



Ibec President's Dinner 2019
Address by Ibec President Pat McCann
Friday 27 September 2019

Good evening, distinguished guests, ladies and gentleman, you are all very welcome.

As the song goes, "It's a long way from there to here ..." and in my case this is very true. As I wandered the fields and bogs of South Sligo where I grew up, little did I dream that one day I would be President of Ibec.

It is an immense honour to stand before you this evening as your President. Last year, we celebrated 25 years of Ibec. When you look at the list of Past Presidents, I ask myself what the hell am I doing here. I am certainly standing on shoulders of business giants.

Ibec is a wonderful organisation of which we should be very proud. Led by Danny McCoy and his team of dedicated and talented people, it is well regarded, not only in Ireland, but across Europe and rightly so. When I was approached to be President of Ibec, it caused me to reflect on my life and I quickly came to the conclusion I am a lucky man.

I have a fantastic family who have supported me through thick and thin. I found an industry that suits my personality perfectly. It has taken me to many corners of the world. While people think I am in the hotel business, I am actually in the business of hotels.

There have been three publicly-listed hotel companies in Ireland and I have been involved in all three. Ryan Hotel Group plc where I spent the first 20 years of my career. Jurys Doyle Hotel Group plc where I spent the next 17 years including Jurys Inns, and then Ballsbridge.

Dalata Hotel Group plc, which I founded in 2007 along with Rory Quirke and Gavin Burke TVC.

Dalata is now the largest hotel group ever to exist in Ireland by room count, now over 9,000 rooms in 43 hotels – 9 more under construction with a further 2,500 rooms, with the two largest hotel brands in the Clayton and Maldron.

In Dalata, we are nothing without our wonderful people, 5,000 in all. We are really proud of our Dalata Academy where we train and grow our own people, giving positive life-changing experiences for hundreds of our people.

The hospitality sector has never been taken seriously by various Governments. It is almost like an after-thought despite the fact that tourism is the one industry that can thrive in the

regions and bring wonderful economic benefits to areas where it is difficult to attract other industries.

There are many examples of towns and villages that have benefited greatly from tourism like Westport, Lahinch, Dingle, Kinsale and Dungarvan to mention just a few. I have, however, come to the conclusion that people in the hospitality sector by their nature are just too nice and don't make a fuss and we get taken for granted.

The VAT increase imposed on the hospitality sector in January of this year was dressed up to look like somebody did us a favour in 2011 when VAT was reduced to 9% despite the fact that thousands of jobs were created in the sector because of the VAT reduction. Ireland now has the highest rate of VAT in the eurozone and even at 9% it would still be one of the highest.

Another issue for the hotel sector is that Dalata announces results every 6 months and it is assumed that the whole tourism industry performs in line with this which is not the case at all. It is unfair to judge the whole industry on Dalata's performance.

In Ibec's budget submission for 2020 we have called on Government to help nurture and grow indigenous business. Despite tremendous success at attracting multinational firms, Ibec has asked that Government continues to focus on the needs of these firms in the context of a rapidly changing global corporate environment. Factors around quality of life, infrastructure, innovation and education are key to this.

On the latter issue of education, the business community is extremely concerned, and frankly aghast, about the international perception of third level institutions as reflected in the global rankings of our universities. There has been too little public comment on the relative performance against competitor nations for our future business model. The latest Times Higher Education ranking has just one Irish university in the top 200 with the Netherlands as but one example of a serious competitor nation with eight universities in the Top 100. More autonomy for the university leadership and more directed funding to redress this ranking crisis, for that is what we consider it to be, must be a priority if a doom loop is to be avoided.

While these rankings are not measuring impact nor attitude nor aptitude of Irish students, it is the case that the labour market is changing rapidly. Attitudes to work and lifestyles will challenge all employers in the years ahead. The provision of adequate housing, childcare and training should be key priorities.

The cost of housing and a lack of sufficient new homes needs continued focus as we are a long way off from where we need to be. There are many other issues that Ibec is deeply involved in, all aimed at improving the lives of the people of Ireland.

We now have 2.3 million people working in Ireland, the highest number ever. Many of the people in this room tonight employ many of those people and will continue to create good jobs into the future. We sometimes forget that the taxes paid by these employees and companies allows Government to fund our social welfare, health and education programmes - without this tax contribution we would be a much poorer country in every sense.

..... And then there is Brexit.

Never has the saying, “May you live in interesting times”, been more relevant. Actually, it’s not an old Chinese saying. It first came to light in 1936 when mentioned by Sir Austin Chamberlain, his father was believed to have used it as some form of curse on the Chinese people. It cemented its place in history when used in South Africa by Robert Kennedy in 1966. I am full of useless information ... I think we would all wish that the times were not quite as interesting as they now are.

What concerns me the most about the Brexit impasse is the fear of the unknown. This fear can paralyse us and stop us making decisions which will have future negative consequences for our business.

As a nation we are in a much stronger position than we were 15 years ago. There is no doubt that some of our industries will be hit hard by a hard Brexit, particularly the food and drink sector.

There is also no doubt that many of our newer industries will be less impacted as they are services businesses and do not have physical product to move. The underlying wish is that this all gets solved sooner rather than later in a positive way. When you consider that the discussion is currently only about the Withdrawal Agreement and this has been going on for over three years.

How long do we think it will take to do a trade deal? I am no wiser than anyone else on this issue.

Let us all hope for the best outcome and a speedy conclusion and allow us to make the decisions that are needed for our businesses.

As we know business is resilient once it has certainty. Whilst the detail on the future trading and regulatory environment is critical, we all know business needs a stable political and social environment from which to operate. That is why the Irish business community stands with our Government in insisting that the Good Friday Agreement is maintained to protect the peace process – because it is a process not an event – and the All Island economy that underpins it.

There is an old saying that ‘if you want something done ask a busy person’. In the case of our outgoing President that is particularly true. Despite all his work travels, he has done an immense job for Ibec. I hope I can match that performance. I would like to thank him and wish him well in all his future endeavours.

I would like to welcome Alastair Blair as Deputy President of Ibec for the coming year. I am delighted he is available to take on this role. We are very fortunate to have a strong succession plan on our Board with some fantastic business leaders who are very capable and willing to take on roles in the future. Ibec has a big agenda over the coming year with known knowns and known unknowns to deal with. I am looking forward to working with Eugene, Danny and the team as we navigate our way in unprecedented times.

I would finally like to thank my own Board in Dalata Hotel Group plc for their support and encouragement not only in Dalata, but also in Ibec.

Thank you all for being here this evening. Good luck to you all in the coming year. Enjoy the rest of your evening!