



TOURISM RECOVERY TASKFORCE

Initial Report to the Minister for Transport, Tourism and Sport

25th June 2020

Survival Phase Recommendations: June 2020

As a result of the impact of the Covid-19 crisis on tourism in Ireland, the Tourism Recovery Taskforce was established to develop a recovery plan for the tourism industry from 2020–2023, in recognition by Ministers Ross and Griffin that this is a sector that has been hardest hit and will not recover quickly. The impact of Covid-19 on global tourism has been existential. According to the OECD¹:

The tourism economy has been heavily hit by the coronavirus (COVID-19) pandemic, and measures introduced to contain its spread. Depending on the duration of the crisis, revised scenarios indicate that the potential shock could range between a 60–80% decline in the international tourism economy in 2020. Beyond immediate measures to support the tourism sector, countries are also shifting to develop recovery measures. These include considerations on lifting travel restrictions, restoring traveller confidence and rethinking the tourism sector for the future.

Tourism is Ireland's largest indigenous sector, employing over 260,000 and generating over €9 billion for the economy in 2019 of which over 75% was export earnings from overseas tourists. It is a significant contributor to regional and local economies and societies. Tourism is predominantly made up of over 20,000 SMEs, 70% of which are regionally dispersed. According to Fáilte Ireland statistics, for every €1M of tourist expenditure 27 jobs are supported and every euro spend generates 23c in tax.

As an island nation and open economy, tourism's dependence on air and sea access, the unfettered movement of people and a service delivery requiring close personal contact means that the tourism sector has felt the greatest impact of border and business closure and cannot resume as before. Transitioning to re-opening in a covid-19 environment with restrictions required to protect public health will mean a greater dependence on state supports to adjust to the prevailing environment.

Since its establishment at the end of May, the Taskforce has focused on what the tourism sector needs in order to be able to resume trading and survive in an environment where social distancing is a limiting factor, there is a very short domestic tourism window and overseas tourism has collapsed. The Taskforce is in agreement that if jobs are not to be lost permanently, action needs to be taken right away to support tourism businesses in the immediate term.

Acknowledging the excellent work done by the Government to date in controlling the spread of the virus and the Roadmap for Reopening, the Taskforce has reached a consensus with regard to specific priority measures which need to be taken to save and bring back tens of thousands of additional jobs and sustain businesses for recovery.

¹ OECD: *Tourism Policy Responses to the coronavirus (COVID-19)*, 2 June 2020



The measures which the Taskforce is asking the Government to implement for the immediate Survival phase, from now until the end of 2020, are focused on business supports and demand generation, as follows:

Tourism Enterprise Survival Supports

- €66m tourism adaptation grant to provide funding to tourism enterprises towards the capital costs associated with adapting their businesses to meet social distancing measures and interventions necessary to ensure visitors feel safe.
- €500m business survival grant scheme to support viable businesses in distress.
- €250m working capital loan scheme to enable tourism businesses to continue to operate in a post Covid-19 environment.
- An extension to the temporary wage subsidy scheme will be required to April 2021 to support tourism enterprises retain highly skilled experienced staff. A review of the current scheme to incorporate seasonal staff employed annually will also be required.
- A reduction of the 13.5% VAT rate to 5% to December 2021 and return to the 9% VAT rate to sharpen Irish tourism competitiveness and stimulate consumer demand.
- Extension of the waiver of commercial rates for the remainder of 2020.

International Demand Recovery

The Taskforce supports the interim recommendations of the Taskforce for Aviation Recovery and is also calling for:

- Implementation of appropriate test and trace measures as an alternative to the 14 day recommended quarantine to facilitate the restoration of international tourism as soon as possible.
- An initial €32m investment in air access restoration and international marketing of Ireland now that recovery is underway.
- Appropriate incentives to stimulate inbound demand on short haul routes.

Domestic Demand Recovery

- Government leadership and support is urgently required to stimulate domestic tourism demand.
- In addition to a review of the 2m social distancing requirement in all tourism enterprises, a review of the appropriate social distancing measures for functions, events and meetings based on venue size is required as a matter of urgency.

The TRT wish to acknowledge and thank Government for implementing some of the key measures identified in its statement of 3rd June and would ask that the recommendations in this report are considered as a matter of urgency.