Briefing for the Committee for the Economy

Evidence Session 19th February 2025

Attending

- Dr Joanne Stuart OBE, CEO NITA
- Nuala Saul, CEO Brack Tours and President Inbound Tourism Operators Association Ireland (ITOA)

Background

NITA was established in 2018 and is the industry led voice for Tourism in Northern Ireland. With members spanning the sub-sectors of the tourism economy, NITA's purpose is to shape the future growth of Tourism as a *force for good* for the economy, society and environment, based on industry insights and expertise to create the environment for tourism to thrive.

ITOA is the representative association of Ireland's premier inbound tour operators, DMC's, handling agents and PCO's. Our members design and package creative programs and itineraries for escorted tour groups, individual holiday makers and business tourists including incentive, corporate meetings and conferences.

Overview

Tourism is one of most important indigenous industries and is a primary driver of job creation, local and regional sustainable development and cultivates and showcases our landscapes, cultural and built heritage and supports the growth of other sectors such domestic industries such as hospitality and retail. In 2019, 24% of visitor spend was on food and drink.

Based on figures from 2022, there were 5,845 VAT/PAYE registered tourism related business. Tourism supports over 70,000 jobs. (20,000 in tourism directly and supports 50,000 jobs across other sectors).

In 2023, Tourism generated £1.2bn in visitor spend (overnight trips) for the NI economy. Over 50% of this was from inbound visitors (export) and was distributed across the region, with 66% of spend outside of Belfast.

The 12 months to June 2024 show:

- Total visitor spend £2bn
    1. Spend by visitors staying overnight £1.15bn (78% from outside NI)
    2. Spend from day trips £1bn (15% from outside NI)

NITA Business Performance Survey of members January 2025

Key points

- 46% of businesses performing well, 36% mixed.
- 50% have 3 months or less cash reserves.
- 52% plan to invest and expand in 2025: 41% aim to maintain performance.
- Increase in overseas visitors offsetting a decline in domestic tourism.
- Rising operational costs (energy, supplier, staff, taxes).
- Mixed trust in the NI Assembly's ability to support tourism.

Top 3 priorities for UK Government

1. Great recognition of tourism as an economic driver
2. VAT reduction for Tourism and hospitality
3. Exemption from ETA

Top 3 priorities for NI Executive

- Greater recognition of tourism as an economic driver
- Reforming the business rates system
- Reducing regulatory burden

Challenges Facing Tourism in next 12 months

Rising costs – UK government policies increasing staff costs (National Living Wage, NIC). Impacting both private businesses and public sector departments and Tourism NI. This means that more of the allocated budget will be used to cover staff costs, reducing funding available for business support programmes and promotional activities.

Impact of ETA – we are already seeing examples of cancellations of trips to Northern Ireland by tour operators and other travellers. Ireland are not part of the European scheme, being introduced this year, and overseas visitors are able to travel to Ireland with a passport/EU ID card.

- Permission to travel must be applied for and paid prior to travel
- Cost £10, rising to £16 per person
- Using latest figures (to June 2024) £560M at risk (overnight and day trips)
- A passport is required to apply for an ETA. A lot of visitors from EU use an EU ID card. The need to apply for a passport and an ETA is a significant barrier.

Skills shortages and staff retention – this is an on-going issue which was exacerbated during the pandemic. Employers have worked hard to make the tourism and hospitality sector more attractive by creating better working conditions, introducing flexible working and increasing employer engagement. Upcoming increases in staff costs will impact on ability to recruit and has knock on consequences for pay rises.

Regional dispersal of visitors and spend – 66% of visitor spend is outside of Belfast, but significant disparities exist in regional tourism distribution.

4. Opportunities

The development and publication of the 10 Year Tourism Vision and Action Plan has provided much needed recognition of the importance of the tourism industry to the growth of the economy and laid out an ambition to grow the industry from £1.2bn to £2bn from overnight visitors with a further £1.5bn from day trips.

The alignment of the action plan against the four economic priorities of Productivity, Regional Balance, Good Jobs, Decarbonisation underpins and recognises the importance of tourism to achieving the vision for the economy.

The allocation of 2025/26 budget will have implications on how quickly the plan will be delivered. We understand the constrained economic environment the NI Executive are working in, and it is important that the draft budget and detailed departmental budgets are agreed in time for the new financial year.

One of the actions is to restore the funding ratio* for Tourism Ireland to allow it to increase overseas tourism revenue to the North. Tourism Ireland have published their marketing plans and have an ambition to double the revenue from overseas visitors.

*It should be noted that the increase in funding is *core funding*, and will be used for Island of Ireland promotional activity. Specific Embrace a Giant Spirit campaigns require additional funding from the Department for the Economy.

The table below looks at spend in Northern Ireland compared to Island of Ireland *(NOTE: spend is in millions and spend per trip & night are averages)*

Market	Total Spend		NI as % of total	Spend/trip		NI % of IoI	Spend/night		NI % of IoI	Length of stay		NI % of IoI
	IoI	NI		IoI	NI		IoI	NI		IoI	NI	
Total	5,500	672	12%	684	346	51%	90	77	86%	7.6	4.5	59%
GB	1,500	463	31%	391	322	82%	78	78	100%	5	4.1	82%
NA	1,700	71	4%	1223	372	30%	138	78	57%	8.9	5.2	58%
Europe	1,800	74	4%	745	344	46%	79	66	84%	9.5	7.8	82%
Other	500	64	13%	1309	651	50%	75	83	111%	17.5	4.5	26%

- Overseas tourists and spend by market visiting NI as % of total for IoI
  - GB - 37% tourists and 30% of spend
  - NA - 14% tourists and 4% of spend - *NA contributes 32% of total revenue to IoI*
  - Europe - 9% tourists and 4% of spend - *EU contributes 31% of total revenue to IoI*
  - Other - 24% tourists and 12% of spend

As the table above shows there is work to be done to understand how we can encourage more tourists, especially those from NA, to increase their dwell time and spend in NI.