

National Tourism Development Authority (Amendment) Bill 2022

Bill No. 88 of 2022

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Abstract

The main purpose of the *National Tourism Development Authority (Amendment) Bill 2022* is to provide the statutory basis to allow the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, with the consent of the Minister for Public Expenditure and Reform, to increase the aggregate level of advances that may be made to the National Tourism Development Authority (Fáilte Ireland), out of capital monies provided by the Oireachtas.



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Summary

- The [National Tourism Development Authority \(Amendment\) Bill 2022](#) was published on 29 September 2022.
- The Bill is short and comprises of only 2 sections.
- The [National Tourism Development Authority Act 2003](#) established the National Tourism Development Authority / an tÚdarás Náisiúnta Forbartha Turasóireachta, otherwise known as Fáilte Ireland. This new authority brought together functions then carried out by Bord Fáilte and the Council for Education, Recruitment and Training (CERT). The role of Fáilte Ireland is to support the long-term sustainable growth in the economic, social, cultural and environmental contribution of tourism to Ireland.
- The purpose of the [National Tourism Development Authority \(Amendment\) Bill 2022](#) is to provide the statutory basis to allow the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, with the consent of the Minister for Public Expenditure and Reform, to increase the aggregate level of advances that may be made to the [National Tourism Development Authority](#) (Fáilte Ireland), out of capital monies provided by the Oireachtas. This is to be used for supporting enterprises and projects relating to the development of tourist traffic and the development of tourist facilities and services.
- Under the previous [National Tourism Development Authority \(Amendment\) Act 2016](#), the cap for spending on capital tourism projects and enterprises increased to €300 million. It is now proposed to increase this cap further to €500 million by amending section 24(2) of the [National Tourism Development Authority Act 2003](#).
- Tourism is one of Ireland's most important economic sectors. Expenditure by tourists visiting Ireland (excluding fares) was estimated to be worth €5.1 billion in 2019. Combining spending by international tourists with the money spent by Irish residents taking trips here and receipts paid to Irish carriers by foreign visitors, total tourism expenditure in 2019 was estimated by Fáilte Ireland to be €9.5 billion.
- An estimate of all jobs in the tourism and hospitality industry based on past Fáilte Ireland surveys of businesses (full-time, part-time, seasonal/casual and not confined to 'main' job) indicated total employment in the sector at approximately 260,000 prior to the Covid-19 pandemic. The tourism sector in Ireland is considered a labour-intensive sector, providing employment opportunities for a range of skills and work patterns. With strong regional dispersity, the strength of the tourism sector is also seen as important to the protection and development of rural economies.
- The distinction between Fáilte Ireland and Tourism Ireland is that the latter is solely responsible for the marketing of the island of Ireland overseas as a holiday and business tourism destination. Tourism Ireland's primary objective is to increase visitor numbers to the island of Ireland whereas Fáilte Ireland is focused on product development.
- A Regulatory Impact Assessment (RIA) has not been published in respect of this Bill.
- The L&RS has also published a [Bill Briefing](#) page on this Bill [internal access only].

Introduction

The [National Tourism Development Authority \(Amendment\) Bill 2022](#) was published on 29 September 2022. The Joint Committee on Tourism, Culture, Arts, Sport and Media agreed not to undertake Pre-Legislative Scrutiny (PLS) of the Bill.

The [Explanatory Memorandum](#) for the Bill notes that the purpose of the Bill is:

“to provide the statutory basis to allow the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, with the consent of the Minister for Public Expenditure and Reform, to increase the aggregate level of advances that may be made to the National Tourism Development Authority (Fáilte Ireland), out of capital monies provided by the Oireachtas, for the purpose of supporting enterprises and projects relating to the development of tourist traffic and the development of tourist facilities and services.”

The capital funding limit has been increased on two previous occasions, first in 2011 and then again in 2016. Under the [National Tourism Development Authority \(Amendment\) Act 2016](#), the limit was increased from €150 million to €300 million.

Speaking during [Second Stage debate](#) on the previous *National Tourism Development Authority (Amendment) Act 2016*, the incumbent Minister of State for Transport, Tourism and Sport outlined the need for the capital spending limit increase at the time:

“Section 24(2) (of the *National Tourism Development Authority Act 2003*) limits the total amount of money over a series of years that can be advanced by the Minister to Fáilte Ireland as capital expenditure on projects or enterprises.... Taking into account the 2016 capital allocation to Fáilte Ireland, investment in tourism capital is now approaching that limit. Once the spending limit has been reached, no further voted capital moneys may be advanced to Fáilte Ireland for tourism capital investment projects. Accordingly, it is prudent to legislate now for an increase in this limit.”

Pre-legislative scrutiny (PLS)

PLS was waived.

Financial implications

A Regulatory Impact Assessment (RIA) has not been published in respect of this Bill. The Explanatory Memorandum does not refer to financial implications for the Exchequer arising from the Bill. It states:

“There are no direct budgetary or financial implications in the proposals contained in this Bill. It is an enabling provision and the annual capital allocation to Fáilte Ireland will be determined through the annual Budgetary process. There are no staffing implications.”

Principal provisions of the Bill

The Bill comprises of 2 sections as summarised below:

Table 1: Summary of provisions contained in the Bill

| Section(s) | Title/category | Effect |
|------------|---|---|
| 1 | Amendment of section 24 of the <i>National Tourism Development Authority Act 2003</i> | Section 1 of the Bill amends section 24(2) of the <i>National Tourism Development Authority Act 2003</i> to provide that the aggregate level of advances that may be made to the Authority, out of the capital monies provided by the Oireachtas, is increased from €300 million to €500 million. |
| 2 | Short title | Section 2 of the Bill provides for the short title which may be cited as the <i>National Tourism Development Authority (Amendment) Act 2022</i> . |

Source: [Explanatory Memorandum](#)

Existing legislative framework

The [National Tourism Development Authority Act 2003](#) established the National Tourism Development Authority / an tÚdarás Náisiúnta Forbartha Turasóireachta, otherwise known as Fáilte Ireland.

The primary functions of the Authority listed under Section 8 of the Act is to encourage, promote and support the development of tourist traffic within and to the State. Within that overall context, the Authority shall:

- encourage, promote and support the development and marketing of tourist facilities and services and the recruitment, training, and education and development, of persons for the purpose of employment in tourism;
- exercise powers relating to the registration and grading of certain types of tourist accommodation;
- engage in research and planning, either alone or with others; and
- engage in advertising or publicity, or provide advice, consultancy services, training or support, including financial support.

Section 24(2) of the Act provides the statutory basis to allow the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media to increase the aggregate level of advances that may be made to Fáilte Ireland, out of capital monies provided by the Oireachtas, for the purpose of supporting enterprises and projects relating to the development of tourist traffic and the development of tourist facilities and services.

The limit has been increased on two previous occasions in 2011 and 2016. Under the [National Tourism Development Authority \(Amendment\) Act 2011](#) the limit increased from €65 million to €150 million. Then under the [National Tourism Development Authority \(Amendment\) Act 2016](#), the limit increased further to €300 million.

Policy background

Fáilte Ireland

In 2001, the Government approved the creation of a National Tourism Development Authority (subsequently named Fáilte Ireland). On 16 January 2002, the then Minister for Tourism, Sport and Recreation, Dr. Jim McDaid T.D., established an Implementation Group to report back to him within three months with an implementation plan for this new body.

The Group proposed a draft mission statement for the new Authority with the primary purpose:¹

“to foster sustainable and competitive tourism development by working in partnership with the industry and State bodies to achieve world-class standards of excellence in the products, services, and marketing of the sector, thereby contributing to wealth creation and employment in the economy of Ireland and its regions.”

The Group noted that a compelling case existed for streamlining and integrating the delivery of the State's activities in supporting and promoting product marketing and development, human resource development and training in the tourism industry. It was considered that a new development agency would ensure that the Irish tourism industry could:²

“avail of support from a strong and well-resourced agency with a clear mandate to take whatever actions are appropriate to enhance the range, competitiveness and quality of products and services that will help the industry to sustain and increase its market share in well-defined market areas.”

The Group also outlined the importance of establishing a new body that would facilitate the delivery of a comprehensive "one-stop-shop" service with a wider range of streamlined programmes and services to support the future development of the tourism sector.

Following publication of the Report, the [National Tourism Development Authority Act 2003](#) led to the establishment of Fáilte Ireland. This new authority brought together functions then carried out by Bord Fáilte and CERT.

The distinction between [Fáilte Ireland](#) and [Tourism Ireland](#) is that the latter is solely responsible for the marketing of the island of Ireland overseas as a holiday and business tourism destination. Tourism Ireland's primary objective is to increase visitor numbers to the island of Ireland.

Addressing the Committee on Public Accounts in 2007, then CEO of Fáilte Ireland, Mr Shaun Quinn outlined the difference between Fáilte Ireland and Tourism Ireland:³

“If Irish tourism was a factory, Tourism Ireland would be working in the marketing department and we [Fáilte Ireland] would be the product development department.”

¹ Establishment of New Tourism Development Authority, Report of Implementation Group, April 2002. Available [here](#).

² Ibid.

³ Committee of Public Accounts, 2/04/2009. Available [here](#).

Average staff numbers for the year 2020 at Fáilte Ireland were 344.12 whole-time equivalents.⁴

Since 2020, the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media has provided Exchequer funding for capital investment in tourism. However, the allocation of these funds is a matter for the board and management of Fáilte Ireland.⁵

Budget of Fáilte Ireland

Fáilte Ireland receives income from the following four sources:⁶

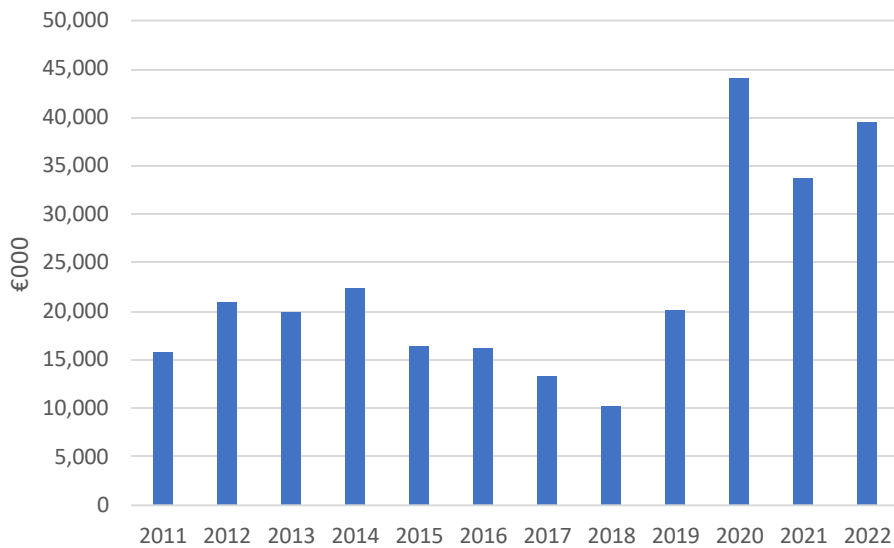
1. Oireachtas grants;
2. Other income (this includes Standards and Registration fees, Tourist Information Offices and Attractions, Trade Shows and Sales Opportunities, and Rental Income, Bank Interest and Other);
3. KGCL Property Holdings Ltd – Rental Income; and
4. Net deferred retirement benefits funding in year.

Figure 1 overleaf, shows that Fáilte Ireland's capital funding from the Exchequer has increased from around €15.8m in 2011 to €39.6m in 2022. The increase in funding can be largely attributed to support schemes such as [Outdoor Dining](#), [Covid Adaptation Fund](#), [Urban Animation Scheme](#), [Inbound Agents](#), [Coach Tourism Continuity Scheme](#) and [B&B Restart Scheme](#).

⁴ Fáilte Ireland, *2020 Annual Report*, p.59. Available [here](#).

⁵ Parliamentary Question by Alan Kelly T.D., No. 529/2022. Available [here](#).

⁶ Fáilte Ireland 2020, *Annual Report*, p.46. Available [here](#).

Figure 1: Exchequer capital funding allocation to Fáilte Ireland

Source: DPER [databank](#)

Note: From 2011 to 2019 capital funding was provided from Vote 31 while from 2020 to 2022 it came from Vote 33.

Economic impact of tourism sector

Expenditure by tourists visiting Ireland (excluding fares) was estimated to be worth €5.1 billion in 2019.⁷ Combining spending by international tourists with the money spent by Irish residents taking trips here and receipts paid to Irish carriers by foreign visitors, total tourism expenditure in 2019 was estimated by Fáilte Ireland to be €9.5 billion.⁸

Prior to the Covid-19 pandemic, there had been a steady rise in the number of overseas visitors to Ireland which had reached 10.8 million in 2019 (see Figure 2 below). Great Britain accounted for 35% of the total, with the USA and Canada making up 22%.⁹

Before allowing for receipts paid to Irish air and sea carriers by overseas tourists, it has been estimated that the government earned revenue of €1.8 billion through taxation of tourism. This grows to €2.2 billion when carrier receipts are factored into the analysis, of which €1.7 billion came from out-of-state tourism and the balance from domestic tourism. In 2019, the tourism industry accounted for 3.7% of all tax revenue.¹⁰

An estimate of all jobs in the tourism and hospitality industry based on past Fáilte Ireland surveys of businesses (full-time, part-time, seasonal/casual and not confined to 'main' job) indicates total

⁷ CSO, *Statistical Yearbook of Ireland 2020*. Available [here](#).

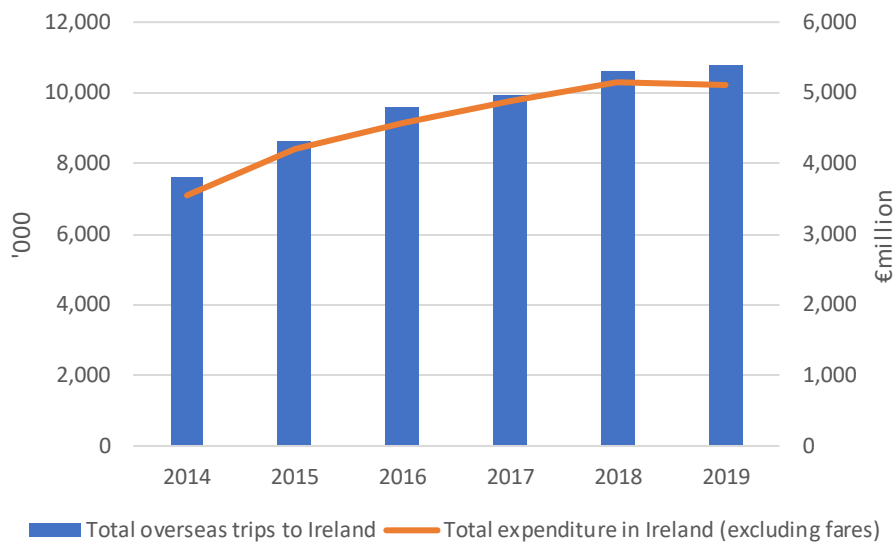
⁸ Fáilte Ireland, *Tourism Facts 2019*. Available [here](#).

⁹ CSO, *Statistical Yearbook of Ireland 2020*. Available [here](#).

¹⁰ Fáilte Ireland, *Tourism Facts 2019*. Available [here](#).

employment in the sector at approximately 260,000 prior to the Covid-19 pandemic. The tourism sector in Ireland is considered a labour-intensive sector providing employment opportunities for a range of skills and work patterns. With strong regional dispersity, the strength of the tourism sector is also seen as important to the protection and development of rural economies.¹¹

Figure 2: Overseas trips to Ireland by non-residents 2014 - 2019



Source: [CSO](#)

Impact of Covid-19

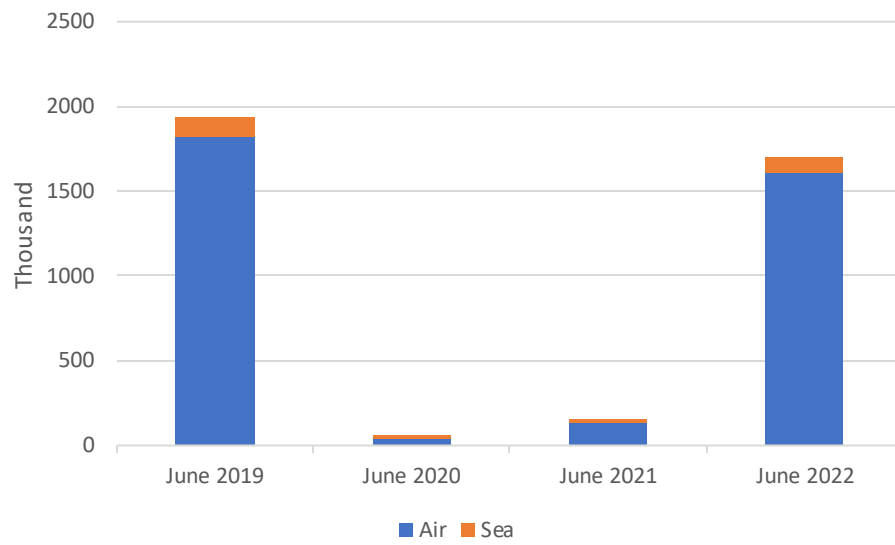
Travel and tourism were among the most affected sectors from the Covid-19 pandemic and are only now starting to recover. The latest Air and Sea Travel Statistics from the CSO show the extent of the impact on the arrival of overseas passengers.¹² Around 1.7 million overseas passengers arrived in Ireland in June 2022 (see Figure 3 below). This shows a dramatic recovery compared to June 2021, when 160,000 overseas passengers arrived (and an even more dramatic recovery compared to June 2020, when just 57,100 overseas passengers arrived). However, overseas arrivals remain significantly lower (12%) than pre-pandemic June 2019, when 1,941,100 overseas passengers arrived.

In terms of employment, the Accommodation and Food Service Activity sector is the only economic sector with less numbers in employment in Q2 2022 (see Figure 4 below) when compared to pre-pandemic levels in Q2 2019 (6.9% lower).¹³

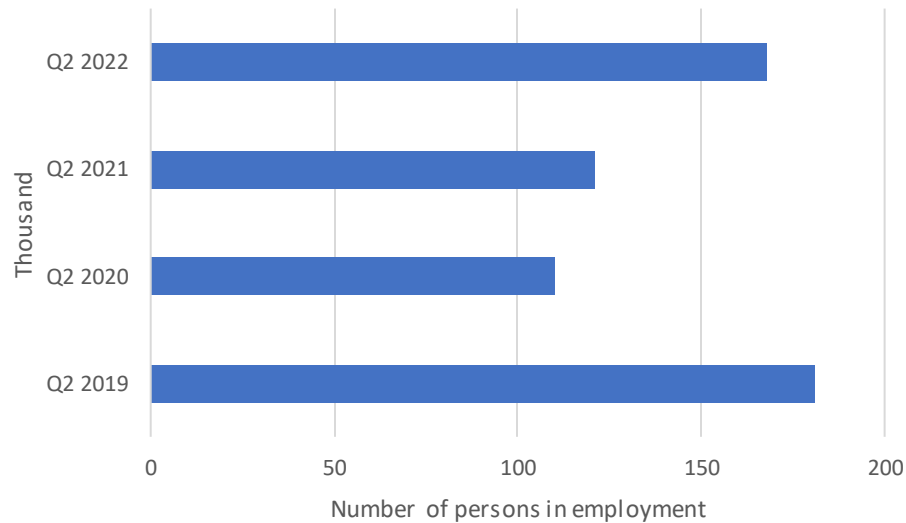
¹¹ Government of Ireland (2020), *Focus on Tourism and Hospitality*. Available [here](#).

¹² CSO, *Air and Sea Travel Statistics June 2022*. Available [here](#).

¹³ CSO, *Labour Force Survey Quarter 2 2022*. Available [here](#).

Figure 3: Overseas arrivals June 2019 – June 2022

Source: [CSO](#)

Figure 4: Numbers employed in accommodation and food service activities Q2 2019 – Q2 2022

Source: [CSO](#)

Capital Spending – Infrastructure

The Government's current Policy Statement on tourism notes the important role that capital investment by the State has played in improving the range and quality of activities for both overseas and domestic visitors.¹⁴ This includes:

- a major programme of investment in looped walks;
- the improvement of forest recreational infrastructure in co-operation with Coillte;
- the development of new destination frameworks, such as the Wild Atlantic Way;
- investment in major individual projects like the Cliffs of Moher Visitor Centre and the Waterford Viking Triangle;
- the development of greenways;
- improvements to the quality of interpretation at a large number of existing visitor attractions; and
- improvements to signage in historic areas of cities and towns.

The renewed National Development Plan published in October 2021 noted that:¹⁵

“Capital expenditure on our tourism offering enables the sector to attract a greater number of tourists, both from overseas and domestically. Investment in our international tourism marketing infrastructure also helps to stimulate business from overseas markets. This is critical when every 1,000 additional overseas tourists supports 20 jobs in the domestic tourism industry. The economic benefits of tourism to the development of rural Ireland, particularly in regions that lack an intensive industry base or are economically fragile are considerable.”

It further notes that:

“Priority areas identified for tourism capital investment include the development and enhancement of tourist attractions as well as activity-based tourism, in order to provide the type and quality of experience that visitors are seeking. This will help to deliver sustainable growth in the tourism sector, providing a positive economic impact across the country, and, particularly importantly, in remote and rural areas.”

Fáilte Ireland's capital investment programme, [Platforms for Growth](#), is worth €150 million and runs from 2019 to 2022. The programme targets 'platforms' or project types that have the greatest potential to grow tourism across Ireland throughout the year. The 3 platforms include:

1. Immersive Heritage and Cultural Attractions 2019
2. Shared Facilities for Activity Providers 2020

¹⁴ Department of Transport, Tourism and Sport, *People, Place and Policy – Growing Tourism to 2025*. Available [here](#).

¹⁵ Government of Ireland, *National Development Plan 2021-2030*. Available [here](#).

3. Gala Dinner Venues Investment Scheme 2022

Tourism policy

People, Places and Policy – Growing Tourism to 2025

On 23rd March 2015, the Government launched its new tourism policy — “[People, Places and Policy – Growing Tourism to 2025](#).” The ambition of this policy statement is to have a vibrant, attractive tourism sector that makes a significant contribution to employment across the country; is economically, socially and environmentally sustainable; helps promote a positive image of Ireland overseas; and is a sector in which people want to work.

The Tourism Policy Statement set three headline targets to be achieved by 2025:

- revenue from overseas visitors, excluding carrier receipts, to increase to €5 billion in real terms;
- employment in the sector to reach 250,000 people;
- 10 million visits annually to Ireland.

The policy statement is implemented by way of a series of Action Plans, the most recent of which, [Tourism Action Plan 2019-2021](#), sets out the actions identified as priorities to be progressed during this period in order to maintain sustainable growth in overseas tourism revenue and employment. The outbreak of Covid-19 resulted in the Tourism Action Plan 2019-2021 being put on hold, with the immediate focus being the preparation of a Tourism Recovery Plan (see below).

Tourism Recovery Plan

A [Tourism Recovery Taskforce](#) was appointed in May 2020 to prepare a Tourism Recovery Plan, which includes a set of recommendations on how the Irish tourism sector can best adapt and recover in a changed tourism environment as a result of the Covid-19 crisis. The [Tourism Recovery Plan 2020 – 2023](#) was published on 6 October 2020.

The Plan makes a number of recommendations, both to help ensure the survival of tourism businesses and jobs and also to help the sector to stabilise and recover in the years to come. Within this, it has identified a number of priority recommendations aimed at ensuring the survival of tourism businesses and jobs, in areas such as:

- business continuity grants and additional operational supports for enterprises
- professional development supports for workers in the sector
- liquidity measures to support vulnerable but viable businesses
- facilitating the resumption of inbound international tourism
- improving competitiveness through a VAT reduction and actions to improve the cost and supply of insurance
- increased domestic and overseas marketing expenditure

In relation to increasing investment in tourism product, the plan makes the following recommendations:

- Undertake a comprehensive review of Ireland's tourism product to identify strengths, gaps, opportunities and impediments to inform future investment in the development of the visitor offering.
- Focus Government investment in tourism capital projects on improving product quality and innovation, and the development and enhancement of cultural and heritage experiences to attract a wide range of visitors to Ireland.
- Establish a co-ordination body to oversee a consistent approach to the investment in and operation, management and marketing of Ireland's state owned natural, cultural and heritage assets.
- As part of the development of the proposed National Outdoor Recreation Strategy Government should introduce new measures to facilitate access to public and private lands
- Invest in a small number of major international festivals and events which will act as a demand driver for both domestic and overseas tourism.
- Establish a department led steering group to oversee the development of a Global Invitation Programme (the Year of the Invitation) to stimulate additional international demand. The programme should ideally incorporate six to ten large scale events capable of attracting significant international audiences.

Sustainable Tourism Working Group Report

A working group was established under the Tourism Action Plan 2019-2021 to review international policy and best practice in sustainable tourism and propose guiding principles for sustainable tourism development in Ireland. The [Report of the Sustainable Tourism Working Group](#) was endorsed by the Tourism Leadership Group at its meeting on 11th December 2019.

The guiding principles for sustainable tourism put forward by the group included the following:

1. All of government will work together with industry towards achieving a sustainable tourism sector.
2. Sustainable tourism growth will be achieved in a manner that focuses on overall economic benefit ahead of the number of tourists.
3. Tourism will support economic growth in communities throughout the country and with a greater spread of demand across the year.
4. In delivering high quality tourism experiences that exceed our visitors' expectations, we will do so in a manner that minimises any negative environmental or community impacts.
5. As custodians of our natural landscape and of our historic and cultural assets, we will protect them for the next generation.
6. Responsible behaviour by our visitors will be encouraged to maximise the mutual benefit of tourism to Ireland's people and place.
7. The tourism sector will support and promote efforts to move to more sustainable forms of transport to, and around Ireland.

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

To maintain momentum on the sustainable tourism agenda, the working group drew up an [interim action plan](#) which identified a suite of actions that aim to promote sustainable tourism practices out to 2023.

The main objectives of the plan are to identify actions which promote sustainable tourism practices, establish new research methods which will increase the level of evidence available, and form a clear narrative for communicating about the sustainability agenda to build a better understanding and awareness among tourism stakeholders and the general public.

The actions are grouped under the following themes:

- Policy
- Evidence Base
- Environmental Impact
- Awareness & Education
- Business Planning
- Destination Management
- Sales & Marketing

Key provisions of the Bill

The purpose of the Bill is to amend the *National Tourism Development Act 2003* (“the 2003 Act”) by increasing the cumulative level of funding which can be provided to Fáilte Ireland in support of capital expenditure projects.

Section 24(2) of the 2003 Act provides for a cap on the total level of funding which can be granted to Fáilte Ireland to spend on capital expenditure projects. The cap was originally set at €65m but was increased first by the [National Tourism Development Authority \(Amendment\) Act 2011](#) to €150m and subsequently by the [National Tourism Development Authority \(Amendment\) Act 2016](#) to €300m.

Section 24 of the 2003 Act (as amended by the 2016 Act) provides that:

24.—(1) The Minister may, with the consent of the Minister for Finance, advance to the Authority out of moneys provided by the Oireachtas such sums as the Minister may determine.

(2) The aggregate of moneys advanced under subsection (1) in relation to capital expenditure on projects or enterprises to which section 8(1)(e) applies shall not exceed €300,000,000.

Under section 1 of the Bill, it is proposed to amend this section 24 of the 2003 Act in subsection (2), by the substitution of “€500,000,000” for “€300,000,000”.

The rationale behind funding caps is to provide for an additional involvement by the Oireachtas (over and above voting on the annual Estimates) in respect of cumulative capital expenditure by the Authority, given that voting on the annual Estimates does not involve examination of the cumulative provision but merely the annual allocation in the relevant subhead. It should be noted that the capped figure/aggregate limit relates solely to the amount that the Authority can pay out in capital grants to projects or enterprises. It does not relate to the ordinary current expenditure by the Authority.

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