Report to Minister Catherine Martin

February 2021

Introduction

A Tourism Recovery Taskforce was appointed by the then Tourism Ministers in May 2020 to prepare a Tourism Recovery Plan with recommendations on how best the Irish Tourism sector can adapt and recover in a changed tourism environment as a result of the COVID-19 crisis. The Taskforce submitted its final report to the Minister in September 2020.

The Recovery 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
- Increasing competitiveness through a VAT reduction and actions to increase the cost and supply of insurance
- Increased domestic and overseas marketing expenditure

In December 2020, Minister Catherine Martin appointed the Recovery Oversight Group. The following is the Group's agreed terms of reference:

- To oversee the implementation of the recommendations set out in the Tourism Recovery Plan.
- To submit revised or consequential recommendations to the Minister where these become necessary as a result of the evolving situation.
- To monitor the sector's recovery from the COVID crisis using an appropriate and consistent dataset.
- To report to the Minister on progress as regards implementation of the Plan and the recovery of sector on a six-monthly basis (or more frequently if necessary).

Implementation Progress

The ROG notes and welcomes the progress that has been made in implementing the Recovery Plan to date, in particular the measures provided for in Budget 2021, as follows:

- The commitment by Minister McGrath to continue the EWSS in some form for all of 2021 and the alignment of EWSS rates with the rates of payment under PUP, up to €350 per week, until 31 March 2021.

- The introduction of the Covid Restrictions Support Scheme (CRSS). As at 4 February 2021, Revenue Commissioners' data shows that almost €267m was paid out under CRSS, of which approximately 63% (€168m) related to Tourism and Hospitality, showing the importance of the measure for the sector.
- The extension of the Commercial Rates Waiver to the end of Q1 2021.
- The €55 million business continuity scheme introduced by Fáilte Ireland to help strategic tourism business survive the pandemic and drive recovery.
- The cut in the VAT rate for the Sector to 9% which will help improve the competitiveness and viability of businesses.
- The €10million Ireland Based Inbound Agents Business Continuity Scheme opened for applications in November.
- The funding of €5 million provided for upskilling training and to improve digital presence.

These measures, together with measures introduced as part of the Government's July Stimulus package earlier in the year, have been hugely beneficial in helping business to survive and retaining jobs in the tourism sector. However, the evolution of the pandemic and the consequential public health measures have meant that tourism remains in a very precarious position. We must ensure that adequate survival measures are maintained or introduced, as appropriate, whilst continuing to plan for the recovery.

A progress report on the implementation of the Recovery Plan is attached to this report.

Findings of the Oversight Group

Since its appointment, the Recovery Oversight Group has met three times, on 7 December, 13 January and 11 February. The Group has discussed the evolving situation with regard to tourism and how it is being affected by the pandemic. The following outlines the findings of the Group in broad terms:

- Tourism remains in the survival phase which has gone on much longer than anticipated or feared when the Taskforce was preparing the Recovery Plan.
- Ongoing supports to the sector are critical. The Group notes the significant reliance of both tourism businesses and employees on Government schemes such as the CRSS, EWSS and the PUP.
- A twin-track approach is required whereby the short-term needs of the sector are met while continuing to plan for the recovery.
- Uncertainty is a significant negative for the sector in terms of planning for reopening and messaging from Government must be clear and consistent.
- There is a real risk that talent will be lost from the sector which will act as a negative for the recovery.

- Loss of connectivity is a major concern and will have a very detrimental impact on tourism if it is not restored to something approaching the 2019 levels.

Areas of Focus

In view of the foregoing and the Group's analysis of where the sector lies, as well as the recommendations in the Recovery Plan, we believe that the following areas require the attention of the Minister and her colleagues in Government:

The sector remains in survival mode. Businesses and jobs in tourism must be kept in existence until conditions allow for sustainable recovery:

1. Maintain the Employee Wage Subsidy Scheme (EWSS) in its current form for all businesses until the end Q2 2021 at the earliest and for businesses where reference turnover is down 50% or more until the end of the year, ensuring that those hit hardest get the most benefit.
2. Maintain the Covid Restrictions Support Scheme (CRSS) in its current form until the end of 2021 and ensure that tourism sectoral supports, such as the business continuity schemes administered by Fáilte Ireland, continue to be sufficiently funded to allow businesses to survive until recovery comes.
3. Identify, in the context of the revised Living with Covid Plan, clear criteria which will determine when the tourism sector can re-open, including international access and inbound tourism, and ensure that there is clear and consistent communications from Government around this to provide much needed certainty for the industry and consumers.
4. Extend the Local Authority Rates Waiver until the end of 2021 for tourism and hospitality businesses.

Additional steps also need to be taken now to put the conditions in place to allow the sector to plan and budget for recovery, as follows:

5. Extend the 9% VAT rate out to 2025 to provide certainty for businesses in pricing in what will be a hugely competitive tourism environment when international travel resumes.
6. Accelerate progress on implementing the Government's Action Plan for Insurance Reform and examine specific issues affecting the tourism sector in this context as a matter of urgency.
7. Revise the Stay and Spend initiative to make it more consumer friendly and extend the qualifying period to the end of 2021.

The Recovery Oversight Group urges the Minister and her colleagues in Government to make further progress on the Implementation of the Recovery Plan, with a particular focus on the areas outlined here. We believe that the existential risks to many parts of our sector

have only increased since the Recovery Plan was drawn up. Whilst it is inevitable that some businesses may not come through the pandemic, a significant level of business failure will have far-reaching consequences for the recovery and the economic and social sustainability of many areas with few alternative options for employment.

Nóirín Hegarty
Chairperson
15 February 2021