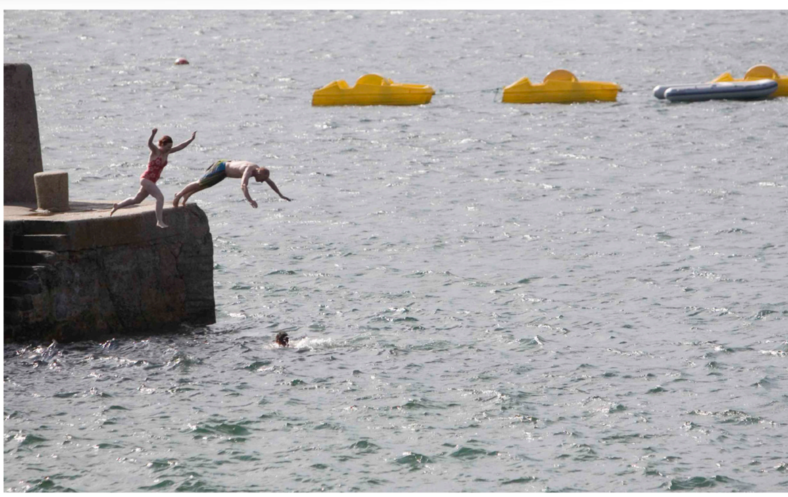
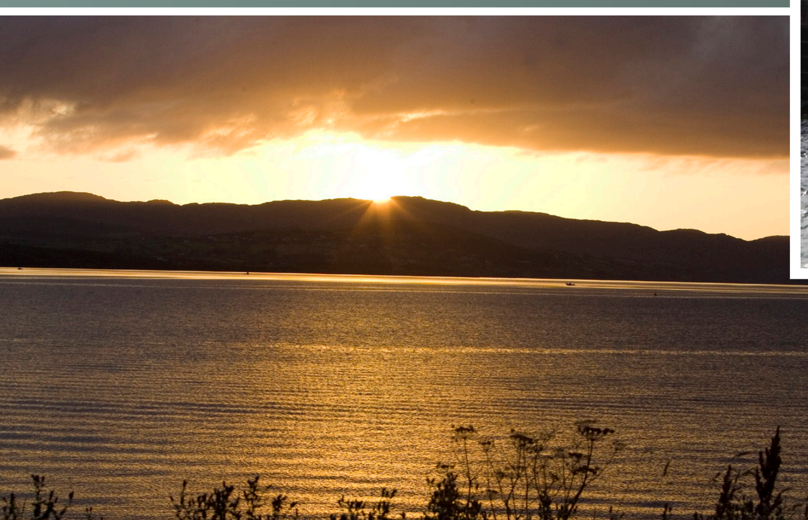
Sinn Féin

TOURISM & HOSPITALITY VOUCHER

Economic stimulus plan for the tourism & hospitality sectors





JUNE 2020

INTRODUCTION

According to the Irish Tourism Industry Confederation (ITIC), tourism is the state's largest indigenous industry, employing 265,000 people, with 68% of these jobs outside of Dublin.

10,807,500 overseas visitors came to Ireland in 2019, and international visitors accounted for 75% of the tourism economy here.

However, the domestic tourism and hospitality sectors have been decimated by the Covid-19 pandemic and the resulting restrictions on movement, for both local and international visitors.

Most businesses have now been closed for months, and the usually bustling hotels, bars, restaurants, caravan parks, galleries, museums and tourist attractions, are now unseasonably quiet.

Figures from the Department of Employment Affairs and Social Protection show that around 92% of workers in the accommodation and food sectors were either receiving the Pandemic Unemployment Payment or were on the Temporary Wage Subsidy Scheme during the Covid-19 pandemic.

The ITIC is estimating a hit to the tourism sector in the region of €3.52 billion in 2020.

With restrictions on inward travel into the state remaining in place, in addition to the longer-term psychological impact Covid-19 will have on international travel, the numbers of international tourists returning to our shores will be impacted.

Therefore, Sinn Féin believe a substantial economic stimulus is urgently needed to support the tourism and hospitality sectors here, assisting tens of thousands of businesses and supporting the hundreds of thousands of workers in these sectors.

This document outlines Sinn Féin's proposal for a tourism and hospitality voucher scheme, to encourage domestic spending in these sectors. This is just one part of our plans for economic stimulus in these areas.

It compliments a wider suite of measures that Sinn Féin have proposed including interest-free loans with 100% state guarantee and no repayments for the duration of the crisis, grants like those provided in the north of Ireland of €10,000 and €25,000 and longer commercial rates breaks. And further measures may be required in the time ahead including taxation measures.

ECONOMIC STIMULUS

To deal with the enormous crisis facing our domestic tourism and hospitality sectors, Sinn Féin are proposing the government introduce an ambitious economic stimulus for this area.

This scheme would see every resident in the state receive a voucher that can be spent in domestic businesses in the tourism and hospitality sectors here.

Given the scale of the challenge facing these industries, we are proposing €860 million should be invested in this plan.

This would provide every adult and every child with a voucher worth €200 and €100 respectively, that can be spent in businesses in the tourism and hospitality sectors.

This major financial injection will support hundreds of thousands of jobs here, whilst also giving workers and families the option of a break away after this very difficult period.

We recognise this is a significant outlay by the Exchequer, but Fáilte Ireland calculate that for every one euro spent in the tourism sector, 23 cent is generated in tax. Therefore, such a financial plan will also have the benefit of generating tax revenue for re-investment in our vital public services.

Our proposed investment will, in addition, enable reduced dependence on the Temporary Wage Subsidy Scheme and Covid-19 Pandemic Unemployment Payment, which are currently supporting very high numbers of workers from the tourism and hospitality sector.

This would be a non-means tested scheme, available to every resident in the state.

This way it can assist those who may face financial difficulties affording a break away or days-out with friends or family, but also encourage those who can afford to holiday here, to do so and spend their vouchers, plus more, in our local economies.

HOW THIS COULD WORK?

Applications for the vouchers would simply consist of the verification of identity. A mix of online and in-person applications would make it accessible to all and reduce congestion applying for the scheme.

To minimise disruption for businesses and maximise value to users, we would like to see these vouchers take the form of pre-loaded smartcards, that could be collected from post offices and Department of Employment Affairs and Social Protection offices around the state.

This would allow a family, for example, to have their entire allocation loaded onto one card, making it easier and more convenient to spend. This would also allow people to tap and go and not require the vouchers to be spent all at once. For public health reasons, spending on alcohol would only be permitted as part of a package, when included with a meal for example.

For businesses, this approach would reduce the level of administration involved, as there would be no requirement to exchange physical vouchers for cash, as the value of the voucher would be deposited directly into their bank accounts.

The scheme should be rolled out following consultation and in co-operation with representative organisations in the tourism and hospitality sectors, such as the Irish Tourism Industry Confederation, the Irish Hotels Federations, B&B Ireland, the Restaurants Association of Ireland, the Irish Caravan & Camping Council, the Coach Tourism & Transport Council of Ireland and independent businesses and tourist attractions, to ensure as many businesses as possible in the tourism and hospitality sectors sign up and benefit from it.

A state agency, such as Fáilte Ireland, could be tasked with registering businesses centrally and anchoring this scheme.

Such an agency, using guidelines provided by government, could also be tasked with adjudicating on specific business who were unsure as to whether they fall into the tourism and hospitality sectors.

The scheme would run until the end of 2021 with a portion required to be spent in 2020.

INTERNATIONAL COMPARISON

Many countries around the world have already taken action to stimulate domestic activity in their economies after the Covid-19 shock.

The Malaysian government have allocated €100 million for travel discount vouchers. These are provided by the government, in collaboration with airlines, resorts, and hotels, and will offer discount vouchers of 100 ringgit (€21) per person from March 2020. In addition, a special income tax relief worth 1,000 ringgit (€207) is available to individuals for expenses on domestic tourism from March 1st 2020 to August 31st 2020. This is limited to entrance fees for tourist attractions and expenses on accommodation at premises registered with the Ministry of Tourism, Arts, and Culture.

Hong Kong is giving each permanent resident aged 18 and over HK$10,000 (€1,192) as part of their HK$120bn (€14.3b) relief package.

Singapore will pay 90% of residents there, SG$600 (€391) in cash as part of their economic stimulus plans.

The government of Macau is stimulating the local economy by distributing contactless smartcards to residents, that come pre-loaded with a credit of 3,000 Macanese Pataca (€347), that must be spent in local stores by the end of July.

The city of Vienna recently announced a €40 million plan to boost their restaurant sector. This initiative will see every family in the city of 1.9 million people, receive a voucher worth €50 that can be redeemed in local restaurants, while single people will receive a voucher for €25 each.

The Icelandic government is spending ISK 1.5 billion (€9.8 million) on a tourism stimulus which will see every resident aged 18 or over, receive a state sponsored voucher worth ISK 5,000 (€33), which can be redeemed at hotels and tourism companies around the country, between June and December of 2020.

As part of their €55 billion stimulus plan, the Italian government have announced a 'holiday bonus' for those Italians who chose to holiday at home this year. Italian households with an annual income of €40,000 or less are eligible for up to €500 towards the cost of a stay in Italy. Hotels will provide 80% of the bonus by discounting their prices and claiming this back as a tax credit while holiday makers claim the remaining 20% as a tax deduction. This will be worth €150 to people travelling on their own, €300 for two people and up to €500 for families.

Introducing a similar financial stimulus here has the potential to re-start our domestic tourism and hospitality sector.

We appreciate this is a new idea for the Irish economy, but we feel new, creative and ambitious thinking is now needed, to meet the scale of the current crisis head on. This plan would also target investment to the sectors that have been hit the hardest by the Covid-19 pandemic.

COST

Like with most countries around the globe, the Irish state has had to, and will need to continue to borrow money on the international markets this year to fund expenditure.

We believe this proposal should be seen as an investment in jobs and businesses. Without targeted intervention now, thousands of jobs in the tourism and hospitality sectors will be lost permanently, costing the state more in the long run.

As mentioned, this scheme would be available to all those resident in the state. It would cost the state €200 per adult and €100 per child, resulting in a gross cost of approximately €860 million*.

However, the net cost of the scheme would be significantly less due to exchequer returns on items such as VAT, payroll taxes and reduced spending on social welfare supports.

*Endnote - The Census conducted in 2016 found;

- The total number of people in the state was; 4,761,865
- The number of people aged 17 and under was; 1,190,502 (25%)
- The number of people aged 18 and over was; 3,571,363 (75%)

The CSO estimates the population of Ireland stood at 4,921,500 in April 2019.

Using these latest figures from the Central Statistics Office, we have calculated the voucher scheme based on the following population assumptions for 2020;

- Total number of people; 4,921,500
- Number of adults; 3,691,125 (75% of 4,921,500)
- Number aged 17 and under; 1,230,375 (25% of 4,921,500)

Over 18s	3,691,125 * €200	€738,225,000
Under 17s	1,230,375 * €100	€123,037,500
Total		**€861,262,500**

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www.sinnfein.ie

Darren O'Rourke TD
MEATH EAST
Sinn Féin Spokesperson on Transport, Tourism and Sport
darren.orourke@oireachtas.ie

Pearse Doherty TD
DONEGAL SOUTH WEST
Sinn Féin Spokesperson on Finance and Public Expenditure and Reform
pearse.doherty@oireachtas.ie