Response to the Northern Ireland Affairs Committee

Tourism in Northern Ireland Inquiry

Submitted by the Northern Ireland Tourism Alliance

We welcome the opportunity to contribute to the NI Affairs Committee 'Tourism in Northern Ireland' Inquiry.

Northern Ireland Tourism Alliance (NITA)

The Alliance was launched in August 2018 to provide a united and independent voice of the Tourism Industry in Northern Ireland. NITA currently has members in the following categories:

- Accommodation Providers
- Food & Drink Industry Associations
- Regional organisations - Visit Belfast, Visit Derry and Visit West Belfast
- Major Tourist Attractions
- Tour Guides
- Passenger Transport
- Airports
- Ports
- Airlines

NITA also has associate memberships including 10 local councils, ABTA, Tourism NI, Tourism Ireland and education and skills providers.

NITA's role, as the single representative body for the tourism and hospitality industry in Northern Ireland, is to represent our members and ensure the voice of industry is listened to, to shape the future growth of tourism and lobbying at all levels of government and beyond to raise awareness of and contributing to the solution of major strategic issues affecting the industry, which include everything from the UK's exit from the European Union, the impact of APD, VAT, Skills development and the ongoing uncertainty of the economic climate to the industry's overall competitiveness.

Economic Impact of Tourism - Today

Tourism is one of the success stories in Northern Ireland. Although starting from a low base, Tourism has continued to grow and it is estimated that in 2018, (official figures not available until June 2019), Tourism generated £1bn in revenues and employed almost 65,000 people (8.7% of total jobs in NI). Over 70% of revenue was generated from visitors from outside of NI, meaning that Tourism brought in approximately £700m in new money to the economy contributing to the growth of the overall economy.

What is not well articulated is how the impact of Tourism is felt across our society by supporting a number of other sectors within the economy including transport, local food producers, retail, artisan

craft, construction and the heritage, cultural and arts sectors. In addition, it supports entrepreneurship and innovation, enabling local people to develop their own tourism businesses, building on their passions, culture and talents.

Tourism benefits local communities by supporting the development of products and services that attract increasing numbers of visitors, providing the means to invest in our cultures and heritage, providing jobs and business opportunities for local people in their own locale and creating a better place to work, live and play. Through tourism a different narrative has been developed for NI, one that attracts visitors to personally experience the authentic and world class tourism product in increasing numbers.

World Class Tourism Product

In NI we have world class, high quality tourism products that incorporate our landscapes, heritage and culture that enable visitors to have a personal, authentic and quality experience. Tourism has also built on the success and quality of other sectors to create tourism experiences in sectors such as Food & Drink, Golf, Screen/Film and Business. The quality of the industry has been recognised with awards such as:

- Lonely Planet – Belfast & Causeway Coast & Glens – Top place to visit 2018
- International Travel & Tourism Awards - World's Best Food Destination 2018
- World Travel Awards – Titanic Belfast World's Leading Visitor Attraction
- Best Travel Awards – Giant's Causeway Best UK Heritage Attraction for 3rd year running
- UK Event Awards – ICC Waterfront Best Event Space 2017

Business Tourism

But tourism is not just about leisure and recreation. Business Tourism – MICE (meetings, incentive, conferences and events) is a growing sector which brings in business travellers and plays a role to encourage more inward investment and the consideration of NI as an excellent location for business. The investment of £29.5m by Belfast City Council, Tourism NI and the European Regional Development Fund to extend the ICC Belfast to create our only purpose-build and world class conference and convention venue, is well on track to meet their £100m economic impact target by 2021. For example, the ICC Belfast spends £3m per year with local suppliers with 800 people employed indirectly through third party service contractors. There is so much more potential for Business Tourism across NI, particularly for business from outside of NI, but this requires proper levels of funding and investment, a joined up strategy across NI and a clear campaign to promote NI as a Business Tourism destination internationally.

Regionality

An important aspect of Tourism is the dispersal of both jobs and revenue. Although a significant number of visitors come to Belfast and the Giants Causeway, 44% of total revenues in 2017[i] were generated outside of Belfast and the Causeway Coast and Glens geography. This provides employment and business on a local regional basis.

To drive regional growth, investment is required to develop world class products and attractions. In recent years there has been significant investment, both from government and the private sector, in attractions such as Titanic Belfast and The Giant's Causeway Visitor Centre both of which have shown the positive impact world class and authentic products can have in attracting visitors. Titanic Belfast has welcomed almost 6 million visitors since it opened in 2012 and in 2017 visitors to the Giants Causeway exceeded 1 million.

Following an investment of £22M, by Historic Palaces, National Lottery Heritage Fund and various Trusts & Foundations, Hillsborough Castle and Gardens opened to the public in April 2019 with 200,000 visitors expected before the end of the year. The success of the HBO series Game of Thrones has and continues to attract visitors across the region visiting the different film locations in NI. The Linen Mill Studios in Banbridge will be the location for the new Game of Thrones Studio Tour, a world class attraction that will open in spring 2020 and will bring hundreds of thousands new visitors into the area as well as creating jobs during construction and once the attraction is operational.

Other investments that will build the tourism product across Northern Ireland include the Belfast Regional City Deal, approved in March 2019. This includes capital investment in tourism projects over the next 15 years throughout the 6 council areas that make up the partnership. This investment will create internationally visible tourism products that will extend the tourist route from Belfast through Carrickfergus, towards the breathtaking Causeway Coast and Glens, along North Down and into the majestic Mourne Mountains. The investments will include development of existing product such as the Gobbins and development of new product such as the Belfast Story Destination Hub. The Derry/Londonderry Strategic Growth Plan has identified a major tourism attraction in the City – the Signature Creative Experience – which will link to other investments such as the re-imagined Ebbrington and a re-invigorated Walled City experience.

All of these investments create the hooks that attract visitors to travel around NI and provide opportunities for the private sector to create products and services for visitors to the areas.

Sustainability

We also need to be aware of the impact of 'Over Tourism' and how we ensure sustainability of tourism into the future. Last year the Giants Causeway was the first heritage attraction to welcome over a 1m visitors. This is real success, but brings issues with regard to the visitor experience and the environmental and social impact. We welcome the work that the National Trust has started to review this impact and the recommendations on how we address this moving forward.

Hotel Investment

There has been significant investment by the hotel sector, £500m since 2016, with six new hotels opening during 2018 in Belfast, bringing the total registered hotels in October 2018[ii] to 141 in Northern Ireland, with 9,000 rooms available. As of today, there are 142 hotels and 9,300 rooms. This is estimated to rise to 151 hotels providing over 10,000 rooms by 2020. Although most of the expansion to date has been in Belfast, there are planned investments in Derry/Londonderry alongside resort projects and boutique hotels across the region. To date this investment has created 1,000 jobs. The NISRA Hotel accommodation occupancy figures show an increasing trend of room nights sold with 2.11m in 2017.

Ambition for Growth

Tourism is an exciting and dynamic industry and Tourism NI have set an ambitious vision to double the economic impact of the industry by 2030 to an industry that will generate £2bn in revenues. Continued investment, a supportive policy environment and collaboration across private sector, government – central, local and agencies - education and our politicians is required for us to make this vision a reality.

There has been no encompassing Tourism Strategy in place for over a decade, and with the collapse of the NI Executive in 2016, there has been a lack of political focus on the Industry. This has meant

decreasing budgets, out of date legislation for the like of licensing, regulation and certification, and an increasing fragmentation of responsibility for tourism with no overarching strategy to ensure that we are all pulling in the same direction and that the right level and focus of funding and resource is in place to support growth.

Tourism NI, the Councils and regional partnerships – such as Visit Derry and Visit Belfast – along with industry, have had to fill the void left by our politicians. It is to their credit along with the resilience of the industry itself that tourism has continued to grow. But it is critical that, with no Minister in place for over 3 years, the Department of Economy develop a joined up vision and strategy, working in close collaboration with Industry to create a clear and accountable plan to take Tourism forward. Without this, we will not be able to truly maximise the transformational opportunity that Tourism presents in Northern Ireland.

Challenges Facing the Tourism Industry

In order to achieve the ambitious vision, there are a number of challenges and obstacles that must be addressed to enable industry to develop the products and capacity and for visitors to travel to NI and travel around once they get here.

1. **Competiveness**

NI faces unique challenges and competition when compared to the rest of the UK.

VAT and APD

NI shares a land border with the Republic of Ireland which has lower rates of VAT on tourism related goods and services - 13.5% compared to 20% - and has no tax on air travel. As tourism is a relatively price-sensitive sector, the impact on cost born by a higher tax burden has a greater adverse impact on demand than for other goods and services.

The impact of APD can be seen with our biggest market outside of NI for tourism - GB. With APD, we are effectively double-taxing those who fly to our local airports. With the increase of the independent traveller booking their own travel and looking for value for money, this has a significant impact with £13 each way, £26, to be added to the cost.

More information on the economic impact of APD and VAT is available in the NITA response to the HM Treasury call for evidence on VAT, Air Passenger Duty and Tourism in NI[iii].

Licensing Legislation

NI's Licensing legislation is outdated and out of step with the rest of the UK. There is a clear need for licensing legislation to be updated to reflect the needs of a modern market and to support the growth of the Tourism and Hospitality industry. Before the collapse of the NI Executive in 2016, work was being undertaken by the NI Assembly committee to move forward the legislation, but this has been left unfinished in the ensuing three years. The 'Special Event' legislation is currently being reviewed as a result of The Open being held in Portrush this year. Rather than deal with this in isolation, this provides an opportunity to take forward the work already undertaken by the NI Assembly before the collapse in 2016 and develop a wider licencing bill. NITA member organisation Hospitality Ulster has been leading the work on this change and we would refer you to their paper for further details – Modernisation of Liquor Licensing Legislation, published in January 2019.[iv]

2. **Skills**

High on the agenda for our members is the availability of the skills required within the industry. This has been a continual challenge, which has been mitigated in part by people working in the industry that are from outside NI. According to research carried out by People 1st in 2016, 20% of the tourism workforce were born outside of the UK, of which 46% have come from other EU countries. This reliance on migrant workers from other EU countries is likely to have a negative impact if the UK's proposed plans for immigration restrictions are implemented. The industry is already experiencing difficulty attracting people from outside of NI and retaining those already working in the workforce due to the uncertainty arising from Brexit.

To achieve the ambitions for the Tourism Industry to double in size, a significant amount of work will be required to attract and retain talent within the industry. It is estimated that 2,500 people will need to be employed to fill existing jobs that will become vacant each year over and above the new jobs that will be created as the Tourism industry grows.

Tourism is one of a number of growing industries within the NI economy and as such there is competition for people within a very tight labour market locally

The main areas that will need to be addressed are:

- Career attractiveness - address the negative perceptions of careers within Tourism.
- Pathways into Tourism and career development
- Improved access to careers advice and information
- Engagement earlier in the education system – schools
- Identify and showcase Champions and role models for careers in Tourism

A collaborative network, led by industry, is currently being finalised, which is reviewing the draft skills action plan that was produced in 2016. This draft plan was not finalised or put into policy and to date none of the recommendations have been actioned or adopted. The proposed network is keen to address some of the themes in the draft plan, particularly those detailed above, but recognise the significant changed required in addressing these challenges goes beyond the capabilities of the network. Collaboration across all stakeholders in industry, government and education, along with the required resources and funding, will be critical to address the challenges.

3. **Access**

Access to Northern Ireland and the ability to easily travel around the region is critical to enabling the industry to grow and develop. The main markets, outside of the domestic market, are GB and the Republic of Ireland. With plans to grow visitor numbers from mainland Europe, North America and other long haul locations, our airports and sea ports are an important element of the tourism infrastructure.

Air Access

The latest NISRA Air Passenger Flows Statistical bulletin[v], showed that in the 12 months to March 2018, there were 8.5m passengers flowing through our 3 airports. A 3% increase on the previous 12 months. People residing outside of NI accounted for 41% of the passenger flow.

We have limited international connections to our local airports and therefore it is important that we support hub access, for example BA and Aer Lingus offer up to 8 flights per day from LHR direct to our local airports, one stop from the rest of the world. However, APD becomes a factor which can push visitors to fly to Dublin instead.

According to the Tourism NI Visitor Survey for 2018, 50% of visitors accessed Northern Ireland via the Republic of Ireland. When you look at individual markets, 75% of visitors from North America and 66% of those from Europe enter NI via the RoI. This winter Dublin Airport launched 14 new services and almost 1.6 million extra seats across the route network. This represents a 12% increase in seat capacity compared to the same period last year. Nearly every Business city in USA has a direct service operated to Dublin.

The growth of visitors coming through Dublin underlines the importance of the connections between Dublin and NI. It is critical that visitors are able to continue to access NI in a seamless manner across the border. This means that relationships with inbound travel distributors and local tourism providers must continue to be developed. Tourism NI and Tourism Ireland work together to provide the platform for our tourism providers to develop relationships with the main players and the Meet the Buyer event earlier this year saw record numbers of travel distributors coming to NI to meet with local industry.

It is also critical that no real or perceived barriers are put in place, for travel from the RoI to NI, as part of the UK exit from the EU.

Development of additional direct routes to NI from more destinations needs to be supported. Visitors want to be able to travel with the minimum of stops and our airports must be supported to encourage airlines to add additional routes. There needs to be a strategy, linked with the tourism strategy, to identify key destinations, for example Germany. This will enable the industry to work together to create experiences that will be attractive to those markets and promotion can be maximised to help with the sustainability of the routes.

Access Via Cruise Tourism

Cruise Tourism, which is another channel for visitors to come to NI, has seen significant growth with 115 ships docking at Belfast during 2018 with an estimated 189,000 cruise visitors arriving in Belfast. This trend in growth is set to continue in 2019 with 148 ships carrying 285,000 passengers expected to arrive in Belfast.

This is an important way for visitors to access and sample NI as a destination which can be an effective strategy in leading to repeat visits.

Cruise Belfast is a marketing partnership between Belfast Harbour Commissioners and Visit Belfast. This has led to the significant growth in this sector. This growth is leading to approximately £500,000 investment by Belfast Harbour to provide a more appropriate welcome for cruise visitors to the city and a new Cruise Welcome Hub, with funding from Tourism NI is planned to open in the next month.

In addition, Cruise Tourism is a growing sector in the North West with 18 cruise calls and an estimated 10,000 passengers due in 2019. The release of capital funding to implement the recommendations of a Donegal County Council/Derry City and Strabane District Council feasibility on the development of Greencastle harbour as a deep water port will provide a very significant uplift in cruise visits to the region.

With Dublin Port announcing its intention to reduce the number of cruise ships coming into Dublin from 2020, NI needs to look at the challenges and opportunities this could bring for our Cruise sector.

Road and Public Transport Access

The increasing number of visitors will require continued investment in our transport infrastructure. Investments in our road infrastructure, rail connections (within NI and with Dublin), and the Belfast

Integrated Transport Hub will all improve access within NI. With the rural nature of NI, partnership and collaboration between Tourism NI, Translink and private operators will be required to develop more frequent and sustainable transport services.

This means a joined up approach to infrastructure investment and maintenance and development of public transport. NI has a population of 1.87m and we saw 2.26m visitors come to NI in 2017. If we want to encourage visitors to travel around NI, then this has to be factored into our infrastructure and transport planning.

4. Collaboration and Joined Up Planning

Tourism touches so many different sectors and is an enabler to bring additional revenue into Northern Ireland that is used to provide investment and opportunities across our region to the benefit of our whole society. In order to maximise this potential, there must be a national strategy that brings together all the different strands and responsibilities. One of the key challenges is the fact that we have no Executive in place and therefore no Minister to drive forward a joined up strategy. This has fallen to the Department of Economy, who do not have responsibility for all aspects of Tourism, and therefore we lose the ability to maximise the impact of investments or identify the consequences of decisions made in other departments. For example, from a central and local government perspective, responsibility for decisions that impact on tourism include:

- Department of Economy – Tourism Policy in one division and Skills in another
- Department of Communities – Heritage, Arts & Culture, Regeneration
- Department of Infrastructure – Planning, Roads, NI Water, Public Transport, Waterways
- Department of Agriculture, Environment and Rural Affairs – Forestry NI, Countryside Management, Land Management
- Arms Length Bodies - Tourism NI, Invest NI, Tourism Ireland, NI Environment Agency
- 11 Councils each with Tourism strategy within their areas and planning

This highlights the need for a joined up strategy that recognises and brings together all the different responsibilities that impact on tourism.

It is critical that industry is at the centre of the strategy development both from a perspective of identifying real challenges on the ground, and in enabling industry to be prepared to support investment whether this is through development or expansion of services, development of marketing/promotion campaigns, attracting and retaining talent.

5. Promotion of NI as a Tourism Destination

The promotion of NI as a Tourism destination has a lot of players and is very fragmented. The main promotion of NI within the domestic market and to RoI is the responsibility of Tourism NI supported by Visit Derry and Visit Belfast. Tourism Ireland are responsible for the growth of visitors from outside of the island of Ireland. In addition, each of the Councils have developed their own tourism strategies which they promote and then industry are also promoting their products.

Despite this, it is evident from the increase in visitor numbers that NI is being successfully promoted as a tourism destination with record numbers seen in the latest official figures for 2017. However, we could be getting a much better return if we worked in a more co-ordinated and collaborative way and amplified our message.

There has been increased co-operation and collaboration between Tourism NI, Tourism Ireland and Failte Ireland, and TI's decision to assign the responsibility for NI at director level and appoint a Stakeholder Liaison manager for NI, based in NI, has been welcomed by the industry.

The success over recent years has been within a very challenging environment. TNI are working within with budgetary constraints, no agreed strategy for tourism in NI and no Ministerial direction due to the collapse of the NI Executive. All of this impacts on their ability to deliver. It is critical that TNI are provided with the right level of resources to develop the capacity, infrastructure and investment that is needed for the industry to maximise its potential.

We welcome the work done by TNI to develop an experience based brand for NI, which builds on the authenticity of our offer, and we look forward to this being presented to the industry along with tool kits to enable industry to incorporate their products within the overall experience brand. It is one thing having a brand, but this must be a unified brand which is utilised by all of those promoting NI and that the right level of funding is provided for promotion.

Failte Ireland and Tourism NI fund Tourism Ireland to promote the Island of Ireland outside of the Ireland. According to the Tourism Annual Report for 2017[vi], Failte Ireland increased their funding by 10% to £39.6m whereas the funding from Tourism NI decreased by 14% to £12.8m.

The Island of Ireland is a small place in terms of the highly competitive world tourism markets, however through working together TNI and TI have taken the compelling reasons for visitors to come to NI – world class product, heritage, landscape and culture – and developed campaigns to promote all that is NI. The unprecedented popularity of the Game of Thrones is one example of that collaboration which has been seen in investments and campaigns and the main reason for coming to NI by an increasing number of visitors.

Our focus should be on ensuring this collaboration is strengthened which will amplify the promotion of NI, with a more joined up approach across all of the different players, not diluting through the creation of another agency specifically for NI.

What is missing are clear targets and KPI's with regard to the impact and return on investment for NI. It is difficult to get data on a timely basis and difficult to see the numbers of visitors coming to and staying in NI as a result of campaigns. This impacts on the ability of the industry to plan and develop their product.

Conclusion

Tourism is an exciting and dynamic industry which has an ambitious vision to double in size by 2030 to an industry that will generate £2bn in revenues, with almost £1.5bn of revenues coming from visitors outside of NI; an industry that will employ 90,000 people that will support growth across the wider economy; an industry that provides opportunities for all in our society across the whole of the region; an industry that provides opportunities for local people to develop their own tourism businesses, building on their passions, culture and talent as well as providing flexible pathways for careers.

We have laid out the challenges that face the Tourism and Hospitality Industry:

- Competitiveness
- Skills
- Access and Connections
- Collaboration and Joined Up Planning

- Access to timely and relevant information and statistics
- Clear targets and KPI's for promotion of NI

It is vital that government, in the absence of a NI Executive, develop a strategy for tourism in NI, in collaboration with industry, and create a framework and accountable implementation plan to support the development and growth of the industry. This needs to connect all the elements – Business Tourism, Landscape, Heritage & Culture, Leisure, Food & Drink – with a properly funded investment and resource plan to enable the industry to maximise the opportunity we have.

Tourism is an industry that can be transformational for Northern Ireland both economically and socially. It helps to change the narrative and perceptions of NI, it builds confidence and pride within our communities, supports local businesses, protects culture and heritage. The benefits of improved infrastructure touch everybody, creating a better place to live, work and play.

NITA would be happy to provide any further assistance and information the NI Affairs Committee may require during the course of the inquiry and would welcome the opportunity to expand on our paper with the committee through oral evidence.

For further information, please contact

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Appendix

Sources

[i] NISRA Northern Ireland Local Government District Tourism figures
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[iii] NITA response to HM Treasury Call for Evidence
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[iv] Hospitality Ulster – Modernisation of Liquor Licensing Legislation
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