

Supporting the Irish tourism, hospitality and leisure sector



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The impact of the crisis on the Irish tourism, hospitality and leisure sector

Hotels, pubs, visitor attractions and businesses across the entertainment, sports and leisure industries have been completely closed. Some restaurants and cafés are operating as take-aways; yet this represents a severe curtailment on activity. Tourism, hospitality and leisure businesses are highly inter-dependent. They also support significant employment through their supply chain such as agri-food producers, the drinks industry, aviation and other transport sectors. They represent Ireland's largest indigenous industry grouping, which generate significant tax revenues and crucially, provide employment right across the country.

Long-term COVID-19 restrictions will completely change the environment in which these businesses operate. Without specific government supports, many businesses may not re-open and high levels of sectoral unemployment will continue.

Phase 1 Actions to support the Irish tourism, hospitality and leisure sector in the next 100 days

- 1. Develop a hybrid-financial supports model:** A hybrid model with direct financial supports to pubs, restaurants and hotels, where necessary to bridge the gap between them reopening at all and the level of custom they would need to be profitable, which is not possible with social distancing measures in place.
- 2. Retain the Temporary Wage Subsidy Scheme:** The emergency scheme needs to be continued beyond the initial operational period as tourism, hospitality and leisure sectors will endure greater hardship than other sectors. It should remain in place as businesses adapt to social distancing and other requirements.
- 3. Secure access to EIB investment:** The eligibility criteria for accessing EIB finance should be extended to include tourism, hospitality and leisure businesses of sufficient scale. The sector is critical to the European economy and must be part of the EIB's strategic response to the crisis.

Phase 2 Actions to support the Irish tourism, hospitality and leisure sector by end of 2020

- 1. Extend the commercial rates waiver period:** The Government-backed 'rates holiday' should be extended beyond the three-month period for impacted companies. Extension to individual sub-sectors should be determined on a case-by-case basis to reflect businesses facing extended recovery timelines. Local authority charges to be frozen and restrictions on outside-seating relaxed to allow compliance with social distancing guidelines.
- 2. Re-introduce and expand the 9% VAT rate:** This would support businesses in tourism and hospitality industries, with a knock-on effect for all those linked to these industries. It should be re-introduced for a three-year period to support businesses re-opening but also during the recovery phase. It should also be expanded to include all food and drink hospitality related products. This would support employment.
- 3. Provide for enhanced domestic tourism promotion:** Increased funding for an ambitious domestic tourism campaign strategy. This should promote staycation, short-stay and day-trip opportunities. Enhance tourism and hospitality through leveraging existing promotional campaigns. Local authorities should better promote local tourism. Provide marketing support to visitor attractions.

Phase 3 Actions to support the Irish tourism, hospitality and leisure sector by 2023

- 1. Maintain ongoing flexibility on tax compliance:** Ensure Revenue takes a 'maximum flexibility' approach with long-term debtors where those debts are the result of the COVID-19 related disruption. This may include both long-term payment plans with suspended interest and debt forgiveness in cases where tax debts are the biggest obstacle to business viability.
- 2. Provide ongoing grant support for worst impacted sectors:** Introduce a monthly business fixed cost grant for tourism, hospitality and leisure businesses in sectors where the impact of social distancing measures may mean extended closures and longer, more costly, returns to normal trading. This should include activities reliant on large or mass gatherings.
- 3. Double overseas tourism marketing:** Target international visitors in the higher spending source markets and segments, which will boost return to employment levels. Develop a short-stay and events strategy. In addition, thematic promotional campaigns should be expanded, and new areas added. Work to achieve relaxation of EU state aid rules in support of re-instatement of air access networks.

Impact of phased action on the Irish tourism, hospitality and leisure sector

Re-opening of businesses across these sectors will not be straight forward. Social distancing will present specific challenges from both operational and demand perspectives. For example, the fall in international visitor numbers will continue into the coming months and years. There is significant uncertainty over when large or mass gatherings will be allowed such as conferences, festivals, sports fixtures and events. The effects of this will be felt across the tourism, hospitality and leisure sectors.

Government must openly engage with businesses right across these sectors. They have often been excluded from government support and grant schemes in the past. This must change in order to retain staff and to keep businesses going. It should be supported by a renewed focus on marketing and promotions at home and abroad.

‘Government support will be required to drive domestic tourism in Ireland. People will holiday or seek new experiences closer to home rather than travelling abroad. The consumer sentiment is there, people are seeking to reconnect with family and friends and the tourism industry in Ireland provides the perfect platform. We need to ensure we can open our doors safely when it’s time to do so.’

Tracey Flinter

General Manager, Pearse Lyons Distillery

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