.

Obviously, our biggest market continues to be Britain. Everybody is aware of the threat there. We see the threat from Northern Ireland already arising in Donegal and the Border counties. Access from Britain is slightly up this year so we are not too worried about tourism from Britain in the current year. The growth will be flat to modest. However, next year it may be down. The number of people who drive from Northern Ireland to Donegal, where traditionally there has been a big influx of people in the holiday season, is significantly down this year, particularly with the burden of a weaker currency. Donegal and the north west is an area we have been trying to promote. While it had a number of good years, this year is the first in which it will see a decline.

As regards the future, I mentioned that the key issues for us are regionality and spreading the good news, as it were. There was a report on "Morning Ireland" this morning about the increased concentration of air access into this country through Dublin Airport. It was less than 80% and has now grown to 85% of the people who come into this country by air. Some 91% of tourists who come to this country from abroad, apart from Northern Ireland, come by air. It is a critical issue for us. It is successful for Dublin, but it is a challenge for the rest of the country because we need to get people out there and staying overnight there.

What breaks my heart is to see people taking day trips from O'Connell Street to the Cliffs of Moher and then returning. It is a bad experience. They leave at 6 a.m., spend a couple of hours there and do not leave any real added value. There are hotels in Ennis and other places in Clare, charging half the price of what these people are being charged in Dublin, that could do with the business. We are working diligently with inbound tour operators to build a package. One cannot have the sole attraction of the Cliffs of Moher but a general proposition that will keep people there for the full day or a couple of days. We are working on that but it is not something that will be fixed overnight. We are spending a lot of money on our large capital and small capital grant schemes. We have given grants to every single county, although not by design when we invited applications. There are some phenomenally successful projects. Last week the authority held a meeting in Kylemore Abbey which was a school up to approximately 20 or 25 years ago. It now attracts 550,000 paid visitors every year, which is a phenomenal number. It is very well managed which is the key to its success. It is very well marketed abroad. We have twice given grants to it and are delighted by the outcome of our support and its efforts.

I have outlined our priorities. There are plans for a variety of visitor experience development plans in key towns. We are developing a master plan for the River Shannon, for example, as well as a for number of other regions, with which we will incentivise people through grants to develop in the way we believe is appropriate for tourism and tourists want.

I pay tribute to the staff of Fáilte Ireland. Members know that I originally came from Ryanair, an organisation that has had an interesting relationship with the public sector. I had no previous interaction with Fáilte Ireland, but I have found its staff to be superb. They are enthusiastic, energetic and thoroughly professional. They have only one thing in mind, that is, to develop a sustainable tourism product, grow employment and use tourism as a vehicle for increased economic and social development across the country. I commend the staff. It is a privilege for me to work with them.

Vice Chairman: Before asking Mr. Whelan to say a few words, I acknowledge the presence of Mr. Darren Doyle and Ms Mary Mosse.

Mr. Des Whelan: I thank committee members. I am accompanied by Ms Mary Mosse, a director of the Port of Waterford and a member of the audit and risk committee, and Captain Darren Doyle, harbour master of the port. I was appointed chairman of the board of the Port of Waterford in October 2014 and came before the Oireachtas committee in September of that year. I welcome the opportunity to update the committee on progress and developments at the port in the intervening five years.

The main focus of the board when I was first appointed was on recruiting a new chief executive, stabilising and bolstering the finances and attracting container services to address the requirements of local exporters such as Dawn Meats and Glanbia. This has been achieved owing to the efforts of a committed and performing board, management and staff. The management team, led by Mr. Frank Ronan who was recruited at the end of 2015, provides strong commercially focused leadership for the business. Its work is characterised by honesty and openness, which is highly appropriate and effective. The Port of Waterford is open and transparent in its dealings with shareholders, stakeholders and staff.

The Port of Waterford, a tier 2 port, is poised to increase its share of the Irish market owing to its proximity to the Continent and available capacity. This bodes well for the resurgence of the south-east region which, as we know, was badly hit by the recession. To summarise the performance of the port company in the past five years, bulk tonnage has increased by 52% and container traffic by 22%. Prior to the recession, our workforce stood at 56. The figure went as low as 30 before increasing in the past five years to 37. The accounting pension deficit has been reduced by over €4 million, from €5.5 to €1.2 million, while annual revenues have increased by 29% to €7.9 million and profits by 71% to €2.2 million. I am pleased to say that in 2019 the company paid the first ever dividend in its 200-year history to the Exchequer. This has been achieved by a clear business strategy as set out in our rolling five-year corporate plan. It has also been helped by providing increased depths to allow larger ships to come up the River Suir, investing in port infrastructure and building very good relationships with our business partners in the region.

Deputies may be aware of the new deep sea container feeder service owing to media coverage in July. This really is a game changer for the port and its stakeholders. For example, Glanbia processes and manufactures milk powder beside the port at Belview which is exported to China, Africa and the United States. It can now be exported from the Port of Waterford instead of being transported to Cork or Dublin. As a Brexit deadlock looms closer, the Port of Water-

ford has the capacity to accommodate any continental unitised traffic that is looking to divert from landbridge routes. It is prepared to play a vital role in mitigating any negative impact on the economy arising from Brexit.

In line with ports policy, the Port of Waterford has published its master plan to 2044. The plan will facilitate our mission to provide infrastructure and services to enable trade and economic development in the region. It follows significant investment in a hydrodynamic model of the Waterford estuary, the first such survey in 40 years and which has given a scientific foundation to the projects proposed to improve access for shipping on the River Suir. We can no longer ignore the consequences of failing to reduce carbon emissions and our reliance on fossil fuels. We owe it to future generations to reduce our energy usage and environmental emissions in general. In Waterford we have employed pool transport solutions, using electric vehicles, where possible. We are keen to promote the rail link which offers significant reductions in the carbon footprint in moving cargo by road.

The pension deficit at the Port of Waterford at one point reached €10.5 million. However, it has been reduced to €1.5 million. It is the board's intention that on completion of the sale of the north quays to the council in Waterford this year, the deficit will be cleared in full by year-end. Freed from this onerous financial burden, the Port of Waterford will be poised to generate cash for investment in facilities required to cope with projected future traffic flows, while continuing to generate a return for the Exchequer. The port has readied land holdings for port-related development, encouraging stakeholder investment in the port estate. Mindful of wider obligations, the board has been keen to co-operate with Waterford City and County Council in urban regeneration by disposing of its holdings on the north quays. This project is critical for the future development of Waterford and the south east. Investment has been made in the rebranding of the port, plant and equipment, the maintenance of port infrastructure, systems and new technology to ensure the highest quality of service for our customers.

We are mindful of our obligations in terms of governance. Much of our time is spent in ensuring compliance with relevant codes and directives which promote proper governance of the company on behalf of the Minister and citizens. I thank the Minister, Deputy Ross, for his support during my tenure and that of his staff in the maritime transport section. I am grateful to him for restoring the board to full strength with the filling of two vacant director positions this year and for my reappointment which I am pleased to accept. I am very pleased by what has been achieved at the Port of Waterford and look forward to further progress in the next three years as chairman.

Senator John O'Mahony: To clarify, should we direct questions at the three delegates or individually?

Vice Chairman: I will leave it to members' discretion. It is a unique scenario. We can direct questions at the three delegates.

Senator John O'Mahony: I compliment the delegates on the progress made in the past five years. The separation of Shannon Airport from the Dublin Airport Authority has been a success and the presentation indicates the progress that has been made. I will focus on the challenges mentioned by Ms Hynes resulting from a downturn caused by Norwegian Air operations. What figures does Ms Hynes project for passenger numbers in 2019? How much lower is it than the figures for 2018 or 2017? Does she think Shannon can work through this? What assistance or help is needed to work through this? As Mr. Cawley said in his presentation, tourism is extremely important in the regions. Will Ms Hynes illustrate the numbers, how much they will

go down by, if it can be worked through and the solution to continue to grow the numbers in Shannon?

I welcome Mr. Cawley back. He does not want to claim the credit for all of the increase in tourist numbers but he obviously did not hinder it either, so I offer my compliments on that. To focus on the challenges, Mr. Cawley mentioned the importance of the regions and of the Wild Atlantic Way, Ireland's Ancient East and Ireland's Hidden Heartlands. All of that is helping because it is crucial to diversify tourism. In many ways, there is a connection between the airports and tourism. As somebody from the west of Ireland, I note Ireland West Airport Knock is very important in bringing tourists to the region. The witnesses mentioned day trips to the Cliffs of Moher. I was living proof of that last week. I could hardly get a hotel room in Dublin because the city was packed out with conferences all week, which is great. We have just got through the first year of VAT on tourism having gone back up from 9% to 13.5%. What effect do the witnesses think that has had? The accommodation prices in major urban centres have increased again. As the witnesses say, tourism is the biggest employer in Ireland and it would be a pity if we killed the goose that laid the golden egg. Will the witnesses expand on the ability to spread tourism to the regions? There has been significant success with the Wild Atlantic Way and so on. Companies are seeing a better lifestyle in the regions too, so it is not just affecting tourism. Connectivity is important.

I welcome Mr. Whelan back. Much progress has been made in the Port of Waterford and Mr. Whelan has mentioned good news. As I come from the west of Ireland, I am interested in the issue of freight transport. Freight transport from Coca-Cola in the west ceased in 2018. I know that has been an issue. What is the up-to-date position on that? We are now onto the question of climate change and emissions. My understanding is that freight transport from the west of Ireland had to come to Dublin and then go to Waterford. Was that the issue? I know the western rail corridor and the possibility of direct freight transport is of interest with regard to both climate change and efficiency. Mr. Whelan might provide an update on that. Mr. Whelan made a point about the Port of Waterford being able to accommodate new arrangements depending on how Brexit pans out. Will he expand on the potential for the port? The European Commissioner for transport was here a number of years ago and suggested that the trans-European transport network, TEN-T, support and strategy was not to be revisited until 2023. I believe there has been a change in that regard. Will changes to connectivity affect the port?

I thank the witnesses and wish them the best of luck in their new appointments. There are many challenges but they have shown over the past five years that there are opportunities too. Well done to them for facing up to the challenges.

Ms Rose Hynes: 2019 has been a challenging year for us, primarily because of the Boeing 737 MAX, which was grounded because of safety concerns. We have proven by getting Norwegian Air and the additional 13 transatlantic flights that there is a market for those. I am therefore confident that we will get them back, although we cannot get them back overnight. The Senator asked about passenger numbers. We have already stated that if we lose 13 weekly flights from Norwegian Air, that would be 120,000 passengers, and another 125,000 passengers from Air Canada, we would be down by between 6% and 8% on last year's numbers.

Senator John O'Mahony: Has the airport managed to increase numbers in any other areas?

Ms Rose Hynes: No. One cannot just do that in the moment. Norwegian Air announced this coming up to the summer. The Boeing 737 MAX aircraft were grounded in March of this

year. It was hoped that that problem would be solved and kept moving along in that way. As summer approached, Norwegian Air announced that it was pulling out and it was clear that the problem would not be solved. It is hoped that will be solved by the end of the year but there is still no absolute clarity on that. There is a shortage of aircraft as a result. I am confident that we will replace them but it cannot be done overnight. I hope the Boeing 737 MAX will return, since that will assist the situation but there is a shortage overall at present. There is turbulence in the airline market at present, with Thomas Cook going out of business recently. It is quite a difficult time with general uncertainty. It is not just a Shannon or Ireland problem but much is happening with Brexit, local uncertainty and the Boeing 737 MAX, which is a global problem. That is the impact on us. The fact that we had the deal with Norwegian Air and those routes has proven that there is a market for it. I am confident that it will be replaced.

I am always interested in what Fáilte Ireland and Tourism Ireland are doing and how they spend their money. Seasonality and regionality work well and are important to us in the west of Ireland. If one broadens the seasons and does more in the regions, that benefits all of us. Dublin is a tough competitor. Dublin had 95% of all new business coming into Ireland between 2012 and now. That means that of any 1 million passengers, Dublin takes 950,000 and the rest of us take 50,000 between us. That is tough competition even if there was nothing else going on. There is also general uncertainty, including the issues regarding the 737 MAX jet. We need all of the assistance that we can get and we will take it all. We are completely in favour of balanced regional development and have lobbied hard for it. Such development is crucially important for all of us. We have also lobbied for more marketing support and want Tourism Ireland to market routes to regional airports, which would make a difference. In Project Ireland 2040 there is a lot of talk about how that will operate. We completely support and are aligned with its objectives, such as 75% of new business being outside of Dublin, which is important and crucial. How that is achieved is important. The more supports provided to assist the entire area outside of Dublin the better, and the sooner the better. We have lobbied hard for that. We have also had discussions with Fáilte Ireland on what it can do. The Wild Atlantic Way is a tremendous brand that has been enormously helpful to all of us along the entire west coast and beyond. We are the international airport for the Wild Atlantic Way, so the initiative is very important.

Mr. Cawley mentioned day trippers. Yes, that is a big problem. Dublin has more than it can take at the moment. I am not in any way anti-Dublin when I say so. Dublin is very successful but the rest of us need a chance. The rest of us need as much assistance as we can get. As much as possible needs to be done to drive business into the regions, because Dublin is congested.

Senator John O'Mahony: Should people arrive in the regions rather than travel to the regions from Dublin?

Ms Rose Hynes: I have not thought how that might happen. It would be great if people could be incentivised to arrive in the regions and spend more time in the regions. Government policy needs to strongly consider these aspects because how will the objectives of Project Ireland 2040 be achieved otherwise? The policy document contains strong ambitions, with which I completely agree, but I want to know how its objectives will be achieved. I would like to see the supports and to see them put into place.

Mr. Michael Cawley: I thank Senator O'Mahony for his good wishes. On the last point, I firmly believe that direct access into the regions is an important key ingredient and it is not the only one. There is a review of the regional airports taking place at present. It is critically important that Ireland West Airport Knock, Connacht's international airport, Kerry Airport, Shannon Airport and Cork Airport are all supported. They should not just be considered in terms of

their own profit and loss accounts because many of them need support. I do not think that Shannon Airport does but I am not sure of the economics involved. Ireland West Airport Knock and Kerry Airport need support. They have very onerous safety regulations, for example, that they must adhere to, which are appropriate and necessary, but they can be funded off a much higher passenger base than Knock has. I am very well acquainted with the airport at Knock from my previous work. The airport has successfully grown its passenger numbers to almost 800,000 and has done so progressively every year, and through the recession, over the past 15 years. The airport has done a phenomenal job. The real economic contribution made by the airport does not just show in its accounts but in the social and economic benefits that it has brought to the whole western seaboard. Shannon Airport is the biggest airport on the Wild Atlantic Way but the airport at Knock would claim to be an important access point, as does Kerry Airport, for the Wild Atlantic Way. The same applies to Kerry Airport. It is smaller but, in a niche way, it is very important for the region. I hope that officials from the Department of Transport, Tourism and Sport would decide in favour of maintaining these airports and consider the global contribution that they make to the whole western seaboard.

Access is not the only issue. We did not think about one consequence of a better road infrastructure, which is that people can travel to and from Dublin to the regions much quicker and make a return journey in just one day. The development benefits business people but it is a double-edged sword for tourism. Fáilte Ireland, apart from promoting access, wants to reverse the trend that Ms Hynes talked about, whereby 85% of all the existing air traffic that comes into the country comes through Dublin, and increase air traffic to the regions. Allied to that we need to build up a series of attractions, of which Kilkenny is a very good example. Every year, as many as 300,000 people visit Kilkenny Castle, of whom 25,000 of them visit the Main Street of the city, which is 100 yd. away. They all get back on their buses to travel back to Dublin. We need a package of attractions. We are working not just in Kilkenny city but in the general region, which includes Mount Juliet and so on, to get people to stay for at least a day if not more and, crucially, to stay overnight. We also are working to have night entertainment and night activities. We are working in a number of critical towns and cities that we have selected. We have called them visitor experience development plans, which we are heavily subventing with both money and management expertise to attract people with premises and encourage them to open for longer in the season and collaborate. There was a view in this country, particularly in the tourism sector, that one kept one's business quiet and did not collaborate with the guy down the road. In fact, cross-selling is critical to the success of a business and if a person cross-sells to another person, then somebody else will cross-sell in return. A big part of our efforts is securing collaboration between hotels, restaurants and other activities and for people to cross-sell their products. Cross-selling benefits everyone in terms of business and in our experience, the general pot of revenue increases as a result. That is a very important element on which we are working.

It is a far riskier thing to fly into the regions from a continental or British destination than it is to fly into the regions. The costs are the same in Cork, for example, so why would anyone fly to Cork rather than Dublin, other than one has spare capacity after one has finished giving Dublin all of one's business? We need to discriminate in terms of the economics of these airports because they are critical access points, as well as what we are doing in Fáilte Ireland where we are building up the experience, activities and things to do in those regions. That is the whole theory behind Ireland's Ancient East initiative where are trying to build up modules and nodes of activity. Waterford is another region. Wicklow has a phenomenal line of options that range from Powerscourt to Glendalough. Our biggest capital project, over the next few years, is with Coillte and we will develop Rathdrum where Charles Stewart Parnell's grandfa-

ther planted the first commercial forest in the country. Of course, the whole story of Parnell and Avondale House is central to that. What is the problem? We have found that all of the hotels in Wicklow are full and there are none other than in north Wicklow. Therefore, we need people to develop accommodation in the area. Of course the walking attractions in Wicklow are second to none. We need a co-ordinated approach and Fáilte Ireland is trying to bring all of the parties concerned together to give private investment reasons to invest in providing accommodation in the area and putting attractions in the likes of Kilkenny and so on where there is plenty of accommodation, as it happens. The problems differ from area to area.

Conferences were specifically mentioned. We have been so successful with creating conference business that the National Conference Centre in Dublin is full to capacity. Killarney is really the only other area that can house a large conference facility. That was the hotel problem that occurred two weeks ago because Google had 6,000 people in the city. A conference is not just about a large hotel. Activities must be arranged for spouses or partners who accompany delegates. One also needs leisure activities and, typically, one needs a banquet to take place in a castle. In the UK people use their old houses and so on for such events. We have those but we do not have all of the packages together in one area. Let me outline one of the things that we are doing. We have €10 million available as part of our grant scheme specifically for developing a conference centre. We have identified a number of places, including Limerick which is close to Shannon Airport, Bunratty Castle and a plethora of golf courses in places like Adare, Doonbeg and Castletroy. We lack a big venue and we want to try to develop it there. We are also looking at Killarney, Cork and Galway.

We need private investment, which we will strongly support from a financial and management perspective. We run the conference centre here in Dublin and we think we have the right formula. We are inundated with requests and are turning away business in this area. We have a fantastic ambassador programme of professionals in their area. Two years ago the biggest conference we had was for 7,000 flower arrangers. We have also had oncologists and botanists. The aviation conferences here in January are legendary. The two of them book out the whole of Dublin which is fantastic. We need more of that kind of stuff but there are logjams in the system.

The Senator also asked about VAT. In the past two years Ireland has gone down in the international value-for-money ratings. It is crucial that we keep our eye on that. The Minister for Finance, Deputy Donohoe, is a former Minister for Transport, Tourism and Sport and he knows what the challenges are. There is a split economy between those doing exceptionally well out of tourism and can afford to pay the higher rate, and those who cannot. It is impossible to split a national tax between the regions and Dublin. Hotel revenue per available room, RevPAR, which looks at a combination of the revenue and the occupancy is a key measure. Dublin hotels have had high single or double-digit growth for each of the past five years. We are bringing an increasing number of hotels on board which is the solution to that. I am pleased to report that increase with more employment being created.

Certain parts of the regions are doing well but in many parts the VAT issue has been a great difficulty in the current year. They are incapable of increasing their prices and have had to absorb the cost. In retrospect it has been a difficult year to do it with the difficulties in Shannon. Even though Dublin has grown, it has not grown by as much as we expected because of the problems with the Boeing 737 MAX aircraft and the cancellations by Norwegian Air. While we were very grateful to get the reduction in the VAT which was a great help to the industry, we recognise the Exchequer's need. While certain businesses in the regions have been able to

absorb it, it has been a difficult year for them to absorb it.

Local authority charges and insurance premiums are further problems for them. Insurance is a particular problem for activities providers. We are putting together a group scheme for activities providers so that they can buy insurance together. I constantly meet people who have one or two employees and get demand for another activity. They may do kayaking, mounting climbing, walking or cycling. They get demand for another level of activity and when they seek insurance they find it is prohibitive meaning they cannot expand. Working with the umbrella group for activity providers we will try to approach insurers to get certainty and stability of price for them. That is a big issue that has come on the horizon in the past 18 months or two years.

The VAT is a mixed bag and-----

Senator John O'Mahony: On the 9% rate of VAT, a case has been made for differentiating between restaurants and accommodation. Accommodation seemed to rocket whereas restaurants did not.

Mr. Michael Cawley: There may be merit in that. However, accommodation providers in certain parts of the country are still operating at 65% or 70% occupancy. That is a clear indication that they do not have pricing power. The occupancy rate in Dublin is one of the highest among capital cities in Europe. That will only be sorted out with an increase in supply over time. There is a split experience there.

The pressure on the restaurant sector is acute. Supply of labour is difficult which means that salaries are increasing. That is a good thing in one sense, but it is a pressure point for restaurants and then they have this cost on top of that. I cannot speak with enough experience to say definitively, but I would have more sympathy for that sector than I would have for the hotel sector. Crucially we need to look at the value-for-money issue.

Mr. Des Whelan: The Senator asked about the freight service from Ballina. We were very sorry to lose that service in 2018. It was not competitive compared with road transport. We had a number of meetings with Irish Rail about that. The prices at the time were among the highest in Europe. We are hopeful that we can agree a rate that will make that service viable. Waterford is one of only two ports in the country with direct rail access into the port. We see it as a big advantage to the business. We would like to get the business from Coca Cola back and we are hopeful about that.

The Port of Waterford is similar to Shannon Airport in that Dublin Port dominates our sector. We expect business to pick up with Brexit because we expect congestion in Dublin and on routes into and out of Dublin. We expect that some shipping lines will look south and north for their business. We hope to pick up a route or two in the coming year because of Brexit - deal or no deal.

We have plenty of capacity. Prior to the Bell Lines collapse 20 years ago, there were 25 container ship services into and out of the Port of Waterford. More recently we built up the bulk business substantially. We currently have three container ship services out of Waterford each week. We have plenty of capacity and we expect some business as a result of Brexit.

Regarding T10, we are preparing an application for some funding which will be submitted next year. As I said, we are reasonably confident about the future.

Senator Frank Feighan: I welcome the witnesses. They have all had their ups and downs. My first points are directed to Ms Hynes, chairperson designate of the Shannon Group. Its establishment in 2014 was very positive and I commend the work done there. I felt that the Shannon stopover which was eliminated a number of years ago was a drain on the rest of Ireland. It was the right decision by the then Government. Shannon Airport has come back fighting fit. The doubling of visitors to Bunratty and the folk park shows that the Shannon Group has been able to diversify. The problems with the Boeing 737 MAX have caused a major issue. I congratulate Ms Hynes.

I use Shannon Airport. I also use Knock airport and am very loyal to it. One thing that has helped those of us who like to use Shannon is the Tuam to Gort motorway. That has opened up Shannon even to Dublin-based passengers. Many people use websites to find the cheapest flights. They are flying from Dublin to Knock and from Dublin to Shannon. That makes a significant difference. People are focused on value for money. The move to establish the Shannon Group was significant. The figures Ms Hynes presented show that it was the right move.

Mr. Whelan mentioned the Bell Lines collapse. I remember it well. The Port of Waterford depended heavily on Bell Lines and it has reinvented itself. Glanbia is located beside the port and exports from Waterford instead of Cork or Dublin. Why is that when Cork, for example, is a larger port?

Mr. Des Whelan: We have brought in a new service. In the port's history, we never had a deep-sea service which went to Rotterdam which would allow one to export on to the US or China. Glanbia, situated only 100 yd from the Port of Waterford, had to export through Dublin or Cork because we did not have a deep-sea service to Rotterdam. We initiated that last July and the take-up has been quite good. We are of hopeful it will sustain itself.

Senator Frank Feighan: I congratulate Mr. Michael Cawley on his appointment as chairman of Fáilte Ireland. Did he attend this committee with Michael O'Leary before?

Mr. Michael Cawley: No, I was never in here with Michael O'Leary. The Senator would not remember me if Michael was here.

Senator Frank Feighan: I will always remember the day Michael O'Leary was here. There were so many people offering to attack, I ended up actually sitting beside Michael O'Leary. After three hours he left but nobody had laid a glove on him.

Mr. Michael Cawley: The story of his life.

Senator Frank Feighan: It was one of those interesting days and fair play to him.

I congratulate Fáilte Ireland on hitting 10 million visitors, the Wild Atlantic Way, Ireland's Ancient East and Ireland's Hidden Heartlands. All these projects have made a huge difference.

Coming from a constituency of Sligo, Leitrim, Roscommon and Donegal, I see first-hand facilities such as the surfing school at Strand Hill. Tourism is a way of life and much can be done. Access to the areas is important. Like the Tuam-Gort bypass, we need better access. The train takes three hours from Dublin to Sligo. The access is just not there. We need a motorway to the north west.

Many people have gone to Center Parcs Ireland already. That will help keep tourists in the country. Young families who want such a holiday now do not have to holiday abroad and go

to Dublin Airport or Shannon Airport. It will be a game changer for many of the areas around Center Parcs Ireland.

I started out with a bar and restaurant in Boyle which employed 30 people. I started out in politics by being the chairperson of the Lough Key Forest Park action group. Coillte could not draw down European regional development grants for Lough Key forest. I got Roscommon County Council on board which was able to draw down EU funding. This partnership has worked over the past 20 years with a significant tourism facility. There is an issue with hotel provision, however. The two hotels we had in the area have closed. No one will build a hotel because they can buy one in Ballaghaderreen for €200,000 or in Gorteen for €150,000. I cannot get the Minister to fund a hotel there. I am trying to get the local authority to build a hotel and lease it out. It is embarrassing. There are about five or six tourist towns which are missing out because of this. What do we do in this situation? A hotel is a social infrastructure. One cannot get people to invest until the climate is right. What would Fáilte Ireland's advice be?

Mr. Michael Cawley: It is a coincidence that the Senator mentioned Lough Key. We gave a large grant to it in 2012 and reviewed its performance at our last investment committee meeting a few months ago. It has been deemed a modest success but has much greater potential to go forward. We will take another look at the Lough Key facility. We know from our analysis what could improve it. There is a Swedish facility there-----

Senator Frank Feighan: Yes, Boda Borg.

Mr. Michael Cawley: This accounts for 75% of all the activity among the five activities in the park. We need to spread that. It is a fantastic facility. I have been there myself many a time as I have lived in Athlone.

The Senator is correct about the accommodation. Fáilte Ireland is talking to private operators to tell them our plans to ensure they have the confidence to invest. They will know we have done our research in the domestic and international market and know what people want. We will bring people there. We will work with a local group to market their facility, design a website, revenue manage rates and so forth. Then we will get the private sector to invest in that modestly to start with and then build it up. We are not going to build a hotel ourselves but we will do everything to support it with the private sector. The example of that is not just here in Dublin but across the country. Cork has had a massive expansion of hotels. With places like Boyle, we would like to work with any private operator and give them the confidence about our plans for the region. Strokestown is near there and we are putting a lot of money into Strokestown House.

Center Parcs is not just for domestic users. There are people in the UK who go to Holland and Belgium to stay in Center Parcs because they want to experience the various parks. Center Parcs management wants to attract people from the UK into Ireland with their product. It is a fantastic product and I hear good things about it. There will be a large domestic catchment but there will be visitors as well. The Center Parcs model is that one must stay there and one's car is taken away when one goes there. However, these visitors may check out the region too.

If there are people in the Boyle area interested in developing tourism, we would love to give them the confidence about what we are going to do and what we see is the potential for the region.

Deputy Marc MacSharry: I am new to this committee. Are we just here to re-affirm the

witness's appointments?

Vice Chairman: Yes.

Deputy Marc MacSharry: Not that I want to, but can we block them?

Vice Chairman: Not while I am here.

Deputy Marc MacSharry: I just wanted to see if there was a formal function of the committee in this regard. Is this confirmation that is required or is it an opportunity to comment on their appointments?

Vice Chairman: It is an engagement.

Deputy Marc MacSharry: Is there a time limit?

Vice Chairman: I hope the Deputy will think of the other members who may wish to contribute.

Deputy Marc MacSharry: I am confused that Kilkenny County Council has a role in Waterford Port?

Mr. Des Whelan: Technically, the port is in Kilkenny. It is on the Kilkenny side of the River Suir.

Deputy Marc MacSharry: Kilkenny does not have a coastline. It is the river.

How does it work in practical terms to be dealing with two local authorities?

Mr. Des Whelan: We do not find it a problem at all. We pay rates to Kilkenny and we have a close relationship with it. Obviously, we are five miles down river from the city. We have a good relationship with both councils. It does not present a problem unless there is a hurling match on.

Deputy Marc MacSharry: There is a unique situation there because the port is load on-load off, lo-lo, rather than roll on-roll off, ro-ro.

Mr. Des Whelan: Yes.

Deputy Marc MacSharry: I was a beef exporter in the past and we loaded boats there for Egypt in the day.

A no-deal Brexit would be good for the port in the sense that it is looking at direct exports to mainland Europe and further afield rather than the landbridge route.

Mr. Des Whelan: That is right. We just discussed that. We would expect that there will be congestion in Dublin, in particular, and perhaps in Rosslare. We will end up with increased container services coming through Waterford. Obviously, that Brexit scenario is not our hope. Brexit, with a deal or no deal, should bring extra business to Port of Waterford.

Deputy Marc MacSharry: I do not doubt Mr. Whelan's vision in this regard but I am not sure the Minister shares it, in that the reason I am late for the meeting is a priority question was asked in the Dáil on this very issue and the Minister did not mention Waterford as a potential pressure valve or with regard to the future. It was all about, sadly, that when we get congestion we will text drivers and get them to pull in until it subsides, and after 2021, Rosslare will be an

option with regard to the infrastructure it will have. He did not mention Waterford. Obviously Mr. Whelan has plans.

Mr. Des Whelan: As I said earlier, prior to the collapse of Bell Lines more than 20 years ago, there were 25 container services in and out of Waterford each week. There are now only three. Last year, there were two and a third deep sea service started in July. The bulk has built up substantially over the past ten years in particular but we still have plenty of capacity to take extra container services in and out of Waterford. We hope this will come to fruition. We have the capacity and we have certainly made it known to the Department of Transport, Tourism and Sport on a number of occasions.

Deputy Marc MacSharry: The port's master plan is to the year 2044.

Mr. Des Whelan: That is right.

Deputy Marc MacSharry: It sounds like an incredibly long period of time to have a master plan in place. I presume it is a fluid master plan.

Mr. Des Whelan: Yes, we have a rolling five-year business plan.

Deputy Marc MacSharry: The business plan is different. Is it planned to adjust the master plan on a five yearly basis?

Mr. Des Whelan: I think it is. It is hard to predict that length of time but in terms of port infrastructure, we have to take a long-term view. For example, we expect the bulk and container business in Waterford to grow. We have just completed a hydrodynamic survey of the Suir Estuary. Port of Waterford's biggest challenge is the cost of dredging. For a small ports like ours, it costs more than €1 million a year. One of the things the survey threw up was that two points on the River Suir, at Cheekpoint and Duncannon, require constant dredging. By building a trailing wall at the side of the river opposite Cheekpoint, we can take €500,000 a year from dredging costs. This is one of our immediate requirements. We hope to look at this seriously in the next two or three years. We have consulted with our stakeholders on the river. It is a long time out but putting infrastructure in place for somewhere such as a port is something on which we have to take a long-term view.

Deputy Marc MacSharry: I did not get into the type of detail in the master plan that I would have liked. With regard to the capital expenditure required to grow the facility and build towards its potential, is this planned to be self-sourcing in terms of revenue building and leveraging against borrowings or is the port dependent on the Department, Transport Infrastructure Ireland or others to divvy up the investment?

Mr. Des Whelan: We certainly have some funding ourselves. As I mentioned earlier, this year we paid our first dividend to the Exchequer in 200 years.

Deputy Marc MacSharry: How much was that?

Mr. Des Whelan: I do not have the figure in front of me but I am pretty sure it was €330,000. It was a good start. We expect to get European funding for any of our infrastructure projects.

Deputy Marc MacSharry: What are the major challenges for Port of Waterford in terms of realising its potential and building on its current five-year plan in the context of the master plan?

Mr. Des Whelan: We worry, obviously, that Brexit might drive the country into recession.

Leaving that aside, the Suir is one of the fastest flowing rivers in Europe so it silts and it costs quite a small port company more than €1 million a year. One of our major challenges is the pension deficit the port had. At one stage, it was more than €10 million. It is down to a little over €1 million now and we hope to wipe it clear this year. This will give us some cash to do lots of things we should be doing over the past ten years in terms of facilities. As always, we have many challenges but we see quite a bright future for the port. As Ms Hynes and Mr. Cawley have said, there needs to be positive discrimination towards the regions in everything, including tourism and transport. Our area has been neglected over the past five or ten years but right now there is a good story to tell about Port of Waterford.

Deputy Marc MacSharry: Well done to Mr. Whelan on his reappointment and best wishes for the future.

My next question is for Ms Hynes. In Shannon we have the property side and the airport. The property side is a very good news story. Shannon Group got it for nothing and it is debt free so it could not be other. With 170 companies and 8,000 employees, it is certainly something we would like to see build for the region and the western seaboard. The airport is less of a good news story, in terms of passenger numbers decreasing from 7% to 4.4%. When Ms Hynes took over, her target was to build the figure up to 2.5 million and the highest we got to was 1.9 million. What is the plan to get it back up?

Ms Rose Hynes: The situation at present is that Shannon Group is a good news story. Since separation, Shannon Airport has been a very good news story. The first thing we did on separation was to pick up five years of negative traffic. We managed to do that in the first year. Since then, we have grown passenger numbers by 34%. This year is challenging because of the Boeing MAX jet. We have lost 13 weekly flights.

Deputy Marc MacSharry: Are a lot of people in the world hiding behind the Boeing MAX jet issue? Every airline seems to be mentioning the Boeing MAX jet.

Ms Rose Hynes: I am not hiding behind it; I am just telling the Deputy the facts.

Deputy Marc MacSharry: I did not think Ms Hynes was hiding behind it. It seems to be the back story for every airline in every country in the world that is down on tourism. It is all about Boeing MAX. We had aeroplanes before that and ferries and transportation. It seems to be a good cover story. I am not saying it is for Shannon Group.

Ms Rose Hynes: The Deputy was not present when I explained earlier that we have lost 13 weekly transatlantic flights, which amount to 120,000 passengers. This is a lot.

Deputy Marc MacSharry: Boeing MAX did not seem to bother Dublin because it has grown to 86% of the national share.

Ms Rose Hynes: As we spoke about earlier, Dublin has 95% of all of the new business since 2012.

Deputy Marc MacSharry: Was divesting a mistake?

Ms Rose Hynes: No, it was not, quite the opposite. We had five years negative traffic immediately beforehand. That has been corrected and we have grown by 34%. Just because we are having a challenging year-----

Deputy Marc MacSharry: How many airlines have removed flights over that period?

Ms Rose Hynes: In the entire period?

Deputy Marc MacSharry: Yes.

Ms Rose Hynes: Flights come and go the whole time. That is just a natural process.

Deputy Marc MacSharry: Are they down at the moment?

Ms Rose Hynes: Pardon me?

Deputy Marc MacSharry: They are down at present on previous years.

Ms Rose Hynes: Yes.

Deputy Marc MacSharry: How will we get them back? If Dublin Airport Authority is doing all of the business should we not try to piggyback on its connections, familiarity, deals with airlines and connectivity on various routes? Would it not be better to be part of its scheme and that one outfit heads away to the various airlines or develops additional routes? I am from the west of Ireland and we are often accused of being the whingers from the west. Did we foolishly divest our interest in staying with Dublin-----

Ms Rose Hynes: I do not agree.

Deputy Marc MacSharry: -----because we felt threatened by the eastern conurbation and it is us against them? On this issue, were we a little bit short-sighted not to stay with Dublin?

Ms Rose Hynes: I do not think so. I do not agree because the passenger numbers were decreasing during the five years before separation and they have grown by 34% since separation. We are having a tough year but we will correct and come out of that.

Deputy Marc MacSharry: How will Ms Hynes manage to do that? What is the plan to get it back up?

Ms Rose Hynes: We are actively deployed in trying to get another airline to pick up on those routes. It is the number one priority for the board and the company.

Deputy Marc MacSharry: Would it not have made better sense to have Dalton Philips on Ms Hynes team? He is in contact with all of these people and is getting them into Dublin and he could tell people that when they are in Dublin, they should take in Shannon on that route or refuel or fly there.

Ms Rose Hynes: It was Government policy to separate Shannon. That is what has happened, and it has been positive.

Deputy Marc MacSharry: If it was Government policy in the future to reconnect the airports, what would Ms Hynes' view be?

Ms Rose Hynes: My function is to implement Government policy.

Deputy Marc MacSharry: Let us say a new Government was formed tomorrow morning and it decided to put Shannon, Cork and Dublin back together again. Does Ms Hynes think that would enhance or decrease the airport's potential to regain its former glory and kick on in numbers?

Ms Rose Hynes: As I said, my function is to implement Government policy, which is what

we are currently doing. We are separated from Dublin and those are the-----

Deputy Marc MacSharry: Would Ms Hynes say she is hampered by Government policy?

Ms Rose Hynes: I would not say we are hampered. I thought the separation was a positive thing.

Deputy Marc MacSharry: Ms Hynes agrees with separation. Would she therefore disagree with reunification?

Ms Rose Hynes: I implement Government policy. The Government decides the policy and we implement it.

Deputy Marc MacSharry: Ms Hynes will appreciate that from my perspective, the implication of what she is saying is that she would not be in favour of reunification.

Ms Rose Hynes: I am not taking one side or the other. I am just saying that that is my function. I do not get to decide.

Deputy Marc MacSharry: If we had separate tourism bodies for Shannon, Dublin and Cork, as well as Fáilte Ireland, we would be dividing our focus. That is the implication.

Ms Rose Hynes: It is up to the Government to decide how it applies-----

Deputy Marc MacSharry: It is up to the Government to decide but it is up to the rest of us to assess its performance and come up with other suggestions.

Ms Rose Hynes: Absolutely.

Deputy Marc MacSharry: To the extent that one is ever asked off the record, I think Shannon should explore the possibility of reconnecting with the DAA.

Ms Rose Hynes: We will take business from wherever we can get it.

Deputy Marc MacSharry: Looking at the figures alone, the DAA's leverage seems to have had a very positive impact on Dublin, while we have suffered on the western seaboard. I wish Ms Hynes the best of luck.

I will move on to the next witness. I realise I am taking a lot of time, but I will be finished after this.

Vice Chairman: I ask the Deputy to watch the clock.

Deputy Marc MacSharry: Tourism is always a great news story for us. We are building numbers and everybody is happy. At the same time, it is my job to see how we can kick on and whether we are missing anything. One thing that struck me was that the Department's website states that domestic tourism is not a priority. Did Mr. Cawley know that?

Mr. Michael Cawley: I did not. It is certainly a priority for us.

Deputy Marc MacSharry: I would hope so. We export 55 million bed nights per year, which is a substantial number of millions more than we import.

Mr. Michael Cawley: Is the Deputy referring to the number of tourists we send abroad?

Deputy Marc MacSharry: Yes. I am looking at it in terms of bed nights. It is not that we do not want foreign tourists coming here; we obviously want more. However, if we are exporting 55 million, it might be reasonable to try to get a certain number of Sligo bed nights in Cork, Limerick bed nights in Tipperary, Tipperary bed nights in Donegal, and so on. What is Fáilte Ireland's focus in trying to achieve that?

Mr. Michael Cawley: We have complete responsibility for domestic tourism. We produce the product to support accommodation providers, restaurants, activity providers, and so on. We also invest in experiences and sites such as Kylemore Abbey, where I was the other day, and create brands like the Wild Atlantic Way and Ireland's Ancient East, which we market domestically. Demand is a function of economic growth and of our ability. We have got much better at this recently and that is why our domestic tourism revenue has grown by 26% in the last five years. We provide customers with what they want rather than what we want them to have. For example, mid-week breaks and weekend breaks for young parents with young children, centred around hotels with swimming pools and leisure centres, have become a big feature. We have gradually helped providers by telling them what a particular customer cohort is looking for. Our role is essentially to research the market, both domestically and internationally, and tell accommodation providers, restaurant owners and activity owners what they need to provide for customers, and we have fine-tuned that product offering over the years.

Weddings are a big competitor in growing domestic tourism. For many hotels, particularly rural, non-urban, non-Dublin ones, wedding business is very attractive. Rather unreasonably, they want tourists to only come in the middle of the week when they have no weddings on. We are trying to develop a portfolio approach for these hotels, whereby they can see the importance of tourists who might stay from Tuesday to Thursday, in addition to the weekend, rather than having an absolute wedding focus. That has been a big issue for us, and we have helped drive growth by getting hotels to lessen their reliance on weddings. More people are having self-catering weddings as well, where they hire houses and bring in their own catering etc. That is good for tourism because we have had a capacity problem in certain areas. Hotels might be solidly booked on the weekends but would have no business in the middle of the week and would not see the relationship between the two facts. That has been one of the key issues for us, as well as developing activities for children and families. Older retirees will also stay at hotels in the fallow periods, either during the week or off-season.

We talked earlier, before the Deputy came in, about lengthening the tourism season. We no longer give grant aid to any activities in the peak season, including festivals and other activities. We will heavily support and discriminate in favour of any event which has a regional focus or extends the season. Everyone is busy in July and August, and we need to spread that out. Similarly, everyone is busy in Dublin for eight or nine months of the year and we need to spread that out regionally.

I will also respond to the Deputy's earlier question to Ms Hynes. I was previously in the aviation business, as the Deputy knows. I suggest he looks at the performance of Cork Airport, which has been allied to Dublin for the past five years. Its passenger numbers have declined every year, with the exception of last year. Breaking from Dublin was one of the best things that ever happened to Shannon Airport, in my experience, and reunification would not be for the best. I also think Cork should be an independent airport.

Deputy Marc MacSharry: Did Mr. Cawley apply for the job as chair of Shannon Airport?

Mr. Michael Cawley: No, but I dealt with it for a long time.

Deputy Marc MacSharry: I take his point.

Mr. Michael Cawley: That is just in case a mistake in policy should happen, were the Deputy in government.

Deputy Marc MacSharry: I thank Mr. Cawley for that comment. I return to domestic tourism not being considered a priority on the Department's website.

Mr. Michael Cawley: I assure the Deputy that that is not how we interpret it in Fáilte Ireland. It is an absolute priority for us. It would not have grown by 26% if it were not.

Deputy Marc MacSharry: I will come back to that in a second. Mr. Cawley claimed there is a national capacity problem in accommodation, on which I agree with him.

Mr. Michael Cawley: It is one of the symptoms.

Deputy Marc MacSharry: Senator Feighan mentioned earlier that a Centre Parcs-type development was attempted by Coillte in north Roscommon many years ago. However, during the planning process, someone from Malahide or somewhere objected and that put an end to it. The grant aids that were available through European sources evaporated as well. That is something we should all keep in mind.

As for the capital side, Mr. Cawley said earlier that Fáilte Ireland does not build hotels or support accommodation. Is there some state aid rule around that? Could Fáilte Ireland support accommodation offers, such as glamping, hotels, or self-catering accommodation, with capital infrastructure if it so chose, from a policy perspective?

Mr. Michael Cawley: We support them with registration, standards and training.

Deputy Marc MacSharry: I am talking about capital.

Mr. Michael Cawley: We cannot do that.

On the Deputy's point about Coillte, we now have a strategic partnership with that company. Our biggest capital investment over the next three or four years will be a development with Coillte - our first - near its headquarters in Rathdrum, which is a phenomenal development. We talked about Lough Key, which was given grant aid in 2012.

Deputy Marc MacSharry: That is the development to which I was referring.

Mr. Michael Cawley: We are happy to look at Lough Key again when we get a project proposal from Coillte on it.

Deputy Marc MacSharry: I call it Forest Park, but I was referring to Lough Key. What prohibits Fáilte Ireland from assisting or resourcing capital expenditure for accommodation providers?

Mr. Michael Cawley: In the private sector?

Deputy Marc MacSharry: Yes.

Mr. Michael Cawley: I suspect it is state aid rules.

Deputy Marc MacSharry: It could also be the public sector. Let us say-----

Mr. Michael Cawley: Is the Deputy referring to a publicly-owned hotel?

Deputy Marc MacSharry: Perhaps a community might get together and decide to develop 50 glamping pads in a field in Manorhamilton because they do not have a hotel. Could Fáilte Ireland support such a project with capital investment?

Mr. Michael Cawley: I do not know the answer to that. Philosophically, we want to assist anything that helps tourism, provided it fits into what customers want and what they are telling us they want. I will give the Deputy an example. We have deliberately stopped supporting distilleries because we believe there are enough of them. We researched the experience of distilleries in Scotland and found that only the top five or six were successful. We have an input in terms of our research as to what can help people locally. If finance is an issue, if we are allowed to do it and if it falls within our definition, we are very happy to look at it. There is no religious objection to this.

Deputy Marc MacSharry: I respectfully ask that Fáilte Ireland examine this on the accommodation side because by Mr. Cawley's own admission there are capacity issues in some parts of the country and we want weddings, not domestic tours.

I am nearly there, I promise the Chairman. The tourism strategy 2019-24 does not include one mention of the word "China". With 130 million journeys and €277 billion in expenditure per annum, the Chinese are by a distant mile the biggest spenders, so it is unusual that we would develop a five-year strategy without a single mention of the biggest market in the world.

Mr. Michael Cawley: Numerically, it is not in our top ten markets at the moment, but the Deputy is right that China is the biggest single market in the world. Before he came in, I talked about one of the key projects we have just finished and will be developing further, namely, our China Ready programme. We have 130,000 visitors from China or of Chinese origin into the country, as the Deputy mentioned, and-----

Deputy Marc MacSharry: I do not think the figure is that high.

Mr. Michael Cawley: I think it is.

Deputy Marc MacSharry: I was referring to 130 million journeys from Chinese people. What is the actual number of Chinese visitors?

Mr. Michael Cawley: I believe it is 130,000 people visiting the country.

Deputy Marc MacSharry: Is it that many?

Mr. Michael Cawley: That is the figure for visits from people originating in China and Chinese people living in Europe. There are customer expectations and personal interactions here which are different from the European or American experience. The Chinese definition of customer service is different from ours. We have carried out a very elaborate training programme with key hotels and restaurants right across the country-----

Deputy Marc MacSharry: How many staff-----

Mr. Michael Cawley: -----and then gone out with programmes to Chinese tour operators. We have been quite successful in this, assisted by the direct flights from China and Hong Kong, and we hope it will develop. The omission of the Chinese market from the strategy is therefore not reflective of the work on the ground.

Deputy Marc MacSharry: We will not know unless reference is made to the Chinese market in the strategy. If we have a website not prioritising domestic tourism-----

Mr. Michael Cawley: I am not responsible for the Department's website.

Deputy Marc MacSharry: That is the issue, is it not? We are all inside our own little pigeonholes and it is a case of "this is their job and that is their job".

Mr. Michael Cawley: No.

Deputy Marc MacSharry: Perhaps that is one of the problems. We need a little more integration.

Mr. Michael Cawley: I have more important things to do in Fáilte Ireland than to correct the Department's website.

Deputy Marc MacSharry: There was a peculiar line in one of the publications I read. It must have been the strategy. It stated that the Department of Transport, Tourism and Sport "will report to the tourism leadership group".

Mr. Michael Cawley: That is true.

Deputy Marc MacSharry: Can Mr. Cawley tell us, for the benefit of the committee, who is on the tourism leadership group?

Mr. Michael Cawley: I am not on it.

Deputy Marc MacSharry: I am only interested in who is on it.

Mr. Michael Cawley: The chief executive of Fáilte Ireland, the chief executive of Tourism Ireland, the Minister, the Secretary General of the Department and the assistant secretary with responsibility for tourism. They are the core of the group. There may be one or two other people-----

Deputy Marc MacSharry: The Department of Transport, Tourism and Sport will report to it.

Mr. Michael Cawley: I did not know that either.

Deputy Marc MacSharry: It sounds a bit strange.

Mr. Michael Cawley: It does.

Deputy Marc MacSharry: It is like saying, "Fáilte Ireland will report to Fáilte Ireland north west", is it not?

Mr. Michael Cawley: One could characterise it like that.

Deputy Marc MacSharry: Absolutely. I just feel like there are gaps in the integration of our approach. I started by praising Fáilte Ireland and all the great work being done.

Mr. Michael Cawley: I thank the Deputy. It is all down to the staff in Fáilte Ireland.

Deputy Marc MacSharry: There is no doubt about that. Going back to the issue of China for a second, how many permanent staff speak Cantonese or Mandarin?

Mr. Michael Cawley: Permanent staff in Fáilte Ireland?

Deputy Marc MacSharry: Yes.

Mr. Michael Cawley: None that I am aware of.

Deputy Marc MacSharry: Does Mr. Cawley know how many there are in Tourism Ireland? I know it is not his-----

Mr. Michael Cawley: No, I do not know.

Deputy Marc MacSharry: What about the office in Beijing? That is an office of Tourism Ireland.

Mr. Michael Cawley: We do not have an office in Beijing.

Deputy Marc MacSharry: No. Tourism Ireland does.

Mr. Michael Cawley: Yes, I believe so.

Deputy Marc MacSharry: There are 12 people in the office. Presumably, they all speak Cantonese or Mandarin.

Regarding Fáilte Ireland's China Ready programme, which we spoke about in the Dáil just a moment ago, is funding available in support of hoteliers and other accommodation providers-----

Mr. Michael Cawley: Absolutely.

Deputy Marc MacSharry: Let me finish the question. Is funding available in support of them to learn Cantonese and Mandarin?

Mr. Michael Cawley: Yes.

Deputy Marc MacSharry: How many are doing so?

Mr. Michael Cawley: I do not know the answer to that.

Deputy Marc MacSharry: It would be good to know the answers to these questions.

I will move on. I really am getting near the end - I promise. Is Mr. Cawley familiar with the term "place bonding"?

Mr. Michael Cawley: Not particularly, no.

Deputy Marc MacSharry: From my research on international tourism, it seems to be among the new buzz terms. Place bonding is what leads to repeat tourism. Our rate of repeat tourism is 31%, apparently. What are we doing to increase this? In Britain the rate of repeat tourism is 63%. What we have when people exit the country is a satisfaction questionnaire, which asks them whether they had a nice time, where they stayed, how they got on and so on. At the end of a holiday, unless they have had a really bad meal or stayed in a really bad hotel, people are in reasonably good form so will say everything was tickety-boo and that they had a tip-top holiday in Galway, Kerry, Sligo or wherever they were. I think the satisfaction rating is a flawed metric and that we need to take a different approach to ascertain and build place bonding because there is no question but that we can build our repeat tourism rate. We will never get

everybody back because some people want to travel the world and they go everywhere once. Other people have place bonds and will say, for example, “I really loved visiting Senator Ó Céidigh in Connemara and I am going to go there every year because I love the people and they know when my birthday is and what I like to drink and eat and so on.” There is certainly scope to build our rate up to 40% or 45%. What are we doing about that?

Mr. Michael Cawley: We want to give people the best experience possible. We emphasise retention of business to a lot to people. For example, one of the things we emphasise to all the stakeholders in the tourism industry is responding to ratings on TripAdvisor, *booking.com* and other rating websites. They are a key not only to getting visitors back but also to reaching the people who read and use those websites. They are highly instructive and highly informative to people travelling. Fortunately or unfortunately, we have to work them - that is the way the world is - and the communication there through social media is very important. I am surprised by the Deputy’s numbers because my information is that only 14% of British people have ever visited this country. I see that as an opportunity. Those who come, however, come frequently. I am very familiar with west Cork, for example, and the south. There is huge repeat business there from people from Britain in particular, probably less so from Americans because it is such a big journey and a once in a lifetime experience for them. I am therefore surprised by the Deputy’s figure, but the whole experience-----

Deputy Marc MacSharry: I assure Mr. Cawley that my figures are accurate. I asked Fáilte Ireland and Tourism Ireland for them. They were derived from international research, and I can provide them to him.

I promise I am concluding. This is my very last question. Is there an opportunity to build place bonding and repeat visiting through the excellent work Fáilte Ireland does? However, is it trying to do a little too much? Are we missing out on having a local structure that reflects the umbrella branding and the overall mission of Fáilte Ireland and Tourism Ireland? Perhaps, supported by local authorities and industry, we could have local bodies like, going back to the 1960s, the regional tourism organisations envisaged by Lemass, which evolved into Bord Fáilte and Fáilte Ireland but have broadly disappeared apart from private community-run groups, which are very successful in some areas but not in others. Do we need a structure around that which could enhance it?

Mr. Michael Cawley: My preference would be to see more community involvement rather than institutionalising anything. I was in the west last week and we had feedback from community involvement on the Aran Islands and out in Clifden. Our visit coincided with an arts festival in Clifden. There was incredible activity, all run voluntarily. One could put a bureaucracy down on top of that and kill it, in my view. We will work with any community, whether on a voluntary or institutional basis. We do not discriminate. However, it is much better if the community owns the undertaking. The Gathering, for example, was essentially community-based and rose up from the bottom. If people own the project, it gives the customer and the visitor a much better experience.

Deputy Marc MacSharry: I wish all three witnesses the very best and thank them for their time and their answers to the questioning. I apologise to my good friend here, Senator Kieran O’Donnell, who has been waiting for some time.

Vice Chairman: I acknowledge that our guests have been here for two hours.

Senator Kieran O’Donnell: I will just come in for a quick minute.

Vice Chairman: Please do. From now on, members are to avoid repetition in their questions.

Senator Kieran O'Donnell: I welcome all the witnesses. I would like to put a specific question to Ms Hynes. The script she furnished to the joint committee refers to the impact that a hard Brexit would have and to European hub connectivity for Shannon Airport. I ask her to elaborate on those matters. Along with members of the Shannon Group's management team, I met the Minister, Deputy Ross, on 6 February last. I understand that at the end of March, the Shannon Group sent a submission into the Department about the establishment of European hub connectivity. How has that been received? The 2014 guidelines on state aid to airports and airlines facilitate the State in being able to support start-up aids to airlines where they are of common interest. It requires airlines to establish that they will be viable within three years, will increase the mobility of EU citizens and will increase the connectivity of the regions by opening new routes. I am mentioning this in the context of Brexit. I ask Ms Hynes to update me on this matter. Will she indicate when she expects the Shannon Group to have a new CEO in place?

I ask Mr. Cawley, in light of his knowledge of the airline industry, to set out how important he considers it to be that Shannon Airport has European hub connectivity. It is excellent that we have connectivity with Heathrow Airport. We had connectivity with Charles de Gaulle Airport for a brief period when Aer Lingus pulled out of Heathrow Airport. When the Heathrow Airport service came back, the Charles de Gaulle Airport service ceased. I believe Shannon Airport is absolutely critical for our region. For the last year, I have been pushing the issue of the establishment of European hub connectivity. I appreciate that a submission has been placed before the Department. What is the current position in that regard? Having studied the European guidelines, it appears to me that the mobility of EU citizens and the connectivity of the regions can be increased by opening new routes, in line with section 5.2 of the 2014 guidelines under the heading of "Start-up aid to airlines". I think the State would be able to facilitate route support through public funds over a three-year period on the basis that these routes would not be opened without such support and that such routes would be viable within three years.

More particularly, Limerick and the mid-west region has a disproportionately large number of multinational industries. Tourism is vital to the region. We must have that connectivity. For me, anything to do with Brexit contingencies must involve Shannon Airport having major European hub connectivity. Frankfurt Airport is being mentioned, but I am not particularly precious about the exact location as long as there is connectivity. I ask Ms Hynes and Mr. Cawley to give us a quick update in this regard.

Ms Rose Hynes: I completely agree with the Senator that Shannon Airport is absolutely vital. Connectivity is vital. It is vital to have an additional connection. We have a connection with Heathrow Airport at the moment. The question of Brexit comes into play in that context. We have worked for quite some time to try to achieve connectivity with locations like Frankfurt, Amsterdam and Paris. That takes time, effort and funding. Our submission is still before the Department. That is the update. We are still waiting. We have lobbied hard.

Senator Kieran O'Donnell: Does Ms Hynes believe there is scope under the 2014 guidelines, as communicated from the Commission, which refer to airports with fewer than 3 million passengers?

Ms Rose Hynes: Yes.

Senator Kieran O'Donnell: Does she agree that the document in question could apply to

Shannon Airport?

Ms Rose Hynes: Yes. It is possible to do it from a state aid perspective under the original airports programme, as long as the passenger numbers are between 1 million and 3 million. We have been lobbying under that heading. We are positively awaiting a response.

Senator Kieran O'Donnell: If such approval is forthcoming, does Ms Hynes believe that Shannon Airport will get an airline to fly-----

Ms Rose Hynes: Yes, I do.

Senator Kieran O'Donnell: Okay.

Ms Rose Hynes: Very much so. We have made a very strong case. We have pushed it and we will continue to push it. We are waiting for the answer.

Senator Kieran O'Donnell: Obviously-----

Ms Rose Hynes: It would make a huge difference. It would be a game-changer for us. Who knows what is going to happen with Brexit? We will need another European hub in any event, Brexit or no Brexit. If Brexit happens, absolutely we will need a European hub.

Senator Kieran O'Donnell: Why have airlines been reluctant to take up this route? Why am I asking for Government support? I believe state support can be provided on the basis that the airport has less than 3 million passengers. That section of the document is clear. In the context of Brexit, we are seeking to increase the mobility of EU citizens and the connectivity of the regions by opening new routes. Mr. Cawley might want to respond to this question as well. Why are airlines not flying to European hubs from Shannon Airport? In light of the presence of a large multinational sector in the region, given that Shannon Airport offers access to the whole western seaboard and considering that there is excess capacity at the airport, why are we not seeing it?

Ms Rose Hynes: I think it is tough. As I said, there is tough competition from Dublin Airport. It is an easier sell for Dublin Airport to get a route into a European hub than it is for Shannon Airport. In the case of Shannon Airport, the viability of the route for the first three years has to be proven, which necessitates a serious marketing fund. In the case of Dublin Airport, it is a much more straightforward proposition. I agree with the Deputy that it is a tough space.

Mr. Michael Cawley: I am not an expert on airline hubs. The basic reason airlines do not start routes is that they would lose money on those routes. Money can fix that. The commitment involved in giving an expensive slot to a regional airport like Shannon Airport, as Lufthansa might do in the case of Frankfurt Airport, is an opportunity cost for those involved. When they look around Europe, they see the potential of linking in with a Polish city, a Swedish city or another city of 500,000 people and attracting the associated long-haul business traffic which would pay them money. Frankly, that is a big gap for an airport like Shannon Airport to bridge when promises are being made in respect of passengers. I am not sure where the foreign multinationals in Shannon want to fly to. The reality is that not enough of them have shown up to provide a level of demand for flights that would justify these increased services. I am sure the Shannon Group has prepared a proposition for the various airlines to which it talks. I do not know.

Ms Rose Hynes: We have huge support.

Mr. Michael Cawley: We are not in that business in Ryanair. We never have been.

Senator Kieran O'Donnell: There is huge support.

Ms Rose Hynes: There is huge support in the region.

Mr. Michael Cawley: Yes. The customers have to show up too.

Ms Rose Hynes: All of the stakeholders-----

Senator Kieran O'Donnell: There is a demand from the multinational sector.

Ms Rose Hynes: There is.

Senator Kieran O'Donnell: They are asking for it.

Ms Rose Hynes: They are.

Senator Kieran O'Donnell: I asked when the CEO will be put in place.

Mr. Michael Cawley: They can fly to New York and go on from there. That is another hub. I do not know. I am not an expert on it.

Ms Rose Hynes: There is huge demand in the region from business and everybody else for that additional hub. I think it would be very successful.

Senator Kieran O'Donnell: When will the CEO be in place?

Ms Rose Hynes: The CEO process is under way. I expect that a decision will possibly be made during this month. Then it will depend on notice periods and so on. A decision will certainly be made on foot of the successful campaign that has been run.

Vice Chairman: I ask Senator Ó Céidigh to remember that our guests have been here for over two hours.

Senator Pádraig Ó Céidigh: This is the last time I will let someone who is not a member of the committee speak before me. Sin scéal eile. All of the witnesses are welcome. I congratulate Mr. Whelan on the work he has been doing. He mentioned that the company recently paid its first dividend in 200 years to the State, which is some feat. He spoke about the reduction in the pension liability as well. I wish the company continued success. Obviously, it is being managed very well.

Mr. Des Whelan: It is very little to do with me, to be fair.

Senator Pádraig Ó Céidigh: No, absolutely.

Mr. Des Whelan: The credit must go to the executive and the staff.

Senator Pádraig Ó Céidigh: I remind Mr. Cawley that I sat on the board of Fáilte Ireland for a number of years. I was very encouraged to hear him speaking about the staff. I say "well done" to him in that regard. The experience I had in Fáilte Ireland was that the staff are second to none. I was blown away by their passion and commitment.

Mr. Michael Cawley: Yes.

Senator Pádraig Ó Céidigh: They go over and above the call of duty.

Mr. Michael Cawley: Absolutely.

Senator Pádraig Ó Céidigh: I have a couple of questions for Ms Hynes. Shannon Airport is my favourite airport, particularly for its ease of access. I can get in and out very quickly. We have been discussing why airlines may or may not use the airport. As Mr. Cawley rightly said, it comes down to economics. If airlines make money by serving a particular airport, they will go there. If they make more money elsewhere, they will go there. An airport cannot be moved. It is a fixed space. One can move an aeroplane wherever one wants, whereas an airport is a fixed, structured asset that cannot be moved around. That is the difficulty for those who manage airports. They depend on airlines and they are in competition with other airports for those airlines. I assure the committee that aviation is a serious and tough business to struggle in. That was my experience, although it might not be the case with Ryanair. If one makes €1 of profit per passenger, one is in seventh heaven. It is about scalability, as well as everything else.

I have a couple of questions which are mainly for Mr. Cawley. I authored a Seanad public consultation report which represented approximately two years' work. It is the only comprehensive report which has ever been produced on SMEs in Ireland. It looks at industries on an industry basis and, separately, on a geographic basis. It is very interesting. We had engagement, for example, with Fáilte Ireland and many others. We engaged in public consultation and representations were made. In the hospitality and tourism sector key successes were mentioned. It employs approximately 280,000 people and 68% of the jobs are outside Dublin, which is of great importance. Of the people in question, 180,000 are engaged in the accommodation and food sectors, while 89% of the businesses involved are SMEs. That is from where I am coming on SMEs. I am going to connect it with Shannon Airport in a second. For some regions, tourism is the most significant industry. It helps to support local authority incomes. For example, if Donegal County Council did not have its current level of income from tourism, it would not be able to provide the community in the county the infrastructure it has provided. When I spoke to the county manager, he affirmed this. The tourism industry contributed approximately €2 billion to the economy in 2017.

I would like to hear Mr. Cawley's views on the key challenges which include currency volatility and the overuse of Dublin as a tourism destination. What can Fáilte Ireland do with Ms Hynes and those like her in that regard? There were 32 million passengers at Dublin Airport in 2019, which is 18 to 20 times the number using Cork Airport, the second largest airport in the State which is in Mr. Cawley's home town.

Rising business costs are also a challenge, particularly when the unemployment rate is 4.5%. Issues in finding professional chefs and so on are mentioned. What is Mr. Cawley's experience in that regard?

Another issue is one that is dear to my heart, namely, the myriad agencies and supports in place for tourism. We are all over the place. Local authorities are involved in tourism. In my area we have Údarás na Gaeltachta. One has LEADER programmes and LEO involvement in tourism. There are approximately 12 to 14 organisations in the west with some involvement in tourism. From a policy perspective, it would be useful to co-ordinate that involvement in a structured way through Fáilte Ireland. What is Mr. Cawley's view? The work should not be splintered, with things getting lost all over the place. In former days one had one aeroplane type and a pilot could fly any aeroplane. There was a clear and simple model. It appears that in tourism, however, we are scattered all over the place, while people seek to hold onto their own

peg for a sense of control and so on. I would value Mr. Cawley's opinion and like the Minister to listen when I say the activity should be co-ordinated centrally through Fáilte Ireland.

The report contains a number of recommendations, including on China. It also refers to SMEs. The Chairman is welcome to a copy of the report, albeit he probably has one. I have met perhaps 30 organisations in the past six months to discuss it, including IBEC, ISME, the Small Firms Association and various people involved in tourism. It includes statistics for the percentages of SMEs engaged in tourism. In County Kerry, for example, 20% of all SMEs are involved in tourism. One might not be surprised by that figure, but if something hits the fan in tourism, SMEs in County Kerry will be decimated. In Dublin, however, the figure is less than one third of that figure, at 7% of SMEs being involved in tourism. Therefore, the regional nature of tourism is critical. That is why Cork Airport, Waterford Airport and Shannon Airport have a critical role to play. We have to have the tourism industry and those airports on the same page. We also need strong and focused Government policy on facilitating regional development. It is not in Dublin's interests that the airport has 32 million passengers. It is in its interests that people can flow and find accommodation or housing reasonably easily. It is in the interests of the regions that there be some balance.

I ask Ms Hynes to set out some of the key challenges she will face in the coming three years. She has done an excellent job at Shannon Airport where capital expenditure was a significant issue. There was a problem with the runway which was uneven and cracked. I am particularly interested in her vision for non-core airline work in and around Shannon Airport. She has done some work on that issue. It would be useful if the committee could hear about the latest developments as to where she is with that strategy.

Mr. Michael Cawley: I agree with the Senator on the co-ordination of a number of agencies. Fáilte Ireland has always and continues to carry out constant research on customers. With Tourism Ireland approximately four or five years ago we co-sponsored some major research work which we are constantly updating. It tells us what domestic and overseas customers want. We do not necessarily need to control funds locally, but we would like to advise people on spending, whether it is under the LEADER programme or by some other organisation. Money can be misspent and have a detrimental, rather than a motivating, impact. One of the good news stories on that front relates to the Department of Rural and Community Development under the Minister, Deputy Ring. We have been embedded in it to advise the Department on the importance of tourism to the regions, to which the Minister is completely wedded. He was previously a Minister of State at the Department of Transport, Tourism and Sport under two Ministers and is personally very interested in the development of tourism. I had a meeting with him on the issue this morning. We are, therefore, central to how the Department disposes of its funds, the policy it applies and the emphasis of spending. We leverage the large amount of funding of the Department, which is a multiple of the funding available to us. We are designing the approach specifically to have the best impact in the regions. Therefore, I agree with the Senator on the need for co-ordination and to have myriad agencies brought together with one focus. Let them support individual projects and get the credit for it, but let us also pull in the same direction.

The Senator is absolutely right on the question of SMEs. A lot of tourism businesses, in particular, activity centres, are run by people whose hobbies, in essence, got out of hand and developed into businesses. Their enthusiasm for their customers is infectious and their expertise, important. The major decision for these businesses is employing the next person. It is a major decision. Thankfully, many of them are successful and grow to having five, ten and 20 employees. However, they do not have the range of expertise they require across market-

ing, revenue management, finance and communications, including in the area of social media. One bad rating can kill a business. Therefore, we teach them how to respond to TripAdvisor and *Booking.com* ratings and support them in other ways. More than 25,000 people attended Fáilte Ireland-sponsored courses this year, including courses on revenue management and customer greeting. We train tourism guides and provide for certification and so on. They are very important in the added value they provide for customers and the expertise they can imbed in their own businesses to make a profit. Many of them are fantastic at generating revenue and providing good customer experiences, but if they do not control their costs and are surprised by unexpected expenses, the business will fail.

The major challenge for us is wedded to the issue of regionality. It is to extend the season and have regional dispersion. I agree that it should not be at the expense of Dublin. Members might have seen on the news recently the spectacular development of the casino in Marino. There are parts of Dublin which need to be developed too, particularly on the north side. The concentration of business in the city centre is also a problem for Dublin. The DART offers us a fantastic opportunity to get people to Howth and Greystones, for example, as well as to towns such as Balbriggan, Skerries and so on. The development in Marino which is spectacular and has been assisted with Fáilte Ireland funding, in conjunction with the OPW, is something I commend to members. It is our attempt, even within Dublin, to regionalise out from the centre. In the country as a whole, the Senator is correct that given the percentage of SME involvement in the tourism industry in County Kerry and elsewhere in the country is a risk in the context of any prospective downturn. We hope there will not be a downturn in tourism. This should concentrate our minds on ensuring this business and sector are properly funded and resourced, not necessarily only with money but also from an expertise point of view. We should support those SMEs which, as I said, do not have the expertise to run every element of their business.

Regional access, as the Senator pointed out, is a critical ingredient of success. Before the Senator arrived, we were discussing a review the Department is carrying out on regional airports, specifically Kerry, Knock, Waterford and possibly Derry airports. These airports must be supported and their performance must not be judged solely on their own profit and loss account. The capital expenditure that airports like Knock require to meet safety regulations, as is absolutely right-----

Senator Pádraig Ó Céidigh: Absolutely.

Mr. Michael Cawley: -----is a huge burden for a small airport. The contribution these airports make locally in Mayo, Galway, Sligo and so on should be the true measure of their performance. Joe Gilmore, whom I know personally, has done a phenomenal job to grow Knock Airport, through thick and thin, every year for the past 15 years.

Senator Pádraig Ó Céidigh: I could not agree more.

Mr. Michael Cawley: He is symptomatic. The guys in Kerry Airport have a huge burden as well. Management at the airport, which is vital to the region, changed recently. We need to support these airports and get more throughput to keep them growing.

Vice Chairman: I come from a location in north Cork, which is the central point between Limerick, Waterford and Cork city. Recently, I attended a business meeting and it was acknowledged that the Waterford and Limerick regions were fast catching up and competing with Cork. One of the big benefits has been the infrastructure that has been in place. The tunnel under the River Shannon in Limerick has been a big boost to Shannon Airport and the companies

in the region. A major bypass in Waterford is facilitating infrastructure in the port. I commend Mr. Whelan on bringing the port from the position it was in some years by reducing its debt and developing the container side of the business. With Brexit, would a roll-on, roll-off ferry be a possible option in Waterford Port?

Given the historical nature of Waterford port, are cruise liners making use of the port? They are an attractive option now that Dublin Port is seeking to reduce the number of cruise liner berthings there. Could Waterford Port use this opportunity and fill that void?

I am delighted to note the good occupancy rates of the commercial premises in the Shannon Group. Ms Hynes mentioned that 43% of properties were vacant in 2014. I was touring recently in the general Shannon Airport catchment area and I was amazed at the amount of industry and the number of industrial units in the area. Are the new jobs split 50-50 between foreign direct investment and indigenous companies?

Mr. Des Whelan: On the question of all roll-on, roll-off, Belview Port is seven or eight miles - Mr. Doyle may correct me as he is the harbourmaster - up the estuary. The larger ships need to go up with the tide. We have investigated in our master plan the potential for roll-on, roll-off traffic and it is not viable given the time restriction on a roll-on, roll-off vessel going up Waterford Estuary. The passage from the UK or from mainland Europe would add to costs and it would not be competitive against other services. We have looked hard at that and consulted a number of experts in our master plan and this was the general agreement. That is a fair summation of the position.

Mr. Darren Doyle: To be fair, Rosslare is not too far away from us either, and it is another State-owned asset. With value for money and cost-benefit analysis, this idea would not be effective.

Vice Chairman: What about attracting cruise liners?

Mr. Des Whelan: How long is a piece of string? People are very concerned about this issue, particularly in the tourism industry. We have about 25 cruise liners coming in to Waterford every year. The liners that are 200 m long can come up as far as Belview Port. They account for about ten of the 25. Three or four can go the whole way up the river into the quays at Waterford. The others, the very large ones with 2,000 or 3,000 passengers on board, dock off Dunmore East. They are then tendered into the harbour in Dunmore East, weather permitting. Quite a number of the cruise liner passengers are elderly, in the 50 plus bracket. One cannot always take that number of people on to a tender.

This week, for example, we turned away a very large cruiser because it was not suitable to take people off. To put a cruise facility in Dunmore East would be a multimillion euro investment. That is the reality of it. We are vulnerable to the weather for those ten or 15 cruise liners, that is, the very large ones. The other cruise liners can go up to Great Island or to Belview Port but we are restricted unless a massive amount of money is put into the infrastructure to cater for the very large cruise liners at Dunmore East, or something along that estuary, between there and Woodstown. Mr. Doyle is a harbourmaster and is far more used to dealing with the problems of cruise liners but it is important to say that we welcome them and would like more of them. The infrastructure and what we can offer, however, is a problem.

Mr. Darren Doyle: That is a fair comment. Significant investment in Dunmore East would be required to construct a cruise terminal there. The south east region as a whole is very at-

tractive to cruise business and passengers and there are very favourable responses to Waterford from companies. The tendering is a challenge, particularly with some of the weather we have in Ireland.

Vice Chairman: Very good.

Ms Rose Hynes: We are very proud of what we have achieved, particularly in the Shannon free zone. As I said, occupancy stood at 43% when we took over the zone and many of the buildings were not fit for purpose. That has completely changed now. We have spent over €40 million since 2015. We have built new buildings and demolished some of the unsuitable ones and we have refurbished other buildings. We have brought in new tenants, like Jaguar Land Rover, which have two buildings there as one drives into the airport. That is phenomenal for Shannon and is a game changer. Edwards Lifesciences are new tenants as well.

We have set up a brand called the International Aviation Services Centre, IASC, which attempts to cluster the aviation activity in and around Shannon. That has gone from having 40 members in the cluster to 83 now. There are two new aircraft leasing companies in Shannon, which is very dear to my heart as I came from GPA, the first of those leasing companies. These are two new small companies also and that is big for Shannon. Having the IASC brand to cluster the aviation activity is proving to be very successful because various companies feed off one another. That has been really good.

We have focused on turning Shannon free zone around and I believe that we are well on the way in doing that. We have done this in a very short period and I am very proud of that.

Vice Chairman: That is very good.

Ms Rose Hynes: We are also building the first wide bodied aircraft hangar just off the runway. It is due to be completed by the end of December. It is the first to be built in Ireland in the past 20 years. The development will further drive activity in and around the airfield zone.

Vice Chairman: Very good. I welcome Mr. Cawley. We acknowledge the tremendous work done by Fáilte Ireland during the years, particularly in recent years under the chairmanship of Mr. Cawley, as shown in the revenue figure of €8 billion. Previous questioners have asked questions about issues ranging from the Wild Atlantic Way to ancient Ireland and back roads. What about sport which is a big topic? Fáilte Ireland has a role to play in bringing more people to the country to participate in sports and attend sports events. The delegation might know why I have raised the issue. There has been publicity recently about greyhound racing. The Minister for Transport, Tourism and Sport has asked Fáilte Ireland to remove references to it in its brochures. Fáilte Ireland promotes the country. How much of a role does it play in the overall promotion of sports when it is involved in trade delegations or at business stands abroad?

Mr. Michael Cawley: We were not asked by the Minister to do that. He asked us to meet Bord na gCon, with Tourism Ireland. We met the board and made the decision. The Minister did not ask us to make it. He just asked us to meet the board.

On the issue of sport promotion generally, we entirely supported the bid to host the Rugby World Cup. We provided the administrative support. The Government, through Fáilte Ireland, put up €1 million for the bid which, sadly, was unsuccessful.

We initiated a cycle race on the Wild Atlantic Way. The event was held for two years and we

are trying to restart it because cycling is huge as both a leisure and competition activity.

I will not go into too much detail, but we promote a broad range of sports in many ways. For example, we work with Mr. Peter McKenna in Croke Park to fill the empty seats at the hurling semi-finals. In the past there was capacity for 40,000, but that figure has now been increased to 70,000 owing to a change in the pricing structure. I do not care who goes to Croke Park, whether it is visitors or Irish people. It is a fantastic spectacle and a shame to see empty seats at some of the big games. Croke Park has fixed the attendance issue in a certain way and we have worked with it in promoting events abroad. The television coverage of GAA games by Sky Sports in the past couple of years has helped a lot to promote the product. We work with all sports bodies, but in the past few years we have worked in particular with the GAA and the Irish Rugby Football Union. We are also involved with Union of European Football Associations in supporting the Nations Cup games that will take place in 2020 or 2021. We are assisting in providing the expertise it needs to maximise the impact of the games for us as a country in terms of the visitor experience.

Golf promotion is a major area of activity for us. With Sport Ireland, Fáilte Ireland has sponsored the Irish Open for the past few years. That sponsorship will finish this year, but Sport Ireland will keep the event going. We have leveraged our sponsorship to help smaller golf clubs which are the ones that really need to attract tourists. The Killarneys and Ballybunnions of this world are full. We have used the exposure on television to market golf in Ireland. We received massive coverage in working with the European Tour. We also help smaller golf clubs in a practical way to join us. We have developed the Links Alliance in Dublin. We have also developed the North West Alliance which includes Belmullet Golf Club in County Mayo, Enniscrone, Strandhill and Rosses Point golf clubs in County Sligo and all of the golf courses in County Donegal. There is a common website on which one can book accommodation. Economically, the initiative is very good for the clubs and the regions because visiting golfers spend between €300 and €400 on green fees and another €700 or €800 on accommodation, food and so on. Fáilte Ireland has taken a keen interest in the sector. We have a special manager in the organisation who is dedicated to golf promotion and has done fantastic work in that regard.

Fáilte Ireland is involved across the entire spectrum of sport promotion.

Vice Chairman: I thank Ms Hynes, Mr. Cawley, Mr. Whelan, Ms Mosse and Captain Darren Doyle for their time. I apologise that the meeting lasted longer than expected.

The joint committee adjourned at 1.05 p.m. *sine die*.