

Submission to

Joint Committee on Tourism, Culture,
Arts, Sport and Media

relating to

Working conditions and skills shortages in
Ireland's tourism and hospitality sector

from Irish Tourism Industry Confederation



23rd February 2022

Introduction

This submission has been prepared by the Irish Tourism Industry Confederation (ITIC), the representative group for tourism and hospitality stakeholders throughout the country. A full list of ITIC members is included in Appendix 1.

ITIC welcome the opportunity to engage with the Joint Committee on Tourism, Culture, Arts, Sport and Media on the important issue of working conditions and skills shortages in Ireland's tourism and hospitality sector. Thank you for the opportunity to make a submission after we missed the original deadline.

Pre-pandemic, tourism was Ireland's largest indigenous industry and biggest regional employer. Over 10 million international tourists came to Ireland in 2019 and the sector was worth over €9 billion to the national economy. *Accommodation and Food Services* is the proxy definition for tourism within CSO employment data and this stood at 265,000 jobs in 2019. This includes a grossing-up formula used by Fáilte Ireland to incorporate all other jobs in tourism other than just in the accommodation and food services sectors.

In 2019 1 in 9 jobs was in the tourism industry and 68% of this employment was outside of Dublin.

In this brief submission ITIC will identify some of the labour market issues pertaining to the tourism industry including a staff and skills shortage as well as a very competitive employment market. It should be noted that we are not an employers group per se and this area of responsibility falls more with the likes of the Irish Hotels Federation, the Vintners' Federations, and the Restaurants Association of Ireland.

Fáilte Ireland, the National Development Authority, have recently estimated that 40,000 staff vacancies cannot be filled within the tourism industry and have warned that a lack of skilled staff acts as a real threat to Irish tourism's recovery.

Collaboration

Covid-19 and associated restrictions were a huge hammer blow to Irish tourism and ITIC has estimated that the pandemic cost the tourism and hospitality industry a whopping €12.2 billion, the majority of this a result of the loss of international tourists to our shores.

Tourism was one of the hardest hit economic sectors of the pandemic and the climb back will be steep and vertiginous.

In a “post-Covid” context there is undoubtedly a problem in Irish tourism and hospitality when it comes to labour supply. It should be noted though that this is not unique to Ireland and is mirrored right across Europe. Collaboration is the key between agencies, industry and employees as the sector looks to grow jobs and develop careers. Attracting, recruiting, retaining and developing talent is vital to a sustainable tourism and hospitality industry.

It should be noted by Committee members that the growth and scale of tourism jobs since 2011-2019 has been remarkable, far outpacing other industries in job-creation. That trend came to a shuddering halt in 2020 due to the pandemic and associated lockdowns which hit tourism and hospitality businesses very hard. Employees were retained where possible by businesses but with demand negligible, even with the Employment Wage Subsidy Scheme, a significant number of people were lost to the industry.

It is now apparent that, as demand slowly returns, the need for additional tourism employment has grown. The available labour force has been weakened by a number of people leaving the industry for other sectors and a number of EU workers returning home. Fáilte Ireland estimate that there are currently 40,000 vacancies within the tourism and hospitality industry. A new pool of workers will need to be recruited and training and upskilling requirements will need to be met. ITIC work closely with Fáilte Ireland as agency and industry bodies collaborate closely to improve the perception of tourism as a career choice, recruit domestically and overseas, and ensure that employers operate to high standards.

With unemployment falling below 5% it is clear that the number of vacancies within tourism will not be filled by Irish residents and there will be a need to attract EU citizens and non EU citizens into the workforce. In terms of the latter every effort must be made to speed up visa and work permit processing as has happened successfully in other sectors.

Fáilte Ireland has carried out extensive and authoritative research on labour skills and shortages which captures the views of over 1,000 businesses and 4,000 workers within tourism and hospitality. It also includes international benchmarking, reviewing the level of education provision in tourism and hospitality and consultation with recruitment agencies. This research is well worth committee members consulting.

Ireland’s tourism industry provides an engaging work environment for people across a wide variety of skills levels, backgrounds and interests while offering significant opportunities for career progression.

ITIC support the Payment of Wages (Amendment) (Tips and Gratuities) Bill 2022 as presented

by Senator Regina Doherty on 24th January 2022 and the additional protection it provides for employees in relation to the payment of wages. It is only right and proper that employees receive gratuities and any employer that does not fulfil this should be penalised.

It should be noted that ITIC and its members oppose the Joint Labour Committee (JLC) system - the appropriate way of dealing with statutory pay rates and conditions is the national minimum wage rate and the general employment/industrial relations legislation. It is inappropriate that some sectors might be singled out for the imposition of legally binding pay rates and conditions which are in excess of the statutory levels applied to other parts of the economy. The JLC system lost its relevance with the introduction of the National Minimum Wage Act and other extensive employment legislation. Current enhanced employment law includes Government plans such as the introduction of a statutory sick pay scheme, auto enrolment for pensions and the Low Pay Commission has been authorised to investigate how Ireland can move towards a living wage.

The Tourism and Hospitality Sector has to compete intensively for business and tourists can choose various destinations internationally. Labour costs account for circa 40% of costs in hospitality businesses. Minimum Wages in Ireland are already high by international standards and are the second highest of the 21 countries in the EU that operate a statutory minimum wage.

Irish tourism must remain competitive and manage cost-inflation otherwise recovery will not be secured to the detriment of the national economy and its employment levels.

Conclusion

ITIC welcomes the opportunity to engage with the Joint Committee on Tourism, Culture, Arts, Sport and Media. Tourism is a key economic sector providing regional balance and significant employment.

ITIC will continue to positively and constructively represent the sector and we hope that the industry can return to health and stability and can once more become the largest indigenous industry and biggest regional employer.

There are undoubtedly challenges in terms of labour supply and skills and ITIC will work with Government, agencies and industry partners to improve this situation for employers and employees.

For further information or for queries and clarifications:

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Appendix 1

List of Council members as of February 2022 of the Irish Tourism Industry Confederation:

ITIC Membership:

Aer Lingus, Association of Irish Professional Conference Organisers (AIPCO), Approved Tourist Guides of Ireland (ATGI), Association of Visitor Experiences and Attractions (AVEA), B&B Ireland, Car Rental Council of Ireland, CIE Tours International, Coach Tourism & Transport Council (CTTC), Convention Centre Dublin, Do Dublin-Dublin Bus, Dublin Airport Authority, Fáilte Ireland (Assoc Member), Guinness Storehouse, House of Waterford Crystal, Incoming Tour Operators Association-Ireland (ITOA), Inland Fisheries Ireland, Ireland's Association for Adventure Travel (IAAT), Ireland's Blue Book, Irish Boat Rental Association (IBRA), Irish Caravan & Camping Council, Irish Ferries, Irish Heritage Trust, Irish Hotel Federation (IHF), Irish Rail, Irish Self Catering Federation (ISCF), Jameson Distillery Bow St, Kildare Village, Kerry Tourism Industry Federation, Office of Public Works (OPW), Planet Payments Ireland, Restaurants Association of Ireland (RAI), Select Ireland, Shannon Group plc, Stena Line, Tourism Ireland (Assoc Member), Trinity College Dublin, TU Dublin, Vintners' Federation of Ireland