

# Tourism Action Plan Implementation Group

## Third and Final Progress Report

to

John O'Donoghue T.D. Minister for Arts, Sport and Tourism

March 2006



## TABLE OF CONTENTS

<i>Chapter</i>	<i>Page No</i>
<b>Chairman's Foreword and Summary</b>	<b>iii</b>
<b>1 Introduction and Overview</b>	<b>1</b>
<i>Introduction</i>	1
<i>The Importance of Tourism</i>	1
<i>Group's Methodology</i>	2
<i>Tourism Performance since 2003</i>	4
<i>General Prospects for 2006</i>	5
<b>2 Action Areas of Good Progress</b>	<b>7</b>
<i>Industry Commitment</i>	7
<i>Government Commitment</i>	8
<i>Role of the Department of Arts, Sport and Tourism</i>	8
<i>Tourism State Agencies</i>	9
<i>Enhanced Marketing Plans and Budgets</i>	10
<i>British Market</i>	11
<i>Regional Air Access</i>	11
<i>Human Resource Development Strategy</i>	12
<i>E-Commerce</i>	12
<i>Transport Infrastructure</i>	13
<i>Ireland-US Bilateral Air Agreement</i>	14
<i>National Conference Centre</i>	14
<i>Major Cultural Infrastructure Projects</i>	15
<b>3 Action Areas of Slow Progress</b>	<b>17</b>
<i>Competitiveness</i>	17
<i>Dublin Airport Terminal Facilities</i>	18
<i>Taxation Regime for Treatment of Business Expenses for International Conferences and Meetings</i>	18
<i>Product Development and Innovation</i>	19
<i>Regional Development and Spread</i>	20
<i>Signposting on National, Regional and Local Roads</i>	22
<i>Countryside Access</i>	23
<b>4 The Road Ahead</b>	<b>25</b>
<i>Introduction</i>	25
<i>Five Major Themes</i>	25
<i>Theme 1 Competitiveness, Productivity and Skills</i>	26
<i>Theme 2 Product Development and Innovation</i>	26
<i>Theme 3 Access and Marketing</i>	26
<i>Theme 4 Sustainability and Regional Spread</i>	27
<i>Theme 5 The Strategy Implementation Process for 2006/7</i>	28
<b>Appendix – Terms of Reference and Membership</b>	<b>31</b>



## Chairman's Foreword and Summary

### Introduction

In its 2003 Report, *New Horizons for Irish Tourism: An Agenda for Action*, the Tourism Policy Review Group concluded with conviction that Irish tourism is arguably, the most important and successful sector of Irish-owned enterprise since the foundation of the State. In order to build on this success and respond to the winds of change then sweeping the tourism industry, at home and abroad, the Review Group set out a comprehensive tourism development strategy covering a 10 year period and a detailed plan of specific actions to be accomplished over an initial two year period.

In line with the recommendations in the *New Horizons* report, the Minister for Arts, Sport and Tourism, Mr John O'Donoghue T.D., established an Implementation Group to provide an impetus to the delivery of the strategy and action plan over the initial two-year period following its publication and to monitor what was achieved. In doing so, the Minister requested the Group to report progress to the industry and to him at intervals. The Group reported at two public Tourism Forums organised in conjunction with the Minister in November 2004 and November 2005 and through the publication of two separate progress reports. This Report is the third and final progress report of the Group.

### Overview

Overall it is fair to say that the progress that has been made in the implementation of the new tourism strategy and action plan, published in 2003, has been relatively good – in many ways better than what was anticipated by the Implementation Group when it first met two years ago. This is clear from the progress statement on each of the more than seventy recommendations prepared by the Department of Arts, Sport and Tourism which is being published at the same time as this Report.

### Action Areas of Good Progress

The key areas of good progress are described in the Report itself. They include:

- **Industry Commitment:** the commitment and actions by the industry itself in responding and repositioning to the domestic and international environment for tourism growth in Ireland which is far more challenging than was the case in the halcyon days of the 1990s
- **Government Commitment:** the commitment and actions by Government to the implementation of the strategy and the specific actions set out in it – as evidenced by the strong involvement of the Taoiseach, the Minister for Arts, Sport and Tourism and other Ministers in the process of implementation and the delivery of many of the actions set out in the strategy by a range of Government Departments and agencies
- **Department of Arts, Sport and Tourism:** the commitment by the Department of Arts, Sport and Tourism to the new tourism strategy and action plan, both in its own area of direct jurisdiction and in strongly promoting a key recommendation of the *New Horizons for Irish Tourism* strategy that tourism is the business of all Ministers of Government and not just that of one

- **Tourism State Agencies:** the contribution and actions of Fáilte Ireland and Tourism Ireland in supporting the new strategy and in advancing, in a pragmatic and realistic way, those actions that fall within their area of responsibility and in building upon these actions with new initiatives in response to an evolving and ever-changing business environment. The work of Tourism Ireland is also demonstrating that the promotion of Irish tourism on an all-island basis makes practical business sense from which tourism enterprises North and South are benefiting
- **Marketing Plans and Budget:** the additional resources allocated to tourism marketing by the Government, Department of Arts, Sport and Tourism and the Tourism State Agencies in order to respond to more competitive conditions in traditional markets and to exploit new opportunities in newly emerging markets
- **Air Access:** the promotion and support of significant increases in air access from Mainland Europe, Britain and North America by the industry and by Government and the announcement in the Government's Budget for 2006 of the initial provision of significant new resources for investment in regional airports
- **Internal Transportation:** the commitment of a major new multi-annual budget to upgrade internal transportation infrastructure and services across the country, announced in the Government's new transport strategy, *Transport 21*, in November 2005
- **Proposed Ireland-US Bilateral Air Agreement:** the announcement, in November 2005, of the proposed new Ireland–US bilateral air agreement which, if it is quickly finalised, will open up significant new areas of tourism potential for Ireland in the United States
- **National Conference Centre:** the Government's decision, announced in November 2005, that a provisional preferred tenderer had been selected to provide the long-awaited National Conference Centre in Dublin which, if it is also quickly brought to fruition, holds major potential for attracting significant additional visitor business to Ireland
- **Cultural Infrastructure:** the announcement in the Government's Budget for 2006 of a major new capital investment programme in key areas of cultural infrastructure including the new Abbey Theatre, the National Concert Hall, the Gaiety Theatre in Dublin and the Theatre Royal in Wexford.

### Action Areas of Slow Progress

While good overall progress has been made in the implementation of the new tourism strategy as indicated above, there are a number of areas where progress has been less than impressive and which are operating to hinder the achievement of the targets for tourism growth set out in the strategy. These are discussed in the Report and include the following

- **Competitiveness** – Irish tourism, in conjunction with the traded goods and services sector generally, has suffered a significant deterioration in competitiveness in recent years. Many, but not all, of the factors underlying this deterioration lie outside the areas in which the industry can itself take direct countervailing action. Many tourism enterprises have responded to the competitiveness challenge by controlling costs, increasing productivity, moving up the value chain to focus on value-for-money and

developing bespoke customer products. Such initiatives must become more widespread in the industry which should, in its own self-interest, take a lead in pressing for actions in areas outside its own sphere of direct responsibility which increase costs and reduce competitiveness. This would be *in addition* to the actions which the industry must take directly within its own areas of operation to improve competitiveness and value-for-money.

- **Dublin Airport** – In recent years, the experiences of a great many visitors to Ireland at Dublin Airport have been less than satisfactory. Deficiencies in capital and service facilities at the airport have been a root cause of negative first and last impressions of Ireland that visitors gain at the airport. Such impressions are a significant influence on the overall perception of visitors in relation to their visit to Ireland – and on their decisions to return or not. The new Dublin Airport Authority has set out to tackle these issues with a fresh impetus in consultation with the tourism industry, the airlines and other stakeholders. It has announced that new pier facilities for aircraft are to be in place for 2007 and that an additional terminal will be operational in 2009. It is vital that these long-awaited, essential investments are delivered on-time and within budget and that any interim, consequential disruption for visitors and airlines is minimised.
- **VAT on International Conference Business** – Ireland is at a significant disadvantage relative to other EU countries, including Britain, in attracting conference business, because full VAT is chargeable on that business in Ireland – in contrast with the position in Britain. The resolution of the problem is complex because of EU law and certain differences in the VAT regime in Ireland compared to other countries. Proposals to resolve these difficulties have been brought forward by the industry and the Department of Arts, Sport and Tourism for consideration by the Department of Finance. The opportunity costs to business tourism of not resolving the issue are significant. The necessary provisions to resolve the issue have, disappointingly, not been brought forward in the 2006 Finance Bill as initially published. The Implementation Group strongly urges that the "win-win" situation for the industry, the economy and the Exchequer, arising from an effective resolution of the issue, be further emphasised and developed by the industry in cooperation with the Department of Arts, Sport and Tourism and that an effective solution be put in place by the Government at the earliest possible opportunity.
- **Product Development and Innovation** – There is evidence to indicate that, in many ways, Ireland's tourism product has become tired and lacking in verve or "bounce" for many tourists. Accommodation provision and standards have increased greatly over the past 10 years or more. There has also been strong progress in the development of a range of activities for visitors, both at their place of accommodation and more widely. However, much of what has been achieved is taken as a "given" by ever more discerning tourists. In themselves, the facilities put in place do not, in general, provide a competitive advantage or compelling reason for visitors to come to Ireland. There is a need for greater progress in the provision, development and effective marketing of a wide range of activities which provide visitors with a positive and "unforgettable" experience – along the lines set out in the *New Horizons for Irish Tourism* report. In 2005, Fáilte Ireland established an Expert Group to provide proposals on how this can best be accomplished. The Group is to report by June 2006. It will be important to move quickly from analysis to specific actions once the report of the Expert Group is published.

- **Regional Spread of Tourism** – The Report on the *Regional Spread of Tourism*, published by ITIC in 2005, highlights the significant variations in regional tourism performance in recent years. Between 1999 and 2004 the number of additional bed-nights spent by overseas holidaymakers in Dublin had increased by more than 3 million to nearly 7.5 million. Elsewhere in the country the number of bed-nights by such visitors fell by 2.5 million (to almost 16 million) over the same period. These trends make clear that a major new regional tourism development programme is required. Without such a programme the prospects of achieving the regional targets of the current tourism strategy are slim.
- **Countryside Access** – A countryside council, Comhairle na Tuaithe, was established by the Minister for Community, Rural and Gaeltacht Affairs, in January 2004, to address the issue of countryside access for recreational and leisure purposes. The Comhairle has made good progress in an area of legal complexity and, sometimes, high emotion. It has brought the key stakeholders together and is providing a consultative framework within which a set of foundation principles governing the issues that relate to countryside access can be agreed. It provides a forum within which, with goodwill on all sides, areas of conflict can be resolved. The Comhairle published its Countryside Code in 2005 and is currently working on a National Countryside Recreational Strategy. While the Comhairle has made good progress on these issues the more thorny issues surrounding “rights of way”, the unilateral closure of areas which have enjoyed traditional long-term public access and addressing situations where voluntary codes established by Comhairle are rejected or ignored by land-owners or recreation users, remain to be resolved and are a barrier to tourism development.
- **Signposting on National, Regional and Local Routes** – Significant dissatisfaction with the standard of road signage throughout the country has been a feature of successive Visitors Attitudes Surveys for many years. The situation has not improved since the publication of the *New Horizons for Irish Tourism* report in 2003. It is difficult to understand why simple, straightforward road signage standards for different types of roads cannot be established and applied on a consistent basis across the country.

## The Road Ahead

The long-term strategic framework for the development of Irish Tourism set out in the *New Horizons for Irish Tourism* report, published in September 2003, remains relevant at the present time. That strategy emphasised the utter importance of retaining flexibility and developing a capability for rapid response to changing market circumstances within Irish tourism, at both the level of policy formulation and implementation and at enterprise level. It was for these reasons that it set out a programme of specific actions for the first two years only following its publication. In a rapidly changing market environment it would be unwise and impractical to attempt to spell out a specific action programme beyond such a period.

What is now required, in the further roll-out of the strategy, is the identification, in current circumstances, of a set of issues around which decisive actions are determined and taken by the industry and by Government to drive forward the business of tourism in Ireland over the next two years. An effective implementation process should be established to provide impetus to the delivery of the required decisions. The development of an action plan for the next two-year period is not a matter that the Implementation Group was requested to consider. However, from its work over the past two years and from its discussions with representatives of the tourism industry at the Tourism Forums in 2004 and 2005 and more generally, the Group has identified



a number of the key areas around which such an action plan should be developed. The Group puts these forward for consideration in the next phase of the roll-out of the *New Horizon for Irish Tourism* strategy. They are set out under a number of themes as follows:

- Competitiveness, Productivity and Skills
- Product Development and Innovation
- Access and Marketing
- Sustainability and Regional Spread
- The Strategy Implementation Process for 2006/7

The rationale for the focus on these themes, and a number of broad recommendations in relation to them, are set out in the body of this Report. There is a need to validate and to translate these broad recommendations into a coherent and effective action plan in the next stage of the roll-out of the *New Horizons for Irish Tourism* strategy.

### **Acknowledgements**

I am privileged to have been appointed as Chairman of the Implementation Group, by the Minister for Arts, Sport and Tourism, Mr John O'Donoghue, T.D. I am deeply appreciative of the hard work, insight and creativity that each member of the Group has contributed over the past two years. On behalf of the Group, I wish to acknowledge and to thank the Secretary of the Group, Mary Jackson and her colleagues from the Department of Arts, Sport and Tourism, Kathlynn Butler and Mary Toolis together with Ciarán Tuite from Fáilte Ireland, Nicola Allen from Tourism Ireland and Denise Brophy from ITIC, for their extensive good work, dedication and professionalism – and without which the progress that has been achieved could not have happened.

John Travers  
Chairman

March 2006



## Chapter 1

### Introduction and Overview

#### Introduction

This is the Third and final Report of the Implementation Group, established by the Minister for Arts, Sport and Tourism, to report on the implementation of the recommendations made by the Tourism Policy Review Group in the report, *New Horizons for Irish Tourism: An Agenda for Action*, published in September 2003. The membership and terms of reference of the Group are set out in the Appendix to this Report.

The strategy for the development of Irish tourism is based on the premise that Irish tourism is operating in a dynamic and fast changing environment encompassing major and continuous changes in technology, air transport, geopolitics and the pace and structure of economic development. Thus for the main sectoral actors – tourism enterprises, support agencies in both the private and the public sectors and the Government – strategies for survival and sustainable growth require a root and branch reworking of sectoral competences to compete effectively in a more demanding market.

The Review Group published its findings and recommendations in September 2003, following an intensive six-month period of analysis, consultation and strategy formulation. Its agenda for change is built around the requirements for successful engagement in the global marketplace at the core of which is collaborative partnership between the industry and the Government.

The strategy is based on established facts and on the knowledge of industry analysts and operators. It is a comprehensive strategy that proposes ambitious targets for the development of the industry and lists the specific actions necessary to help achieve

the targets. It also covers the follow-up arrangements to track and report on its implementation over the first two years following publication.

The Review Group attached particular importance to an effective implementation strategy that would track and report on follow-up action over the vital first two years. In response to the recommendations of the Review Group, the Minister for Arts, Sport and Tourism set up the Implementation Group which has prepared this Report to drive forward the implementation process. Progress reports were published in August 2004 and April 2005. The Implementation Group also reported directly to the tourism industry at forums in November 2004 and November 2005. In this, its third and final Report, the Implementation Group publishes its scorecard on what has been achieved over the past two years.

#### The Importance of Tourism

Why does tourism matter?

The economic importance of tourism to Ireland cannot be overstated. In real terms, tourism expenditure doubled during the 1990s and some €4.3 billion was invested in tourism capital stock in that decade, supported by a significant allocation of EU Structural Funds and Government grants and incentives.

The Tourism Policy Review Group rightly concluded that **Irish Tourism is, arguably, the most important sector of Irish-owned enterprise since the foundation of the State.** The statistics speak for themselves. The tourism industry provides direct employment for almost 150,000 workers. In 2005, it attracted 6.7 million overseas visitors – who spent €4.3 billion here. This level of foreign revenue earnings is equivalent to half the value of exports by all Irish-owned manufacturing companies.

When other factors are also considered including domestic earnings of more than €1 billion, regional spread and the positive impact the industry plays on how others see Ireland, the real significance of the industry emerges. Yet the contribution of tourism does not always receive the recognition that it deserves. Hence the emphasis in the Implementation Group's Report on asserting the importance of tourism as a driving force of national and regional economic and social progress in Ireland.

### Group's Methodology

The Implementation Group held its first meeting in February 2004. It has met in plenary session on seventeen occasions – with special follow-up meetings in intervening periods on specific action points.

In November 2005, some 150 people attended the second Annual Forum of the Tourism Industry, to receive reports on progress on the implementation of the strategy and recommendations of the Review Group. The Forum provided an opportunity for the tourism industry to put forward its views on the progress made in advancing the development of the industry over the previous year. Participants at the Forum highlighted the key issues of tourism policy and implementation they wished to see prioritised over 2006 and beyond. The views put forward by the industry at the Forum have shaped the priorities for future action to support Irish tourism, as set out in Chapter 4.

In the course of its work, the Group met the key Departments/Agencies and other stakeholders that have a significant contribution to make to the development of sustainable tourism in Ireland and to meeting the targets set by the Review Group. They included

- the Departments of Transport, Finance Environment, Heritage and Local Government, Community, Rural and Gaeltacht Affairs and Communications, Marine and Natural Resources

- the Marine Institute and Waterways Ireland
- The Dublin Airport Authority, Aer Lingus, Ryanair and the Commissioner for Aviation Regulation
- Irish Ferries and Dublin Port
- Skillnets (the public/private body that supports learning networks).

The Chief Executives of Fáilte Ireland, Tourism Ireland and ITIC (Irish Tourist Industry Confederation) made valuable contributions to the work of the Group.

Departments, agencies and organisations identified within the Tourism Action Plan as responsible for the implementation of the specific actions reported regularly on the status of each action. An update on each of the Review Group's original recommendations has been compiled, by the Department of Arts, Sport and Tourism, in conjunction with the preparation of this Report and is available on its website [www.arts-sport-tourism.ie](http://www.arts-sport-tourism.ie) and/or on request to the Department.

Among the priority issues to which the Implementation Group paid particular attention were:

- competitiveness, productivity and the importance of management capability within the new Human Resource Strategy
- transport issues – including increased air access/capacity, airport infrastructure and charges, the roads network and signage
- Tourism Ireland's reviews of, and new strategies for, the British and European markets
- tourism product issues including special interest/niche products in the areas of culture and heritage and activities such as walking and angling
- the impact of certain taxation and other fiscal policy issues on tourism growth

- regional spread and related issues of access to the countryside.

While the Group adopted a comprehensive approach in tracking follow-up action on all of the recommendations made by the Review Group, the particular focus in this Report is on a relatively small number of issues that are critical to the creation of a new dynamic in Irish tourism.

In general, it can be said that many of the drivers of the new strategy for the development of Irish tourism, set out in the *New Horizons* Report, are slotting into place. The Implementation Group's scorecard shows that, by the end of 2005, good progress has been made on sixty-three (82%) of the seventy-six actions recommended by the Review Group for inclusion in the initial two-year action plan.

A further analysis of the actions areas of good progress showed that

- 12 of them were one-off actions where key decisions have been taken and/or new plans and strategies are in place in line with the recommendation of the Review Group
- 26 of them are action areas where progress can be clearly measured in terms of outputs for particular years e.g. marketing plans, training programmes, market reviews which, by their nature are on-going and
- 25 of them are where some part of the recommendation – many of an operational, ongoing nature – has been implemented and/or significant steps are in place to continue to give effect to the Review Group's action plan.

Only one of the recommended actions (in relation to a ports regulator) was not adopted into the policy framework of the relevant Department – instead a different

approach<sup>1</sup> is being taken in addressing the issues of concern.

The Group notes, in particular, that a number of significant decisions and initiatives taken, towards the end of 2005, are consistent with the recommendations of the *New Horizons* strategy. These should have long-term and lasting benefits for the tourism industry even if somewhat behind the schedule recommended in the *New Horizons* strategy and action plan. These include:

- the Government's €34.4 billion national transport investment plan, *Transport 21*
- the appointment of a provisional preferred tenderer for the National Conference Centre
- a break-through in the protracted negotiations on the proposed Ireland-US Bilateral Air Arrangements in the context of the EU/US Open Skies negotiations and
- Government decisions to enhance Ireland's cultural infrastructure, with the announcement in the 2006 Budget of a major new capital investment programme in key areas of cultural infrastructure including the new Abbey Theatre, the National Concert Hall, the Gaiety Theatre in Dublin and the Theatre Royal in Wexford.

In their April 2005 Report, the Group underlined that continued progress on these actions was critical to tourism development. It is essential that there should now be effective and timely follow-through on these decisions and announcements. It is of significant concern that the pace of progress remains slow in the case of some 12 actions recommended in the *New Horizons* strategy – in some instances where significant

---

<sup>1</sup> Following the launch of the Ports Policy Statement, the Minister of State with responsibility for ports initiated a consultation process with port companies on a number of topics including *Arbitration/ Regulation*. In December 2005, the consultation was broadened to bring in other interested parties and the wider public. Ministerial decision(s) are expected to be made in early 2006.

barriers to the development of Irish tourism remain in place. Progress in removing these barriers is essential if the ambitious

targets set by the Review Group for the development and growth of the industry are to be achieved.

## Tourism Performance Since 2003

**Table 1 Performance since 2003 relative to targets set by the Review Group**

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Forecast (real terms)</i>	<i>2005 Forecast (€ at 2002 prices)</i>	<i>2006 Target (€ at 2002 prices)</i>	<i>% change to meet 2006 target</i>
Overseas Visitor Numbers (million)	5.9	6.2	6.4	6.7	n/r	7.0	4.5%
Overseas Visitor Spend* (€million)	3,088	3,228	3,235	3,458	3,191	3,835	20%
Domestic Holiday Trips (million)	2.8	2.9	3.1	3.3	n/r	3.6	9%
Domestic Holiday Spend (€million)	502	576	625	678	626	800	28%

**Source: Fáilte Ireland** (\* excludes receipts paid to Irish carriers)

A brief look at tourism performance since the Report of the Tourism Policy Review Group was published in 2003 helps to put this Report, and the targets to be achieved, in context. The headline facts are set out in **Table 1**.

Following the significant downturn that Ireland, in common with international trends, experienced at the turn of the new century, a recovery in visitor numbers started in 2003 and has continued to date. Total overseas visitor numbers in 2004 were 6.4 million and the overall forecast for 2005 is 6.7 million. This represents a record-breaking year in terms of overseas visitor numbers. The underlying trends in areas such as regional spread, length of stay and visitor spend are less positive and a cause of some concern.

Mainland Europe remains the most dynamic performer, with growth of some 16% in 2005. The British market witnessed 3.9% growth but sluggish performance in the North American and long-haul markets serves to underline that there is no room for complacency.

To put this performance in an international context, latest figures from the United Nations World Tourism Organisation (UNWTO) indicate that, in line with its forecasts, international arrivals to non-European destinations are outperforming European arrivals as a whole. Within Europe, Western Europe is losing share to the rest of Europe. As can be seen from **Table 2**, Ireland has managed to grow its arrivals ahead of Western Europe and retain its share of European and World arrivals for the period.

**Table 2 International Tourist Arrivals**

	<i>2002 millions</i>	<i>2003 millions</i>	<i>2004 millions</i>	<i>Change 2004/2002</i>
<b>World</b>	699	689	763	9.1%
<b>Europe</b>	393.4	396.2	416.4	5.8%
<i>Western Europe</i>	329.0	328.0	337.7	2.6%
<i>Ireland</i>	5.9	6.2	6.4	8.5%
<i>Ireland's Share of World Arrivals</i>	0.9%	0.9%	0.9%	
<i>Ireland's Share of Europe Arrivals</i>	1.5%	1.6%	1.6%	
<i>Ireland's Share of Western Europe Arrivals</i>	1.8%	1.9%	1.9%	

**Source: UN World Tourism Organisation**

Fáilte Ireland and Tourism Ireland analyses, together with feedback from the industry, suggest that 2005 has been a reasonably good year for Irish tourism, perhaps slightly better than expected overall. But key challenges remain to be tackled in the significant variations in performance across different segments of the tourism markets, products and regions. When measured in terms of bed-nights and average lengths of stay, revenue receipts have not kept pace with the growth in overall numbers in real terms.

While tourism performance in the Dublin area has been relatively good overall, this has not been the experience of other regions – especially in the West – where there are significant variations in terms of overseas holiday numbers, bed-nights or revenue. Revenue targets and holiday visitor numbers will continue to be under pressure due to intensifying competition, expansion of the accommodation stock, exchange rates and lower yields per visitor.

On present trends, the ambitious targets set by the Tourism Policy Review Group to double the number of "promotable" tourists to the BMW<sup>2</sup> region between 2002 and 2012 look increasingly more challenging. If a turnaround in recent performance is not achieved soon, the targets will become unattainable.

Domestic tourism has impacted favourably on regional tourism performance in recent years. In 2004 more than 7 million domestic trips were taken of which some 3.1 million were holiday trips – the main engine of growth in domestic tourism. The beneficiaries of the growth in domestic tourism are the regions – 94% of holiday trips and 97% of holiday nights by domestic tourists are spent outside the Dublin area.

Between them, the South-West, South-East, West and Shannon regions accounted for 82% of regional holiday bed-nights in 2004

– offsetting, to some extent, the dominant position of Dublin in the overseas visitors market. The forecast for 2005 suggests that 3.3 million domestic holiday trips will generate €678 million in revenue – although CSO data is available only for the first quarter.

The Implementation Group considers that, while clearly under pressure, the overall targets set by the Tourism Policy Review Group remain attainable provided the challenges and actions identified by the Group and widely endorsed by the industry are addressed and the tourism development strategy is implemented effectively. Performance to date in terms of tourism numbers is broadly consistent with the targets set and augurs well for the review of the interim targets set for 2006. However, as **Table 1** highlights, the rate of progress required to meet the revenue targets are challenging – especially when viewed against the background of changing consumer preferences, tougher international competition and a deterioration in Ireland's relative competitive positioning.

### General Prospects for 2006

The UNWTO and other analysts of international tourism are forecasting growth in European Tourism of 2% to 3% in 2006. If Ireland is to achieve its growth target of 5%, it must win significant market share from competitors in Western Europe.

Ireland's best prospects will continue to lie within its traditional high performing markets – Great Britain, the United States, Germany and France. Together these markets account for 84% of total incoming visitors. The Irish tourism industry must continue to perform strongly in those markets if the overall growth targets for the industry are to be achieved. In particular, far stronger performance in the British market than has been achieved in recent years is essential if achievement is to get back on track across the range of targets set out by the Review Group.

---

<sup>2</sup> The Border, Midland and Western Region

In that context both Tourism Ireland and Fáilte Ireland have launched a comprehensive set of plans and programmes for 2006 aimed at assisting the industry to respond to the key challenges that lie ahead. These plans and programmes appear appropriate to current circumstances but will require to be carefully monitored to ensure that any necessary adjustments are made to reflect market and industry requirements in a timely and effective way.

Looking to 2006, the overall growth target for overseas visitor numbers, as indicated, is a further 5%. Achieving this target would see Ireland attracting over seven million visitors for the first time – slightly ahead of the target set by the Tourism Policy Review Group.

The 2006 revenue target set by the Tourism Policy Review Group, which was based on 2002 values, would require a 20% increase in revenue in the year. This is not now regarded as achievable as the Tourism State Agencies have set a growth target of 6.6% in foreign earnings in 2006.

The revised revenue forecast of 6.6% growth is ambitious, given that visitor numbers are estimated to increase by 5% and that the short break market represents

the fastest growing segment. Achieving this target will require an increase in average per capita spending by overseas visitors which is against the trend of recent years. In the light of increased capacity in the industry, revenues and margins in individual enterprises are likely to remain under pressure.

The overall growth target for domestic holiday trips in 2006 is 9%. Given the strong performance in recent years (7% growth in 2004 over 2003), this is achievable but will require determined effort.

Again the revenue target for domestic holiday spend is ambitious. To reach the interim target of €800 million in 2006 would require a 28% increase over the 2005 receipts (at 2002 values) which, at this stage, appears unattainable. The Implementation Group has been informed that the Tourism State Agencies have adopted a new methodology to measure and value domestic tourism revenue. Previously it was derived from the Irish Travel Survey but, since 2004, the Central Statistics Office's Household Travel Survey is being used. The domestic holiday revenue target requires to be reviewed in the light of this change and in the context of the 2006 review of performance.



## Chapter 2

### Action Areas of Good Progress

The Implementation Group is pleased to note and to acknowledge that good progress has been made on the implementation of many of the recommendations in the Report of the Review Group. The most notable areas of good progress are set out in the following sections.

#### Industry Commitment

The overall industry commitment to the implementation of the new strategy has been encouraging. ITIC (the Irish Tourist Industry Confederation) championed the preparation of the strategy in the first place, participated strongly in its preparation and has been active in promoting its implementation. This has included the attendance of the Chief Executive and representatives of ITIC at meetings of the Implementation Group and participation in the Joint Secretariat which has supported the work of the Implementation Group. The IHF (Irish Hotels Federation) has also provided strong positive support for the work of the Group.

This effective partnership between the Irish tourism industry and the Government has meant that there is a strong industry voice in the development and rollout of policy measures. The industry representative groups not only challenge and stimulate policy makers and State Agencies, they also work in a constructive manner with Government Departments and Agencies to promote, encourage and shape the future development of the sector in what is, nowadays, a high-cost and high income economy. Their role is crucial in supporting the improvement of productivity and management practices in a sector that is dominated by small and medium-sized enterprises and in ensuring that the work of the Government and the Tourism State Agencies, in promoting tourism is well

grounded on the operational needs of the industry.

Among the key action areas where industry representative groups have taken strong responsibility for driving forward the implementation of the tourism strategy are the following

- ITIC's study on the regional spread of tourism and its submission to the Small Business Forum<sup>3</sup>
- promoting the take-up and development of e-commerce within the tourism sector – in 2005, ITIC completed a Marketing Investment Report that showed good levels of e-marketing and website capability among Irish firms
- a major consultancy study of competitiveness within the sector has been commissioned by ITIC for publication in Spring 2006
- working proactively with the State Agencies in marketing and promoting special offers, particularly using the internet, in Ireland and overseas
- a new marketing initiative by the industry, supported by the Tourism State Agencies, in clustering cultural products on key websites
- tourism operators are actively targeting the domestic market, with regional marketing linked to specialist activities
- the Restaurants' Association of Ireland (RAI) and the IHF have continued to promote and develop the *Value Menu* initiative<sup>4</sup>, now in its third year with almost 400 participating restaurants.

---

<sup>3</sup> established by the Minister for Enterprise Trade and Employment in July 2005, it is due to report by April 2006

<sup>4</sup> a fixed price lunch/dinner menu under the *Value Menu* brand see [www.valuemenu.ie](http://www.valuemenu.ie)

## Government Commitment

Government commitment to the implementation of the new tourism strategy is vital. From the outset, the Government endorsed the strategy as providing a framework for the delivery of key actions identified as critical for the development of tourism – including those across a very wide range of Government Departments and Agencies as part of a joined-up Government approach. The strength of this Government commitment and its endorsement of the work of the Implementation Group was evident in the Taoiseach's keynote address at the November 2005 Tourism Forum and the sponsoring of the Annual Forums by the Minister for Arts, Sport and Tourism.

The Government has also demonstrated its practical commitment to the tourism sector through the provision of increased resources for tourism services (especially marketing), its recent significant decisions in providing substantive additional investment for cultural infrastructure projects and the National Conference Centre and its support for a comprehensive transport and aviation development agenda critical to the needs of tourism.

There remain other key actions for Government attention on which progress has been less impressive. These are discussed later in this Report.

In summary the overall response of Government Departments and State Agencies to the implementation of the tourism strategy has been positive and supportive. Clearly, the more “joined-up-Government” and cohesive actions there are for the development of tourism, the greater the contribution it can make to national and regional development.

## Role of the Department of Arts, Sport and Tourism

The role of the Department of Arts, Sport and Tourism, in promoting the interests of tourism across different Departments and Agencies, cannot be over-emphasised if the

objective of making tourism the business of all Government Ministers is to be achieved. Following the publication of the Report of the Tourism Policy Review Group, the Department strengthened its Tourism Division, including the allocation of significant resources to the work of the Implementation Group. This has resulted in a thorough follow-through of the action points set out in the new strategy and the more effective monitoring of Government Memoranda generally to ensure that the interests of tourism are taken into account in the wider areas of Government decision-making.

The Minister and his Department have indicated that the work of the Implementation Group has helped them to secure a more integrated approach to tourism policy across Government. These efforts are paying dividends with growing recognition of tourism policy concerns in decision-making and consultative processes in areas that had traditionally been outside the Department's primary remit.

Under this more integrated and proactive approach, the Department is directly and actively involved in the work of the National Competitiveness Council and the Tax Strategy Group – two bodies that have a strong influence on Government policies and decisions that affect tourism. It also ensures that there is a strong tourism voice in the work of other inter-Departmental and Agency groups such as the Enterprise Strategy monitoring group, the National Spatial Strategy implementation group and the Asia Strategy Group.

Since the publication of the *New Horizons* strategy, the Department has established a Synergies Implementation Group, representative of the Chief Executives/ Directors of the bodies under its aegis, to explore and maximise the scope for collaborative action across the three functional areas i.e. arts/culture, sport and tourism. This Group will ensure that better co-operation and communication (including the identification, in partnership with the

industry, of arrangements to better package, present and promote cultural, artistic and sporting products and services) exists across the three areas to the specific benefit of tourism.

### **Tourism State Agencies**

Fáilte Ireland and Tourism Ireland are central to the implementation and development of the new tourism strategy. Between them, they are responsible for the delivery of the majority of the actions set out in the strategy and are well on the way to effective delivery in most cases. In areas where slippage has occurred, the Group has not been slow to draw the attention of both agencies to the fact and the response has been positive and supportive of whatever was necessary to drive forward the development of the sector.

### **Tourism Ireland**

In responding to the actions needed to achieve the ambitious targets for the development of tourism set by the Tourism Policy Review Group, Tourism Ireland has completed major reviews of the British and Mainland European markets over the past two years. A new strategy for the British market is especially important given its dominant position as a source of overseas visitors for Ireland generally and for the regions in particular and the flat performance of that market, for Irish tourism, in 2004.

Among key areas of recommendation of the Review Group in relation to which Tourism Ireland has made good progress are

- the development of a new e-marketing strategy for Ireland, in conjunction with industry to guide the development of Tourism Ireland's new website, [www.discoverireland.com](http://www.discoverireland.com)
- the conclusion of reviews of the British and European markets and the initiation of similar reviews of North America and New & Developing Markets

- the expenditure of nearly €2 million in 2005 in co-operative marketing campaigns to exploit the potential of new air capacity of strategic importance to the island and the continuation of this initiative into 2006
- the expenditure of €1.4 million in 2005 on the promotion of car touring, in partnership with the major ferry companies, primarily in the important British market, with plans to deepen marketing activity in 2006
- the publication of a range of 'Marketing Insight' briefing papers and a CD-ROM to keep industry members up-to-date on tourism from all of Ireland's overseas markets and relevant consumer trends.

Tourism Ireland's review of the market in Mainland Europe has resulted in

- more focus on direct marketing activities with the trade and consumers for campaigns in France and Germany
- greater priority on targeting older holidaymakers, business tourism and e-marketing
- marketing campaigns across different European markets to 'sponsor an Irish region' for special marketing attention in order to improve the regional spread of visitors.

The work of Tourism Ireland has also demonstrated the practical benefits of an all-island approach to tourism promotion. The 2006 all-island Tourism Marketing Programme which was launched in Dublin and Belfast in December 2005, introduced new communications and advertising materials for Tourism Ireland's overseas marketing campaign and includes strong measures to improve e-marketing and website capability on an all-island basis in 2006, to the practical benefit of tourism enterprises both North and South.

### **Fáilte Ireland**

Since its establishment as the National Tourism Development Authority in 2003,

Fáilte Ireland has worked closely with the industry in promoting Irish tourism. Among the key areas of recommendation of the Review Group on which it delivered in 2005 were the following

- the preparation and launch of a new Human Resource Development Strategy for the sector and the roll-out of a suite of training and management development opportunities
- the development of a new approach to promoting business tourism under the aegis of the Business Tourism Forum which it established in partnership with the industry – a target of €470 million in revenue earnings by 2007 has been set for the business tourism sector
- the implementation of the Tourism Product Development Scheme, 2000 to 2006, under which grants amounting to some €40 million have been approved by the independent Product Management Boards, serviced by Fáilte Ireland – the grants cover 53 projects nationwide with a proposed total eligible investment of €81 million including the development of flagship attractions at the Cliffs of Moher and in Lough Key Forest Park
- the launch of an intensified campaign directed specifically at the domestic and Northern Ireland markets in 2005 which will involve more year round advertising and the development of an upgraded website
- the introduction of a suite of initiatives for tourism enterprises to assist them in their efforts to enhance competitiveness – these include an online extranet benchmarking device to assess performance in a range of areas relative to industry norms; an interactive CD-Rom guide on cost management and business development issues within the tourism industry and a legal aid/financial advice consultation service from a range of professional companies
- the launch of a pilot Tourism Innovation Fund – to encourage innovation and investment in products designed to attract and hold visitors outside the mature urban tourism areas
- the decision on a fundamental reorganisation of regional tourism structures which is in the process of being implemented. This will tap into the wealth of expertise and local drive for tourism development and will ensure that there is greater integration in the delivery of policy and services at local level.

A further Fáilte Ireland initiative with significant potential will be the roll-out in 2006 of the County Based Tourism Learning Networks. This is an initiative aimed at providing practical business support to tourism SMEs and at helping owner-managers further develop their "people" and business skills. Thirty-three Tourism Learning Networks will be set up throughout the country to give each tourism SME an opportunity to participate at county or sub-county level. Network participants will receive training and support throughout the whole of 2006 in the form of workshops, mentor support, computer and e-learning and through interaction with other Networks.

### **Enhanced Marketing Plans and Budgets**

Effective marketing of the Irish tourism product to overseas and domestic customers is fundamental to the success of Irish tourism. The Implementation Group, therefore, notes and acknowledges the allocation of increased resources to the Tourism Marketing Fund<sup>5</sup> amounting to €40 million in 2006 – up from just €26 million in 2002.

---

<sup>5</sup> The National Development Plan 2000/6 provided the first ever multi-annual provision for marketing with a budget of €190 million. Co-operation between the public and private sectors in formulating marketing policies and plans are facilitated by the Tourism Marketing Partnership.

Effective marketing depends on good marketing research and analysis. As already noted, major reviews of market trends and prospects have been completed, and new marketing strategies put in place, by Tourism Ireland – in close consultation with the tourism industry – for the British and Mainland Europe markets.

A similar exercise is under way for the critical North American market at present and will be completed in 2006.

Tourism Ireland's marketing programme incorporates a special emphasis, in 2006, on launching and rolling out a new marketing communications strategy, a new consumer website, the objective of growing tourism to all regions and working to ensure the sustainability of existing and recently opened access routes and supporting the development of new access routes opportunities of strategic importance.

Funding for tourism services in 2006 is up by 8% over 2005, bringing the total allocation to €134 million. The Implementation Group notes that this is the largest ever Exchequer budget for Irish tourism promotion and development and a welcome and positive reflection of the Government commitment to the effective implementation of the new tourism strategy.

## British Market

Without volume growth from Britain, the targets set in the Report of the Tourism Policy Review Group will be difficult to achieve. It was for that reason that the Implementation Group observed, in its first Report, that

***... regaining Ireland's share of the British outbound market constitutes the most immediate and pressing challenge facing Irish tourism...***

Accordingly, the major re-assessment of this market carried out by Tourism Ireland in 2004 and 2005 provides an essential foundation towards improving Ireland's overall tourism performance. The review involved extensive research into trends in

the market, market performance to Ireland and competitive analysis. It evaluated the factors that determined Ireland's appeal or otherwise to British visitors, its best prospects and their implications. Those interviewed for the purpose of the review included both people who had been to Ireland and those who had not yet considered Ireland as a holiday destination.

Among the findings of the review are that British visitors

- find, in general, no compelling reasons to come back to Ireland
- do not regard going on holiday in Ireland as going abroad
- cite contact with local people as Ireland's key advantage over Britain and other destinations (and the warmth of the welcome as a positive experience for those who have been on holiday in Ireland)
- know little about Irish culture or historic treasures/landmarks or about opportunities for special interest or activity breaks.

These findings have helped to shape Tourism Ireland's operational plans for 2006 with 40% of its total marketing investment for the year being directed at this market. A key aspect of the new strategy is to help achieve a better regional spread of visitors from Britain. This includes the promotion and marketing of region to region direct air and sea access services.

## Regional Air Access

There has been a major expansion in air access to and from Ireland over the past 2 years. In 2005 alone air access capacity during the peak season was up over 40% from Mainland Europe, up 16% from Britain and up 17% from North America, compared with 2004. The 2005 summer schedules provided almost 50,000 extra seats per week by air into Ireland, mainly into regional airports. There were encouraging increases in passenger numbers in a number of regional airports, including Kerry, Cork,

Shannon and the Ireland West Airport at Knock.

Given the dominant position of air transport as the preferred mode of transport for visitors to Ireland, the development of regional airports is an important instrument in achieving a better regional spread in visitor numbers and in the more effective overall promotion of regional tourism.

Accordingly, the Implementation Group welcomes the provision of an additional €100 million for investment in regional airports, over the period of the Government's capital plan for investment in transport, *Transport 21*. The Group notes that an initial €15 million has been provided in Budget 2006 and that a total of €50 million will be made available before 2010. It is understood that the allocation will fund both safety/security requirements and a new, targeted scheme, to be launched in 2006, that will provide Exchequer support for investment in existing regional airports – where demand for additional air services can be demonstrated and where an economic case can be made to justify increased investment. Proposals for Exchequer investment will be examined in the light of clearly defined regional development and accessibility objectives and Department of Finance capital appraisal guidelines – as well as EU guidelines on financing of airports and start-up aid for airlines.

### **Human Resource Development Strategy**

Tourism is an industry where the attitudes, competencies, enterprise, innovation, hospitality and friendliness of the people are an intrinsic part of the product itself. The interaction of visitors with people in Ireland lies at the heart of the tourism experience. That is why the new tourism strategy identified human resource development and training as a priority area.

The Group has noted and welcomed the implementation of a key recommendation in

the *New Horizons* strategy in the launch by Fáilte Ireland of a comprehensive Human Resource Development Strategy, *Competing Through People*, in May 2005. This strategy aims, in particular, to strengthen the capacity of the small business sector in tourism to compete successfully in a more demanding marketplace. It places a particular emphasis on

- craft and management skills
- making education and training more accessible and convenient
- measures to support people development, including management capability, in smaller businesses
- measures to support the special training and education of the growing levels of employment of non-national labour.

In 2006, Fáilte Ireland will train 5,000 people, and invest €16 million in its training programmes, targeting school leavers, international workers and people returning to the workforce – mainly women. Training options range from short, part-time courses right up to degree level programmes, delivered at seventy training centres throughout the country.

An energetic joint approach on the part of the tourism sector and the Tourism State Agencies to the implementation of the new Human Resource Development Strategy is essential – given the need to recruit and train the estimated 6,000 new entrants to the industry each year to 2010.

### **E-Commerce**

Increasing use of the internet by business visitors and by holiday-makers means that, at enterprise level, competence in e-business is a key requirement of successful business operation and future growth. Accordingly both the industry and the Tourism State Agencies are investing significantly in building e-business and e-marketing capabilities in line with the

recommendations of the *New Horizons* strategy.

Good progress has been made to-date in redesigning and redeveloping the web-based information and marketing facilities, including the e-commerce components, of Tourism Ireland, Fáilte Ireland, the IHF, Dublin Tourism and a number of industry web sites. A survey conducted earlier this year for ITIC indicates that some 17% of tourism business in Ireland is now done online – up from just 7% in 2000 – and that 90% of tourism enterprises have web-based connectivity.

Both Fáilte Ireland and Tourism Ireland are working closely with the industry to ensure that Irish tourism raises its game in internet communications. In doing so, they are seeking to maximise e-marketing opportunities and to develop platforms to ensure that the most comprehensive information and sales capabilities are available on-line to consumers.

In 2005, Tourism Ireland invested nearly €2 million on marketing the island of Ireland on the internet and spent an extra €1.1 million on e-marketing development. A similar budget has been earmarked for 2006. Tourism Ireland's website, [www.discoverireland.com](http://www.discoverireland.com), attracted a record 5 million overseas visits in 2005 – of which some 1.5 million clicked through to partner sites.

In the case of Fáilte Ireland, its advertising campaign underwent a creative shift in 2005, directing visitors very clearly to the new [www.ireland.ie](http://www.ireland.ie) website to find out more about what they could experience on holiday in Ireland. The volume of traffic to the website continues to grow with, for example, accommodation and other providers having received over 590,000 sales leads during 2005 – when over 800,000 user sessions were recorded. New product sites, along with a relaunched online Business Tourism platform, are in development for rollout in 2006.

The Implementation Group considers that these indications of progress in e-commerce are positive developments. But there remains considerable room for further improvement in this area. In particular, given the number and range of official websites, there is a need to ensure increased and appropriate integration of a comprehensive database of tourist information at various levels. The Group has been informed of the joint involvement of Tourism Ireland, Fáilte Ireland, the Northern Ireland Tourist Board and the Regional Tourism Authorities in addressing these issues, in co-operation with the industry, to ensure that Ireland's web capability is of the highest standard to meet customer needs. This work, together with practical measures to give operational effect to the admirable objectives, should be given the highest priority.

### Transport Infrastructure

Transport policy impacts directly on tourism performance. Given Ireland's island location, air and sea ports must not only function in a competitive and efficient way but the experience of visitors in using them must be a positive one. Good internal roads, signposting, rail and bus services are also critical to tourism growth.

Tourists want good, preferably direct, routes by air or sea, value for money, minimal stress at points of arrival and departure and good quality, seamless connections in Ireland, whether by air, road or rail transport. These are the basics. They are of such importance that the Implementation Group made it a priority to develop constructive dialogue with the Department of Transport and key transport Agencies and companies in order to ensure that the tourism agenda is taken into account when the key decisions in the formulation of transport policy are being taken. That approach is now bearing fruit but much more needs to be done before Ireland acquires a transport infrastructure that effectively meets modern day needs including those of tourism.

The launch of the Government's long-term transportation strategy, *Transport 21*, in November 2005, with the highest ever 10-year budget allocation for transport of €34 billion, marks an important milestone on the path to delivery of a transport infrastructure commensurate with the level and pace of economic and demographic growth in Ireland today. The plan addresses many of the issues of importance to tourism raised in the *New Horizons* Report. These include the upgrading of specific national, regional, sub-regional and urban orbital routes of importance to tourism, the upgrading of bus and rail services and amenities to facilitate regional tourism development and the development of a Dublin Airport metro link.

Tourism should benefit greatly from the effective implementation of this plan. Its timely implementation will make a significant difference to tourism development and narrow the competitiveness gap in this area.

### **Ireland-US Bilateral Air Agreement**

The Implementation Group welcomed the announcement, by the Minister for Transport, in November 2005, of a special agreement with the US, in relation to the Shannon stop-over requirement in the context of the EU-US negotiations on an Open Skies arrangement. Ireland is the only EU country to secure transitional arrangements in advance of the formal ratification of the proposed EU-US Agreement. Both sides are working towards the full ratification of this Agreement as early as possible in 2006.

It has been agreed in that context that

- there will be no change in the Shannon stop arrangements until November 2006
- the transitional period will commence in November 2006 and finish in April 2008
- during the transitional period, the ratio of Dublin/Shannon flights will move from 1:1 to 3:1, so that for every one flight to or from Shannon, a carrier could provide three flights to or from Dublin

- Irish airlines will have access to three additional destinations in the US from November 2006, over and above the four destinations currently being served
- there will be full open skies between Ireland and the US from April 2008 in the context of an EU-US Agreement.

The increased access to additional US cities for Irish-based airlines that will result from the Agreement represents a major opportunity for tourism development. It is essential that these opportunities are fully exploited by the Tourism State Agencies in partnership with the airlines and with the industry. It is also essential that, if the EU-US Agreement is not ratified early in 2006, arrangements to implement the US-Ireland element are quickly put in place so that the benefits to Irish Tourism can be achieved.

### **National Conference Centre**

The provision of a National Conference Centre in Dublin is an essential element of national tourism infrastructure. The Centre has been mooted for many years but remains to be delivered. This is a long-running source of disappointment and frustration for the tourism sector on which the Implementation Group has pressed for decisive action.

Accordingly, the Implementation Group welcomed the announcement, in November 2005, that the Spencer Dock International Conference Centre Consortium was being invited to become the Provisional Preferred Tenderer (PPT) for the provision of a National Conference Centre in Dublin, as a Public Private Partnership (PPP) project. The next step is for the Office of Public Works to negotiate, settle and agree any required amendments to the project agreement with the PPT and for the PPT to resolve all outstanding due diligence issues. This will lead to the appointment of the PPT as Preferred Tenderer (PT). During the Preferred Tenderer phase, the PT will develop and provide the full range of project documents that will require review and approval by the contracting authority.



This project is undoubtedly complex involving, as it does, a rigorous and time-consuming public-private partnership arrangement. The Group can only reiterate the importance of the project to tourism in Ireland, and for growth of the lucrative business tourism market in particular. It is essential that the Government sign off on the project as early as possible in 2006.

### **Major Cultural Infrastructure Projects**

There is abundant research to indicate that high quality cultural facilities, including those that are unique to Ireland, valuable and essential in their own right, can play a major role in attracting visitors to Ireland. This is an area to which the Implementation Group paid some attention. The Group, therefore, welcomed the announcement by the Minister for Arts, Sport and Tourism, in the context of the Government's Budget for 2006, of a package of capital investment in key elements of national cultural infrastructure. This package includes the redevelopment of the Abbey Theatre and the National Concert Hall, the complete remodelling of the Theatre Royal in Wexford, and the substantial refurbishment of the Gaiety Theatre in Dublin. These are acknowledged flagship projects which will greatly enhance the quality of key elements of Ireland's cultural infrastructure and help meet the requirements of visitors who seek authentic cultural experiences in Ireland.

These important initiatives should be built upon in other areas of cultural importance in future years. Areas where further

development can be achieved in the promotion of cultural and heritage facilities to the benefit of tourism are discussed in Chapter 3 of this Report.

A suitable site has been made available for the redevelopment of the Abbey Theatre by the Dublin Docklands Development Authority. The Office of Public Works has completed the necessary investigations at the site, located at George's Dock in the Docklands area, and has advised that it would be a suitable location for the National Theatre. The Minister for Arts, Sport and Tourism has commissioned an evaluation of the possible Public Private Partnership (PPP) models that might facilitate effective progress and a viable outcome for the redevelopment of the Abbey. Further detailed analysis will inform the final decision on the structures that will apply.

The intention is that the redevelopment of the National Concert Hall will be progressed as a PPP project. The provision of a signature building, which compares favourably with well-known concert halls in capital cities across Europe, will enable the National Concert Hall to meet current and expanding market demand for musical entertainment and cultural events.

The Group acknowledges the progress that has been made over the past 12 months in advancing these essential development projects in cultural infrastructure. It urges that they now be advanced to completion as quickly as possible.



## Chapter 3

### Action Areas of Slow Progress

While good progress has been made in the implementation of many of the recommendations in the Report of the Tourism Policy Review Group, as set out in the previous Chapter of this Report, there are areas of significant importance to the development of tourism where progress has been limited or disappointingly slow. Together they represent significant constraints that make more difficult the achievement of the ambitious targets for tourism growth set out in the *New Horizons* strategy. These areas of limited or slow progress are summarised in the following sections of this Chapter.

#### Competitiveness

The competitiveness of the traded sector in Ireland, including tourism, has deteriorated significantly in recent years. The high cost base in Ireland has been highlighted in the Report of the Tourism Policy Review Group, by the Implementation Group and by a range of other tourism bodies on many occasions. They have also been emphasised at the Tourism Forums established to consider the implementation of the *New Horizons* strategy. High wage costs and high public sector charges for services contribute to the problem. The sometimes opportunistic pricing practices by certain operators and the comparatively low productivity in the services sector do not help either.

The significant steps taken by many enterprises within the industry to address competitiveness is acknowledged. The study currently being carried out by ITIC, into competitiveness in the tourism sector, is strong evidence of a recognition by the industry of the challenge involved. It is, undoubtedly, the case that overcoming the current widespread perception of poor competitiveness and value for money in Irish tourism remains a significant challenge

to the further development and expansion of tourism.

Surveys indicate that the perception of overseas visitors is that access fares and pre-booked tours and accommodation rates are relatively competitive. But the price of goods and services on the ground are perceived to be high – as they undoubtedly are by international standards. Ireland is no longer a low-cost economy and its price and cost structure reflects this. The reality is that those working in the services sector must make the necessary adjustments in the way they do business in order to survive in the new economic environment. There is no inherent conflict between the achievement of competitive excellence and a high cost economy.

While the industry should continue to press for action to address the underlying causes of price inflation that lie outside its own control, business reality dictates that each individual tourism enterprise must strive to provide and maintain competitive product offerings to tourists. Enterprises that focus on the provision of products and services which confer competitive advantage will prosper by delivering high quality and value for money.

It is very much in the interest of the industry itself to take a lead in pushing for other actions that address the competitiveness challenge. These include the introduction and development of improved management practices, greater use of new technologies, cost reduction programmes and better human resource development. A move up the value chain by the tourism sector to attract higher yield business will also help to deal with competitiveness, provided the overriding objective of delivering value for money is sustained.

The November 2005 Forum identified a number of areas where effective actions can help address the problems faced by the tourism sector in operating within the high cost base that now exists in Ireland. These include:

- the elimination of bottlenecks in infrastructure which add significantly to the costs facing visitors and operators in the industry (airports, public transport deficiencies and signposting being mentioned in particular)
- the improvement of productivity through smarter human resource practices, better use of new technologies and improved cost management, and
- the development of innovation in product and services (through the development of new products or the clustering and tailoring of existing products in line with cost structures and modern consumer demands).

These are areas that deserve close attention in whatever follow-up arrangements are put in place to monitor and develop the implementation of tourism strategy following the publication of the final report of the Implementation Group. This is an issue further discussed in Chapter 4 of this Report.

### **Dublin Airport Terminal Facilities**

For a large majority of visitors to Ireland, their experience at Dublin Airport represents their first and last impression of the country. From a consumer perspective, first and last impressions are important. It is widely accepted that, for many years, the quality of the passenger experience in Dublin Airport does not meet the expectations of visitors to a modern highly developed country.

Given the projected growth in visitor numbers, the time it takes to put the required airport facilities and infrastructure in place and the position that has arisen in making provision for these requirements,

the experience of visitors at Dublin Airport is unlikely to improve greatly in the immediate future. This is the reality notwithstanding the publication, in 2005, of an Aviation Action Plan that will enable the Dublin Airport Authority (DAA) to deliver a second terminal and extra pier capacity at Dublin Airport. The new Authority has admirably engaged in consultation with representatives of the tourism industry, airlines and other interested parties in a business-like way.

The new terminal is not scheduled to come into operation until 2009. However, new pier facilities for aircraft are scheduled for 2007, with the expectation of temporary improvements being in place for 2006. It is acknowledged that the basic decisions needed to provide the required infrastructure at Dublin Airport have now been made. However it is frustrating for the tourism industry that previous delays in taking these decisions means that it will still be some years yet before significant improvements are likely to be experienced on the ground.

Dublin Airport has an annual throughput approaching 20 million passengers at present and very significant increases are forecast for the years ahead. It is essential for Irish tourism and business generally that the facilities and infrastructure required for a modern airport are put in place effectively and efficiently and, absolutely, no later than the dates already announced.

### **Taxation Regime for Treatment of Business Expenses for International Conferences and Meetings**

Ireland is at a significant disadvantage, relative to other EU countries including Britain, in attracting conference business. This is not only due to the absence of a dedicated state of the art National Conference Centre but also because full VAT is chargeable on that business in Ireland – unlike the position in most other EU countries. The resolution of the problem

is complex, because of EU law and certain differences in the VAT regime in Ireland compared to other countries. However a resolution of the current disadvantageous situation is essential if the potential of Ireland as a venue for international conference business is to be fully realised.

The Implementation Group has pressed for such a resolution in consultation with Fáilte Ireland's Business Tourism Forum and with industry representative groups.

For some time, officials from the Department of Arts, Sport and Tourism, the Department of Finance and the Revenue Commissioners have been examining how the issue can be resolved in a way that deals effectively with the current disadvantage to conference business without generating "windfall" gains for other sectors while, at the same time, ensuring the necessary compliance with EU law.

The Group has met with officials concerned to emphasise the importance of removing a significant disincentive to the promotion of business-related tourism and has urged that a workable solution be developed for inclusion in the 2006 Finance Bill. The Bill published in early February did not include such a provision. This is a disappointment to the industry and will result in lost overseas business tourism. The Group urges that the matter be reconsidered by the Government at the earliest opportunity.

### **Product Development and Innovation**

There is evidence to indicate that the Irish Tourism product has, in many ways, become tired and lacking in verve or "bounce" for many tourists. Many of the recommendations of the *New Horizons* strategy and action plan, in the area of product development and innovation remain, so far, to be meaningfully progressed or implemented.

The search for meaningful and authentic experiences has emerged as a significant

trend in tourism over recent years. Visitors no longer wish, simply, to be passive spectators. They increasingly seek to participate in the lifestyle and to engage with the people of the country they are visiting.

While some further additions to the Irish tourism product range would be welcome, a fundamental weakness is that much of the existing product, in both public and private ownership, is not packaged, presented, made accessible or marketed to best effect either internationally or domestically. Two key examples of this are walking and angling products.

Despite the decline of almost 50% in five years in overseas visitors coming here to engage in walking activities, the 259,000 people who went hiking/hill-walking in 2004 was almost 90% greater than the number of visitors who played golf in Ireland that year. The effectiveness of the marketing of golfing holidays in Ireland is clear from the fact that 83% of golf holidaymakers said that such marketing activity was important to their decision to come for a holiday. There is little evidence of any similar successful marketing campaigns or innovative initiatives to bring back walkers to Ireland.

Similarly, the full tourism potential of salmon angling in the regions is being lost because it has been overshadowed in the debate about the conservation of salmon stocks and the exploitation of allowable catches. At the end of 2005, the Minister for Arts, Sport and Tourism asked Fáilte Ireland to commission an economic analysis of the tourism impact of salmon angling. This should provide guidance of how best to exploit the tourism potential of this valuable resource when it is completed in March 2006.

It is also disappointing to note that little progress seems to have been achieved in establishing additional sites in Ireland for World Heritage designation. Such

designations are a powerful source of attraction and marketing for visitors.

Other product areas where progress has been slow include investment in the modernisation of Ireland's heritage, cultural and natural attractions. Research indicates that significant additional tourists can be attracted here by the quality of the cultural and heritage product.

It is patently clear that the potential of Ireland's cultural and heritage attractions, including music venues and performing arts facilities, needs to be better developed and marketed. The upgrading of much of the physical and operational elements of the cultural/heritage base over the coming years will be necessary, particularly in the case of public attractions.

As discussed in Chapter 2 of the Report, the significant new investment programme announced by the Government in cultural infrastructure is a major step forward. But it must be noted that, while this investment programme is appropriate and welcome, it is geographically confined. A strong case exists for the introduction of a new scheme, on the lines of the 2001 Arts and Culture Enhancement Support Scheme (ACCESS), to facilitate, in particular, the enhancement and maintenance of the current stock of cultural facilities – and the provision of additional facilities.

It is also clear that, relative to other capital cities, Dublin is inadequately served with cultural facilities. This represents a barrier to the attraction of key segments of the international tourism market to Ireland. While highlighting the slow progress in these product areas in the initial period following the publication of the *New Horizons* strategy, the Implementation Group also acknowledges the significant progress made, in the context of Budget 2006, in advancing the Abbey Theatre and National Concert Hall projects together with plans to develop the Theatre Royal in Wexford and the Gaiety Theatre in Dublin.

It is, of course, the case that innovation in tourism product is not just about "new products" but is also about re-invigorating existing products, attractions and facilities. This calls for "softer" supports on the lines of the "People and Place" programme operated by ITIC in the late 1990s – which the Group notes is now to be reactivated by the industry. It also requires that SME networks and clusters become more adept at using newer technologies and more creative in attracting visitors for an "experience" and not just a visit.

In order to address the acknowledged weakness in product development and innovation, Fáilte Ireland established an expert group, in 2005, to research and review the strategic options for addressing the development and presentation of the key product components of Irish tourism. This group is representative of public and private tourism and heritage product interests. The objective, in line with the recommendations of the *New Horizons* strategy is to provide guidance - for both public and private sector investment - on future market and sectoral trends, product development trends in competitor destinations, consumer expectations and reaction to existing products.

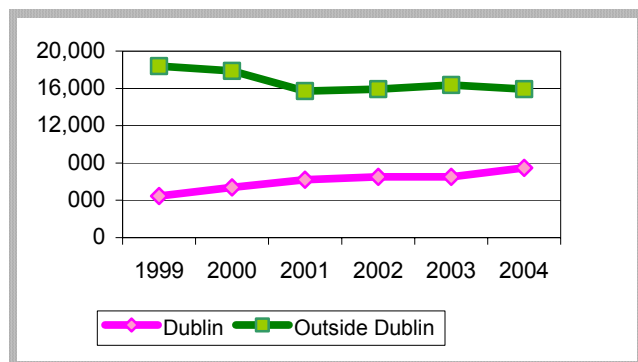
The review will examine potential product opportunities, investor and stakeholder expectations, as well as specific regional development opportunities. It is intended that the report will provide a template for tourism product development in Ireland in the context of the National Development Plan for the period 2007-2013. It is expected to be available by June 2006.

### **Regional Development and Spread**

The 2005 report commissioned by ITIC on the Regional Spread of Tourism highlights the major imbalances in regional tourism that have developed in recent years. Between 1999 and 2004 the number of additional bed-nights spent by *overseas* holidaymakers in Dublin increased by more

than 3 million to nearly 7.5 million. Elsewhere in the country the number of bed-nights by such visitors fell by 2.5 million (to almost 16 million) over the same period – as set out in Figure 1.

**Figure 1 Overseas Holiday Bed-nights in Ireland 1999 to 2004**



Source: Fáilte Ireland

An analysis of available data indicates that the main dip in bed-nights to regions outside of Dublin occurred in 2001 and that this derived, almost entirely, from a fall-off in the number of overseas visitors who toured the regions to stay in a number of different locations. It is also the case that cities and other major urban areas are attracting an increasing share of overseas visitor numbers and, in doing so, are accentuating the variation in urban and rural performance.

Regional bed-nights are being, and will continue to be, affected by two principal trends

- a trend towards air over sea travel - meaning less own car touring that involves longer length of stay and visits to more than one region and
- a trend towards more frequent short breaks - these tend to be highly influenced by *ease* and *price* of access and to be primarily city based, with Dublin meeting these requirements more than regional centres.

Regional tourism performance is particularly dependent on domestic tourism. Any

downturn in this market would further exacerbate the current imbalance in regional tourism performance and could negatively impact on the sustainability of many rural based enterprises in the years ahead.

These trends make clear that a major new impetus and programme in regional tourism development is required. Without such an initiative the prospects of achieving the regional targets of the current tourism strategy are limited.

The 2005 Tourism Forum identified a number of elements that might be included in such a programme. These included

- the identification of unique features or themes for each region
- improving the accessibility for tourism enterprises in rural areas to training, workshops and networks
- creating synergies between product offerings in rural areas by more joined-up planning, and marketing and information sharing
- exploiting the potential of the new round of rural development funding support from the EU
- a review of marketing initiatives targeted at the domestic market
- the intensification of marketing initiatives aimed at the British own-car market and at the car-hire market in Ireland which are important categories for regional tourism development
- the further development of regional airports and the associated marketing of regional air access for overseas visitors.

These proposals also fall to be followed-up in the arrangements put in place to roll-out the implementation of the tourism strategy for the period beyond this Report.

The Implementation Group has noted a number of recent initiatives that have been

taken by Fáilte Ireland, Tourism Ireland, the industry itself and the Government to address the issue of regional spread. These include

- the fundamental reorganisation of regional structures for the promotion and development of tourism currently underway by Fáilte Ireland
- the specialised regional marketing initiatives that Tourism Ireland is putting in place
- the analysis of regional tourism trends undertaken by ITIC in 2005
- the establishment of the Irish Rural Tourism Federation with the aim of becoming a powerful voice for rural tourism product providers
- the new strategy for the maintenance and development of a thriving B&B sector launched by Fáilte Ireland
- the provision of some €100 million by the Minister for Transport in the *Transport 21* investment strategy for capital development and safety projects at regional airports (€15 million in 2006 and a total of €50 million by 2010) – improved access is of fundamental importance in addressing regional tourism development, and business development generally
- the increased funding for inter-regional and local road, rail and bus access also included in the *Transport 21* strategy.

These are important and recent initiatives. It is, however, the case that while each initiative is admirable in itself, they will, together not be sufficient to effectively address the regional imbalance issue unless they are integrated into a comprehensive regional development programme.

### **Signposting on National, Regional and Local Roads**

Signposting is one issue that arises in the context of the implementation of the Tourism Action Plan that is relatively modest in terms of the costs involved but

which is significant in terms of visitor perceptions of Irish tourism. It is particularly important for car and coach touring in Ireland.

Successive Visitors Attitudes Surveys highlight the issue as giving rise to strong negative perceptions on the part of visitors. The Implementation Group has discussed this issue with the representatives of the tourism industry and with the different Government Agencies and Departments that have responsibility in this area.

The Group finds it difficult to understand why simple, straightforward road signage standards for different types of roads cannot be established and applied on a consistent basis across the country. The objective should be to design simple, effective, directional signs and ensure that they are placed where they are most needed. Signage deficiencies at specific locations should be identified together with the key priorities, for tourism, in road investment in each of the tourism regions. Arrangements should be jointly put in place by Fáilte Ireland and the Regional Tourism Authorities to ensure, on a continuing basis, that adequate recognition is given to these requirements in the plans of the National Roads Authority and Local Authorities.

This will require the development of location-specific proposals on all significant tourist routes covering, for example

- the *safety* and *quality* of the roads, both national and non-national, on routes of high tourism demand
- the route network and signposting at all international air and sea access points
- the signposting from Dublin to the regions and the “follow through” signposting along routes – confirming for visitors that the route they are taking is correct – and better advance signage for significant tourism destinations



- access to major tourist attractions in local areas and, where relevant, to improve traffic management.

### **Countryside Access**

A countryside council, Comhairle na Tuaithe, was established by the Minister for Community, Rural and Gaeltacht Affairs, in January 2004. The Comhairle was established to address the issues of countryside access for recreational and leisure purposes, the development of a countryside code and the development of a countryside recreation strategy. The Implementation Group notes and acknowledges that the Comhairle has made some progress in a complex and controversial area, in a relatively short period. It has brought the key stakeholders together and provides a framework to achieve a set of agreed principles to the issues arising in relation to countryside access. It has identified an agreed set of access parameters to the countryside

which, with goodwill on all sides, can serve as a basis for resolution of conflicts. It has also made progress in identifying the key features required in a countryside code and is currently working on a National Countryside Recreational Strategy.

The progress made by Comhairle na Tuaithe, to date, is welcome and encouraging. The codes it has agreed, or is in the process of agreeing, are voluntary guidelines and their importance is not underestimated. But the more demanding issues, surrounding "rights of way" and addressing situations where the voluntary codes are rejected by land-owners or by recreation-seekers, remain to be resolved.

The Department of Arts, Sport and Tourism and Fáilte Ireland should work closely with the Department of Community, Rural and Gaeltacht Affairs and Comhairle na Tuaithe in developing an integrated plan to resolve the outstanding issues.



## Chapter 4

### The Road Ahead

#### Introduction

Analyses by the UNWTO show clearly that the prospects for international tourism over the next 20 years are at least as strong as the major growth achievements of the past 20 years. The Irish tourism industry is now far stronger and resilient than it was when it participated in the major wave of growth in international tourism that started almost 20 years ago.

Many of the emerging trends in international tourism such as an increasing age profile, a greater interest in authentic experiences, greater concerns regarding security and a greater emphasis on arts, heritage and culture have the potential to operate to Ireland's advantage in future years.

Irish tourism is, arguably, the most successful sector of native Irish enterprise since the foundation of the State. In particular, it has achieved a strong record of growth over the past twenty years. The resolve of the industry continues to be tested in an international marketplace of increasing competitive intensity. The Implementation Group believes that there is no reason to believe that Irish tourism cannot continue to thrive and to prosper. It can continue to deliver good returns for those who invest in it and to make a major contribution to national and regional development. It is an industry that requires and deserves a strong vote of confidence from those operating within the industry and from the Government which has such an important influence and role in its development.

#### Five Major Themes

The progress made, over the past 2 years, in the implementation of the new tourism strategy, *New Horizons for Irish Tourism: An Agenda for Action*, has been relatively good

– in many ways better than was anticipated by the Implementation Group when it started its work in February 2004. However, among the areas of limited or slow progress are some of the most important actions required for the successful future development of tourism.

What is required, at this stage, is the identification, in current circumstances, of a set of issues around which decisive actions are taken by the industry and by Government to drive forward the business of tourism in Ireland over the next two years similar to those set out in the two year action plan that accompanied the *New Horizons* strategy report.

Also required is an effective process to ensure that successful strategy implementation continues. Specifically, and taking account of the deliberations of the Tourism Industry Forums of 2004 and 2005, the Group considers that, in this next phase, significant progress in the following broad areas is essential

- **Competitiveness, Productivity and Skills**
- **Product Development and Innovation**
- **Access and Marketing**
- **Sustainability and Regional Spread**
- **The Strategy Implementation Process for 2006/7**

The rationale for the focus on these themes and a number of broad recommendations in relation to them are set out in the following paragraphs. There is, of course, a need to validate and to translate these broad recommendations into an effective action plan in the next stage in the roll-out of the *New Horizons for Irish Tourism* strategy.

## Theme 1 Competitiveness, Productivity and Skills

Wherever visitors go, it is the *quality* of their experience, at any particular destination, that will determine whether they will return or recommend Ireland to their friends. The challenge for the tourism industry, arising out of this fundamental requirement, is to provide high quality products and superior standards of customer service that have the potential to deliver high yield business. These must provide good value for money and positive visitor experiences. If Ireland cannot do that, it will fail to thrive in the very competitive marketplace in which Irish tourism now operates.

The views of the Implementation Group on competitiveness in tourism is set out in Chapter 3. It is fundamental to the future development of the tourism industry that there should be effective delivery of the comprehensive and complementary actions, summarised in that Chapter and included in the *New Horizons* strategy. Their achievement will ensure that the tourism industry continues to attract the investment required for the product development and innovation on which a thriving industry will continue to depend, together with skills and competencies, and through which competitive excellence and productivity can be achieved. As a reflection of how seriously the tourism industry takes the competitiveness issue, ITIC has commissioned a major study, for completion in Spring 2006, to assist in developing new initiatives to address the difficulties presenting.

## Theme 2 Product Development and Innovation

Ireland's tourism product, based around the three pillars of **people, place and culture**, is the fundamental determinant of the customer experience on which the success of the Irish tourism industry rests. While there has been significant expansion in the product base of Irish tourism over the past fifteen years, the investment involved has

been largely in the provision of improved accommodation, associated facilities and conventional attractions that provide "passive" engagement and experience for visitors. Such facilities are today taken as a "given" by tourists. In themselves, they do not provide competitive advantage for Ireland – relative to other destinations. This can only come from providing visitors with memorable, positive experiences – particularly those that relate to what is different or unique about Ireland.

Over the past two years, the implementation of the recommendations of the *New Horizons* strategy and action plan in the area of product development and innovation has, overall, been sketchy. In 2005, Fáilte Ireland established an Expert Group to revisit this whole area and to outline a new medium-term product development strategy. This group is representative of public and private tourism and heritage product interests and is due to report by June 2006. This is a welcome and positive development if it results in an effective process to *deliver* on the agreed recommendations that emanate from their work and from the work done previously by the Tourism Policy Review Group.

## Theme 3 Access and Marketing

Competitive and convenient air and sea access is a critical determinant of external international demand for Ireland as a tourist destination. Within Ireland, effective and easy access by air, road and public transport is essential if the realistic potential of a greater regional spread of the benefits of tourism is to be achieved.

Good progress on the recommendations of the *New Horizons* strategy and action plan, in the sphere of access transport, has been achieved in many areas over the past two years, as outlined in Chapter 2. In the period ahead there is a need to build on this progress. A particular focus needs to be maintained on the following action points

- the removal of the constraint of the Shannon stop-over on the development of tourism (and other) business to Ireland from the United States and the consequential opening up of additional visitor opportunities from an increased number of centres of population in the United States – as envisaged in the draft agreement negotiated by the Minister for Transport in November 2005, in the context of the EU-US negotiations on an Open Skies arrangement. The failure of the EU Transport Council to endorse, at its December 2005 meeting, the overall deal negotiated is a cause of concern and uncertainty to the tourism industry in Ireland. If this failure persists it is essential that Ireland develops a fall-back position to achieve a bilateral agreement with the United States to enable the timetable for the early opening up of additional US centres of population to carriers serving the Irish market to be delivered by November 2006
- the provision of the additional pier facilities for aircraft at Dublin Airport by 2007 and a new terminal by 2009, as planned
- the early roll-out of the planned €100 million investment programme in regional airports to support route development and to ensure a greater regional spread of tourism business
- the delivery of the improvements in the roads networks, including the Atlantic Corridor, signposting and public transport access, as set out in Chapters 2 and 3 of this Report.

Effective marketing provides the essential link between Ireland's tourism products and potential customers at home and abroad. The British market is by far the most important overseas market for Irish tourism, by virtue of its size, location, traditional source of business and for the many links of people, language and culture that exist between Ireland and Britain. Any

complacency in relation to the sustainability, retention or growth in Ireland's share of that market should have been dispelled by the relatively poor performance in recent years. This has led to a fundamental and high-quality analysis of that market by Tourism Ireland and a consequential identification of key actions needed to reverse recent poor performance. The focus over the next two years must be on the delivery of these actions and on monitoring their effectiveness. Any further slippage in the British market would have major negative consequences for Irish tourism.

A major analysis of the North American market is being undertaken at present by Tourism Ireland to follow the analysis of the British market and the less detailed analyses of markets in Mainland Europe that have been completed. Again the focus in the period ahead must be firmly on the delivery aspects of the actions that emerge from the analyses undertaken.

#### **Theme 4 Sustainability and Regional Spread**

Promoting a greater distribution of tourism across the regions remains a core objective of national tourism policy. Tourism is central to the creation and maintenance of employment and living standards of many people living in the less developed areas of the country. Recent research has clearly identified, for example, tourism as the primary economic resource in the Western region. The various industry trends that have impeded a wider regional spread in recent years are discussed in earlier Chapters of this Report – most notably the trend towards shorter and more frequent breaks that favour the more easily accessible urban destinations as highlighted in the recent ITIC study on regional spread.

The trends in regional tourism performance reflect, to a considerable extent, the increasing dominance of air as the preferred means of transport of visitors to and from Ireland – now accounting for some 80% of

the total – and the concentration of air services between Ireland and Britain and Mainland Europe at Dublin Airport. Clearly, the development of air services between the regional airports in Ireland, to and from Britain and Europe, would make a major contribution to addressing the variation in regional tourism performance.

Recent and anticipated improvements in regional and air transport access, and innovative marketing approaches as outlined earlier in this Report, should contribute to improving regional spread.

Research suggests that more visitors could be attracted to Ireland by the high quality and uniqueness of the natural product. The Implementation Group notes the recent establishment by Fáilte Ireland of an Environmental Unit and urges that it be adequately resourced to ensure that it can both deliver the fundamental supports required by the industry and also set the best standards to ensure the sustainability of the tourism product.

The Implementation Group believes that there is considerable untapped potential to develop tourism in many areas of the country based on well developed and well marketed walking related products. It notes Fáilte Ireland's strong commitment, for 2006, to invest in attracting tourists to the regions by developing and promoting activity holidays and, in particular, a package of "Top 15 Looped Walks" for overseas visitors, a new "product walking" website and the vigorous promotion of some 300 looped walks that have been identified as having no access issues.

A range of new initiatives, by the Tourism State Agencies, the industry and Government Departments, to improve regional tourism performance has been identified earlier in this Report. There is an urgent need to ensure the effective delivery of these initiatives – in particular the speedy implementation of the new regional structures – and a monitoring of their impact

in the period immediately ahead. The Implementation Group has also concluded that, while each individual initiative may be admirable in itself, in totality they are unlikely to achieve their full synergistic potential in addressing current imbalances in regional performance in the absence of an integrated regional development programme.

## **Theme 5 The Strategy Implementation Process for 2006/7**

With the completion of this Report, the Implementation Group established by the Minister for Arts, Sport and Tourism, in February 2004, has completed the two year task assigned to it in line with the recommendations in the *New Horizons for Irish Tourism* strategy and the *Agenda for Action* that accompanied it. As already indicated, the Group considers that, in general, good progress has been made in the implementation of the strategy over the first two years or so of the implementation process. The Group understands, from the comments of the Minister for Arts, Sport and Tourism, those of his Department and of the industry as well as those of the Taoiseach, that the implementation process has made some modest contribution to the progress that has been made. However, it must be acknowledged that any approbation that attaches to the progress achieved rests clearly and primarily with the bodies that hold responsibility for the delivery of the various action points set out in the strategy. The leadership of the Minister for Arts, Sport and Tourism and his Department – in promoting action across a range of Government Department and agencies and within the industry itself to support the development of tourism – has been a critical factor in the progress achieved.

The Group understands that there is support on the part of representatives of the tourism industry, the Department of Arts, Sport and Tourism and the Tourism State Agencies for the establishment of some formal institutional arrangement – perhaps

in a less intensive way than has operated over the past two years – to monitor and to shape, on a partnership basis, the next stages in the evolution and implementation of the *New Horizons* strategy and action plan. The Group considers that there is some merit in this proposition but notes that this is a matter for the Minister for Arts, Sport and Tourism to determine in his absolute discretion.

Finally, the Group wishes to acknowledge and express its deep appreciation of the substantive support it has received widely across the tourism industry, including the support that came from ITIC and the IHF in particular, from the Department of Arts, Sport and Tourism, from Fáilte Ireland and Tourism Ireland, and from many Government Departments and Agencies in the work it has carried out over the past two years.





### Terms of Reference

Having regard to the new strategy for Irish tourism over the period 2003 to 2012, as set out in ***New Horizons for Irish Tourism: An Agenda for Action*** (September 2003) and in order to drive forward and give best effect to the implementation of the first *rolling action plan*, the terms of reference for the Implementation Group are

- to advise the Minister for Arts, Sport and Tourism, John O'Donoghue, T.D., on the implementation on the Tourism Action Plan 2003-2005
- to publish a report on its work, results and deliberations at six-monthly intervals
- to sit for a period up to the end of 2005

and, in that context,

- capitalise on the current impetus for change and modernisation within both the public and private sectors, ensuring that the Action Plan is seen as an integrated set of actions requiring a co-ordinated and partnership approach, across Departments, agencies and industry, towards implementation
- discuss with lead actors their operational plans for, and commitments to, the implementation of actions falling within their remit including effectiveness indicators against which performance will be measured
- highlight any constraints to progress and recommend how they might be addressed and by whom
- recommend any changes that should be made to the Action Plan in the light of experience as it is rolled out

and also

- to contribute to the evaluation of the tourism strategy in autumn 2005 (or earlier if the tourism environment proves to be more volatile than anticipated) – this step to be a major milestone in the ongoing review process which will be an inherent element of the development process for the industry going forward.

### Members of the Implementation Group

The membership of the Implementation Group is as follows

John Travers (Chairman)	former Chief Executive of Forfás. He was also Chairman of the Interim Board of the National Tourism Development Authority and of the Tourism Policy Review Group
Philip Furlong	Secretary General, Department of Arts, Sport and Tourism
Jim Murphy	Managing Director, Prem Group and former President of the Irish Hotels Federation
Michael O'Donoghue	Managing Director, O'Donoghue/Ring Hotels
Eileen O'Mara Walsh	O'Mara Travel and former Chairperson of the Irish Tourist Industry Confederation
Raymond J Rooney	Managing Director, Rooney Auctioneers and Chartered Surveyors
Paul Tansey	Economist

