

Northern Ireland Affairs Committee

Oral evidence: [Future of the land border with the Republic of Ireland](#), HC 700

Wednesday 15 March 2017

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Members present: Kate Hoey (Chair); Tom Blenkinsop; Mr Gregory Campbell; Lady Hermon; Danny Kinahan; Dr Alasdair McDonnell; Nigel Mills; Jim Shannon.

In the absence of the Chair, Nigel Mills took the Chair.

Questions 529-577

Witnesses

I: Shane Clarke, Director of Corporate Services and Policy, Tourism Ireland; Paul Cullen, Head of IT and Business Systems, CIE Tours International; Janice Gault, Chief Executive, Northern Ireland Hotels Federation; Colin Neill, Chief Executive, Hospitality Ulster.

Examination of witnesses

Witnesses: Shane Clarke, Paul Cullen, Janice Gault and Colin Neill

Q529 **Chair:** Good morning, everybody. Welcome to the Committee. We are going to start by just asking you to introduce yourself and say a few words, if you wish; otherwise, we will go straight into questions. Shall we start with your end, Colin?

Colin Neill: Chair and members, thank you very much for the opportunity to present evidence today. I represent Hospitality Ulster, which is an industry body for the hospitality sector in Northern Ireland. Membership ranges from pubs, hotels and restaurants to major visitor attractions and indeed airports. As an industry, we sustain about 60,000 jobs worth over £1 billion to the Northern Ireland economy. Add that to the 58,000 jobs in tourism that we cut across and a considerable sum—I think it is £1.7 billion—to the Northern Ireland economy, and we really are a cornerstone to our economy and a key player going forward.

Janice Gault: I am Janice Gault, the Chief Executive of the Northern Ireland Hotels Federation. Thank you for the opportunity to come to speak to you. We represent the hotels sector and a few other areas of the accommodation sector—guest accommodation and guest houses. Hotels have undergone a considerable boom in recent years and we are currently going through a period of significant expansion.

Paul Cullen: Morning. Thank you. My name is Paul Cullen. I am the Head of Business Systems with CIE Tours International. We are a tour operator, primarily specialising in bringing US tourists into Ireland and Britain. We have been doing it for 85 years now. We think we know what we are doing. We would hope to bring in approximately 45,000 visitors this year, and possibly more. The vast majority will be to Ireland and Britain. 85% or more will be from the US.

Chair: I see your coaches on the road often.

Shane Clarke: My name is Shane Clarke. I am the Director of Corporate Services and Policy with Tourism Ireland, the agency responsible for marketing the island of Ireland and Northern Ireland overseas. As an organisation, we are in over 20 markets right around the world. We have experienced the best ever year in terms of tourism performance in 2016 and we have seen six years of consecutive growth for Northern Ireland in terms of visitors. All of that is generating about 2 million visitors to Northern Ireland and putting about £550 million into the economy there. Overall, across the island of Ireland, there are about 260,000 jobs supported.

Q530 **Chair:** Thank you very much. If I could just start by asking you to outline—and you do not all have to come in on this, unless you wish—



HOUSE OF COMMONS

how you think any changes to the invisible land border could affect the tourism industry in Northern Ireland. Who would like to start on that? Paul, you are going over the border now all the time.

Paul Cullen: Yes, I am. It could have a significant impact on our business. We operate a lot of coach tours, which is our primary service. We also offer chauffeur-driven and self-drive. A lot of our tours would cross the invisible border, as it currently stands. Uncertainty is a factor for us, not knowing what is likely to happen. It makes it more difficult to plan.

In a worst-case scenario of a hard border with checkpoints and delays, it would have a significant impact on our ability to run our itineraries. Our itineraries would be very closely mapped and timed. We would pre-book access to visits, such as the Titanic and other attractions and visits, in order to avoid the queues. If we miss our slot, we effectively then have to queue and that would not be an acceptable offering on our tours. Factoring in that delay would then have a significant impact on being able to manage our itinerary on a given day where we were due to cross the border and it is difficult to see how that would be sustainable, given the nature of our tours.

Chair: You worry that physically you would be stopped and it would slow things down.

Paul Cullen: It is the time element as much as anything. There is a perception about having to stop and go through checkpoints, which may be something that you could reduce the impact of, but the uncertainty around the duration of the delay would be a significant concern for us.

Colin Neill: It is important, even if it is just about how it is perceived; anything is important that would put people off coming from the Republic of Ireland. It is our second largest market. Even just if you concentrate on ROI, that market is worth £67 million and over the last year or two it has grown by 27%. Out-of-state visitors are our key growth area. They are our high-earning and high-spending tourists, and 67% of those enter Ireland through Dublin before they come to us, so it is key. Even if it was a perception that you might need extra documentation or you are just not quite sure, it is as easy to come out of Dublin Airport and turn right as it is left, and it seems an easier thing if you are confused, so it is really important that whatever we put in place is seamless and does not cause any confusion.

Shane Clarke: Just to build on that point, I have referenced the fact that there has been significant growth in tourism over the years. The primary drivers of that growth have been very strong growth in terms of visitors from mainland Europe and from North America. The primary gateway as such for a lot of those visitors is through Dublin and the airport. Coming back to the point, we market the island and we market all of the features of the island. You could see a difficulty if it is the case that you are in



HOUSE OF COMMONS

any way creating a perception that people cannot freely move around when they are enjoying their vacation.

Janice Gault: There is also the issue, which is a small issue in some ways but a major issue for a number of players, that a number of staff come from the south to the north every day, so you are relying on a number of your workforce being able to travel freely as well. That would present a problem trying to do things very quickly. We have also spent some time growing the domestic tourist market, as Colin has alluded to, but there is also the idea that it is just as easy to have your wedding in Northern Ireland as it is to have it in the Irish Republic and we would not like to see that change. The big fears are the uncertainty of what it will look like, coupled with maybe some physical barriers. The uncertainty factor is currently the biggest concern that people have.

Q531 **Chair:** Given that both Governments have said that they do not want to see a hard border, does that not make you feel in any way more optimistic?

Janice Gault: It is going to be very difficult in terms of a customs border. We are joined to another part of the EU. We are not part of Schengen, so it means the people movement issue might be sorted, but in terms of customs, we are on the frontier of a customs border. Even economists have not worked out a way of how goods are going to be traded backwards and forwards without your monitoring it in some way. That really is the issue. Do people become a commodity as such? Do you have to look at them and see what is going on? We know we have had a common travel area since something like 1922. It was suspended during the war and came back again. For us it is the idea of all of a sudden it would be curtailed and the message that that sends out.

Q532 **Jim Shannon:** You are very welcome, and it is good to see you all here. Over the last couple of years I have had the opportunity to be a speaker at the Irish Fest in Milwaukee, and Tourism Ireland have been there every year, plus a number of councils from across Northern Ireland who all want to promote their wares and invite people to come. I know Tourism Ireland has tried very hard to encourage people whenever they come to the Republic of Ireland, whether they come either by taxi or by bus tours, across the border into Northern Ireland.

I just want to know what your thoughts are, first of all, on how that will work, ever mindful that this is going to be a year when probably, because of the value of the pound against the dollar, cheaper priced holidays will be better for Americans than they have ever been. I wanted to get your thoughts on what way that would work and what sort of border would you like to see, apart from the one that is here today. What would you like to see that would effectively make sure that your bus tours go across the border and that people who come in from the States can go across?

I have another question; I will do the two together. I am also aware that, in terms of tourism across the whole of Northern Ireland—and



HOUSE OF COMMONS

maybe Janice and Colin could answer this one—you have some potential for increasing jobs in that sector. Do you see the numbers game? What do you see in jobs that might be created? How do you see that happening post Brexit?

Shane Clarke: On the first question, in terms of the North American market, just to put it in context, about one in 10 people travelling from the States to Europe on holiday come to the island of Ireland. We have a 10% market share of Europe, so it is phenomenal. Rightly, you point out that most of the access into the island is through Dublin Airport. In terms of promoting, we do encourage people, in terms of the itinerary and travelling around, to effectively turn left when they come out of the airport, so that they go up north. We do that and we accentuate all the messages that are there, whether it is the Titanic, the Gobbins or the Giant's Causeway.

Anything that is going to in any way be any kind of barrier to somebody making that very easy journey is something that we will have to overcome. For example, if it is a German and they are hiring their car in Dublin, they currently can drive up to Donegal, they can go along the Wild Atlantic Way, they can come back into Derry/Londonderry and they can go out to the Causeway. They do not have to worry about their car or their insurance. They do not have to worry about their European health insurance or anything like that. That is the concern. We have to keep all of that in place in the future.

Paul Cullen: From our perspective we have definitely seen a trend over the last 12 years or so. We would have had maybe 6% or 7% of our passengers crossing the border in a round-Ireland trip; now that is 47%, so we have had a significant shift in the model of our tours to include the Northern Ireland perspective. That is a significant selling point and is on the back of the work that Shane and yourself do with the US. It is a selling factor that it is one visit to Ireland and/or building on a UK visit with it. Anything that creates any friction in that is likely to have an impact.

Q533 **Jim Shannon:** The Prime Minister says she wants to see a frictionless border. A frictionless border would make it easier for yourselves to continue the business that you do.

Paul Cullen: It would be essential for us to continue the model that we currently have and to continue progressing that model.

Janice Gault: In terms of your question about jobs, hotels are relatively simple in many ways. One hotel room equals one job. That is the basic mantra that we work on. It evens itself out when you look at all the different types of them, but we currently have roughly 8,000 hotel bedrooms. The sector sustains 8,000 jobs directly and a further 2,000 to 3,000 indirectly.



HOUSE OF COMMONS

In Northern Ireland at the moment we have about 1,200 hotel bedrooms under construction and, depending on how much of an optimist you are, we either have a further 1,000 or 4,000 in planning or in different areas of contemplation; that would be the best way of putting it. Most of those were planned two to three years ago. We have had a very strong back end to 2016 and a reasonable start to 2017. Hoteliers are reporting a good season ahead from April. They are very optimistic about things.

We would really like to see that continue, and the potential of that to continue. Although we do not currently have a tourism strategy, one thing I have discovered is that you do not give a strategy but you do maintain the targets. A £1 billion spend is the figure that we have been charged with making from overseas tourists. We are expected, by 2025, to have £1 billion of overseas spend. The only way we can do that is to attract out-of-state visitors, and the further away somebody is, the more they spend. That is a simple mantra.

We see jobs growing. We are set to grow, according to Oxford Economics, at a faster rate than the rest of the UK. It is important that we, first, are able to attract people who are able to work in the industry, and, secondly, are able to keep tourists within the island, including Northern Ireland. We have done a lot of work—and a lot of work with Tourism Ireland in continental Europe—to add Northern Ireland to tours, to bring people in for two nights on a 10-day or a weekly tour, so that they incorporate us into that particular tour. It would be a shame if that was lost, either through perception or reality. Quite often it is much more difficult to overcome the perception than it is to deal with the reality.

Colin Neill: The key element that we look at is 20% of our workforce is made up of non-nationals, if you like—a mixture of EU and other parts of the world. There is no breakdown into what part EU, but if you compare it to most of the other regions in the UK, it is about that; about half would be EU citizens. Anything that hits that is a threat and is a real challenge. Both Ulster University and People First have done a range of research. We have a target to grow the jobs in the sector by 8,000, but they reckon we need a total of roughly 30,000 jobs, and 30,000 people to fill the jobs. It is not just about the expansion. It is actually maintaining where we are. We have fewer young people entering the industry because there are fewer young people; the demographic of the population is changing. There is a huge challenge there. Regardless of Brexit, there is a huge challenge for us to meet the demand. That is now going to be added to because if it affects the migrant workers that we get from Europe, that again will impact that. For chefs alone, we need 2,000 chefs. They are just not there, so there is a huge challenge to make sure we have access to labour if we can grow.

A good example of a non-EU impact is with our members that are Asian restaurants. They would bring their chefs in on tier 2 visas, which means they are having to pay about £35,000 a year to get a chef, because they



HOUSE OF COMMONS

are sent at London rates, which is just not sustainable in our world, and it is already stopping them expanding. I have other restaurants and indeed pubs that do food, which own three or four premises, having to centralise the kitchen because there already is not the resource there. Anything that will reduce our access to labour will damage expansion and indeed damage the survival of existing businesses.

Q534 Lady Hermon: Thank you all very much for coming at such an early hour to give us evidence on a Wednesday morning. I have listened very carefully to the evidence given so far. I just need you to reconcile points that have been made, both by Paul and by Janice. You referred to the uncertainty of Brexit and that it could damage business and tourism. We had the referendum on 23 June last year—months ago—so has that uncertainty fed into the numbers booking tours? Janice, you said something that I in fact took down because it was striking. Your reference was, “We are very optimistic”. If we are very optimistic going forward and we have had the referendum several months ago, has the uncertainty not dented the numbers in the past few months?

Janice Gault: The optimism that we have reflects on our industry. Our customers might be slightly less optimistic than us, and that would be the concern that we have. We had a very good back end of 2016, some of it based on currency, which was good.

Q535 Lady Hermon: Where were those visitors from?

Janice Gault: A mixture. There was good performance out of the Republic of Ireland, and good performance from overseas.

Q536 Lady Hermon: Do you mean Europe or do you mean America?

Janice Gault: Europe and America. A lot of that business would have been booked pre-Brexit, so there would have been no particular impact on it. The uncertainty factor is a number of people have started their hotel-building projects. We have 1,000 bedrooms that have been started. There are people building them at this stage in time, the argument being that we need significantly more bedrooms, particularly in Belfast, in order to grow the market and sustain different sectors of business.

One sector that we have worked very hard on, for example, is business tourism—the conferences and meetings market. If we have issues regarding getting people in and out, your chances of attracting an international conference start to dwindle. People think that it is too difficult to go there. On the other hand—and we were very balanced about this—your chances of keeping conferences that are UK-based associations increase because they face a similar journey the other way.

Q537 Lady Hermon: Could it balance itself out?

Janice Gault: It could balance itself out. We do not have a crystal ball. There has been so much hype around what is going to happen, and in



HOUSE OF COMMONS

many ways we have come from a period of challenge and we have got used to it. We will adapt accordingly. We will continue to adapt and grow. There is no point looking for the black cloud, because sometimes if you say something it becomes reality. We are quite keen to remain buoyant and say to people, "This is a great place to come. At this moment in time there is no change." In fact, the message that I send out daily is that it is business as usual, and we hope that that "business as usual" message will maintain and continue.

The point we need to get across is that a change in terms of people movement or a change in terms of borders will impact on us and will impact on Northern Ireland much more than other areas of the UK. We stand in a very unusual position; we do not represent the staycation that Dorset and Cornwall represent, because you have to go on a plane or something to see us. You may have to go on a plane to Scotland as well, but it is not the same market. We are attached to part of Europe. That is where the border will lie.

Everybody says they have a unique case. People from Northern Ireland are quite good at pressing that point, but for us, while we are optimistic, the uncertainty element is the damaging thing. I have spoken to investors who have said, "We are just going to hold off".

Q538 Lady Hermon: These are investors in building hotels and building new boarding houses or whatever.

Janice Gault: Yes. They say, "We are just going to hold off". They may decide to go ahead. For every investment that people talk about, one in 100 probably comes to life. That would be the concern for us. We are sitting with 1,000 more bedrooms in Belfast, plus another about 300 in other places. What that means is we have to sell an extra 1,000 bedrooms every night to stand still, which is 365,000 bedrooms per year. We have to get additional visitors in. If all of a sudden it is easier to go somewhere else, tourists are quite perceptive these days. They would think, "Why would I bother doing that? Why would I bother wasting time?"

Lady Hermon: Shane, you looked as if you wanted to add something.

Shane Clarke: You were asking about the impact.

Lady Hermon: Yes. Have you noticed it in your field?

Shane Clarke: In terms of 2017, we are anticipating that there will be growth of about 5% to 6% for the year. However, when we look below that, we are starting to see and we had anticipated that there would be a decline in terms of growth coming from the Great Britain market. That has been compensated more by European and visitor growth from North America. There are early indications of an implication in terms of growth for this year—for the prospects of 2017. There is a slowdown that is occurring in terms of visitor numbers.



HOUSE OF COMMONS

Paul Cullen: We are positive and quite optimistic.

Q539 **Lady Hermon:** What are your figures showing you about bookings? You might be positive and that is your personality and that is the message you are sending out, but what are the figures showing?

Paul Cullen: 2017 is looking good. It is looking like an increase over 2016, and that is very positive. In terms of uncertainty, from our perspective it is in the planning cycle. We have our 2017 tours product mapped out.

Lady Hermon: This is your internal planning.

Paul Cullen: Yes, within the organisation. We are about to wrap up our product planning for 2018, so that is set and we look to have our systems built to support that. Within a matter of weeks we will begin planning for our 2019 products and we will be making decisions on new directions, new departures, new opportunities and new approaches.

Q540 **Lady Hermon:** Sorry to interrupt. Are those then affected by keying in Brexit?

Paul Cullen: At the moment we will work with a positive approach and look to continue the product set that we have, but if we begin to see that a hard border is going to have an impact, that will feed back into our product. As I say, the key impact is timing. Customer perception and feedback will have a significant impact. If it is a negative experience, that will feed back directly into our product type.

We would guarantee our customers that they will spend no more than two hours on a motor coach between stops and visits. If we had to factor in the possibility of a one to two-hour delay in the middle of a journey, suddenly that two-hour journey between visits can be four hours, and two of those hours are sat waiting in a queue, potentially. Our tour guides are excellent, but it would be a strong test of their character to continue entertaining customers over a period like that. We would have to then factor in what is the alternative to sitting in that queue at a border crossing and whether we could sustain that in the product set.

Q541 **Lady Hermon:** What if the consequence of trying to achieve a frictionless border between the Republic of Ireland and Northern Ireland meant that the British Government took the border checks to, for example, Stranraer, Liverpool, GB?

Paul Cullen: In my opinion, that would be more acceptable, because people expect, when they are changing transport and they are moving from island to island or through an airport, a level of check. There is a security check in an airport. If there is one more check where your passport is verified as part of that, people will not find that as much of a stop or as much friction. People expect checks at airports, and I expect customers will tolerate a little bit more at a port, because there is a break in the journey anyway and there is a break in our itinerary for transport.



HOUSE OF COMMONS

It is the fact that that could happen in the midst of a transfer from Dublin to Belfast or from Donegal to Derry. Quite a number of our tours cross the border twice. A small part of our overall itinerary covers Northern Ireland. Quite a lot of it would be based in the south or mainland UK—Scotland, England and some in Wales. I do not see that transport from England through to Dublin would be a major problem. There would be a little bit more of a delay, but using technology you could ease the process there at that type of crossing.

Lady Hermon: Colin.

Colin Neill: There is a political answer to that, which I am not going near.

Lady Hermon: There is indeed. No, you are here to give evidence to us. If you want to put that on the record, I am inviting you to do so. There will be a lot of people in Northern Ireland who will be extremely annoyed.

Paul Cullen: May I just say I am looking at this purely logistically? I am apolitical.

Lady Hermon: Exactly. Absolutely. I take that point; I absolutely do.

Chair: Mr Neill, did you want to answer Lady Hermon's question?

Colin Neill: It again would add complications for our largest market coming from GB, because then rather than just turn up with your ID or whatever for the plane or indeed car ferries, which nowadays are very easy to get on to, you add complication there. It still does not take away from the fact that there are goods and services. How do they move across the border? Some of the products we use will be turned into importing goods; we are in the island of Ireland but Guinness becomes an import, which is a national product for the whole of the island. Indeed, I understand—I do not have the facts on it—that with Bailey's Irish Cream, which is manufactured in Northern Ireland, the milk crosses the border five times in the process. Whatever the system is will have to try to address all of that in one go. It is going to take cleverer people than me to work out what that is.

Where we come from is very much that whatever is there, there has to be something, which needs to be soft touch and not seen as enforcement, more as almost the bus conductor just checking your tickets as you come across—that type of thing—and a bit of flexibility, so that you are not caught in queues, because if you are away for a holiday and you are only on a two or three-day trip, you do not want to spend three or four hours of that sitting at a checkpoint.

Q542 **Dr McDonnell:** You may have touched on some of this already, but, just for the sake of completion, I want to ask this question. Before I go into that, I want to thank you all for what you have done so far because tourism is growing, and a lot of credit is due to a lot of people but to the



four of you in particular for the contribution you have made. What have you guys done when you are wearing your various individual hats to ensure against the threats? Have you been able to take any action, or are we still at this stage just waiting to see?

Colin Neill: We are a people industry and we travel in hope. We have had challenges before, and while businesses do not like uncertainty and they want to minimise that, there is always a degree of uncertainty in business. We will try to expand and watch the market and watch what is happening, but, with some unknowns, our entrepreneurs will take a gamble. They do not want to sit back, so we are seeing expansion continue. We are seeing benefits of the exchange rate currently, but you cannot build a long-term plan on the sort of prediction that exchange rates will stay down for the next 25 years.

We are seeing considerable investment right across the hotels, which Janice has touched on. Indeed, this morning there were plans announced for a disused church on the Ormeau Road to be turned into a restaurant in your area, which is a multimillion pound investment. People are still keen to invest. As more detail comes along, that will affect the longer-term stuff. The sooner we know facts and plans the better, but I appreciate that is easier said than done.

Q543 **Dr McDonnell:** Have you been able to do anything, or are you still paralysed, if you like, until such time as there is more information?

Colin Neill: We are taking the opportunities that are arising and maximising the return on short-term opportunities. We are seeing direct impacts. Some migrant workers are now moving back home or moving back to central Europe, and that is probably down to the exchange rate change brought on by Brexit. If you are working in Northern Ireland and sending money home, it now becomes more economical to go and work in central Europe or indeed go home if you can make more money in that context. There is nothing to plan for. You cannot say, "We will do this to limit that", because we do not what that is, so it really is watching the game.

Janice Gault: You cannot plan because you do not know what you are planning for, but we are in an industry that cannot stand still. We cannot stand back and say, "Maybe this will happen". We deal with this under six key areas, and in reality none of those have changed at this moment in time. The only one that has changed significantly is inflation, which has gone up. The exchange rate has been low since probably last July and people have maximised that. We have spent quite a bit of time promoting, particularly in the Irish Republic, to ensure that we get a larger share of that market.

You cannot plan for what you do not know. Colin refers to hope. This is an industry that is very hopeful, and we hope the reality of the situation is that we will benefit and we will remain a strong economy. In terms of the planning process of staff, the product that you have and the



mechanisms of how you are going to work, you simply cannot plan for those, because you do not know what you are planning for, nor can you spend a huge amount of time strategising about what this is going to be because this is an industry of immediacy. You can only sell tonight's hotel bedroom tonight. The fact that tomorrow it might change is really something that you cannot plan for. That is not being negligent. Those are just the facts as they stand at this moment in time. Until we see what Brexit looks like, it is more or less impossible to make a plan.

There will be positives as well. We have long campaigned for a reduction in VAT. One of the reasons we have always been told that Northern Ireland cannot get a separate VAT rate is based on EU legislation. We are looking forward to Northern Ireland as a region being able to get a reduced VAT rate and trade magnificently at 5%. There are ups and downs to this, and there are movements and certain nuances within the EU that we will no longer have, so you have to look at the pluses and the minuses. As I say, being an optimist has its advantages.

Dr McDonnell: I welcome that. We can safely say that VAT on tourist products will disappear once we leave the European Union and air passenger duty will disappear, and we will all live happily ever after. Does anybody else want a quick comment on that?

Shane Clarke: I just wanted to make a point. Short term, we are seeking to land the opportunities that are there around value by highlighting them in our promotions. However, we know there is a change going to happen, and we are emphasising to all of our key stakeholders and government partners the importance of investing in this very vital industry, tourism, because whatever changes come about, we will have to invest in terms of making sure that people are still highly motivated to come to Ireland. If there are any perceptions that are not helping us, we need to be able craft our messages in such a way so as to be able to allay any fears that they may have or any inhibitions. We are making those cases very strongly at this point in time.

Q544 **Dr McDonnell:** Bouncing on from that, how do you feel we can get a strategy together—all of us? How do you feel, in other words, that we politically can help you? That is factoring in the fact that we have something of a vacuum at Stormont at the moment. The fact that you are appearing here this morning is a great help and a great sharing of information, but beyond that, what gentle, polite, positive criticism would you make of the failure to facilitate tourism?

Janice Gault: Tourism is simply not taken seriously as an industry. In Westminster terms, it is not taken as a serious economic driver, but it has an ability to transform a region, particularly somewhere like Northern Ireland, where you have a rural economy that can be significantly transformed. The money that we bring in from overseas is treated as an export, yet we are not able to avail of the same corollary of activity around that. We are not treated in the same way. We are seen as, "It is very nice".



HOUSE OF COMMONS

In reality, we could transform Northern Ireland. We have already done a huge job of transformation. Ten years ago people did not stay overnight in Northern Ireland. They drove straight through; they stopped at the Giant's Causeway and they went on. We have opened innumerable restaurants in Belfast. Pubs have continued to flourish well. We have the world's leading visitor attraction, but we still feel that we are very much seen as a secondary industry. In some ways tourism is almost seen as, "It is very nice". Hospitality is the ambition that drives tourism. Tourism is people coming to visit your country and seeing what is going on. It is a big move in the world now. People want an authentic experience. They want to move through a city. They want to see how people live. They want to go to rural Northern Ireland. You cannot export somebody making somebody a cup of tea in Fivemiletown. You cannot export that. They are making the cup of tea in Fivemiletown. They are not making it anywhere else.

The decimation of many rural communities can be addressed, but in order to do that you have to provide a business environment that allows us to flourish, have a tax regime that allows us to work well and understand the nuances of how this industry works. We have been very lucky in recent times. We are now seen as a safe destination. We have seen how other destinations have been decimated. It is important that we are allowed to continue to do that. My one thing would be to take tourism seriously.

Chair: We are definitely looking at tourism. As you know, there is a report coming out soon.

Q545 **Dr McDonnell:** How do we do that? I agree with every point you are making, but how do we get to move this on to the next stage, because in many ways withdrawal from the European Union and the challenges that that throws up for us could very well create an opportunity for us to take stock and accept tourism as an industry? I have not travelled an awful lot, but I have had occasion to look at tourism in France and I have had occasion to look at tourism in Austria, and those countries give it the attention. How do we get to the point where Ireland, north and south, gives tourism the attention? Ireland south, particularly in Kerry, does tend to give a bit—

Janice Gault: It is beyond Kerry.

Colin Neill: To quote a Northern Ireland Minister—I will not use his name—he said to me one time, "The problem with tourism is we are everybody's friend and nobody's family". No single Department own us. Westminster do not own us. The Assembly do not buy into it. That is the biggest challenge.

We are an export business. Currently we are earning over half a billion pounds, and we have a target to grow to £1 billion. You cannot offshore our jobs. You cannot decide, "There is a better deal there. We will move the Giant's Causeway to France next week." We can keep the jobs there.



We can get into areas where IT and, to use the term, the sexy industries do not go. We can take jobs to the local villages and the rural areas as well.

We need Westminster and indeed the Northern Ireland Assembly to take us seriously. If you look at the two industrial strategies, the UK one and the Northern Ireland, one, tourism is hardly mentioned in the big scheme of things. That, to me, is a crying shame. After Brexit we are probably one of the few exports that will be very hard to put barriers and tariffs on, unless we do it ourselves and unless we create difficulties with visas and difficulties with access that stop the tourists coming. I would turn it the other way and ask what you can do for us to make Westminster take it seriously.

Q546 Dr McDonnell: You have to tell us, and it is a collaboration we need. Very quickly, leading into the same thing, what can be done to improve competitiveness in Northern Ireland? How can we sharpen the product? How can we offer better value?

Colin Neill: I will declare a conflict of interest before I speak. I am on the board of Tourism Northern Ireland but am not speaking for them. The first thing that would help is to give Tourism Northern Ireland responsibility for everything to do with tourism development, whether it be the product, the skills or whatever, and then a proper budget to do it. Again, as Janice has alluded to, we are building hotel bedrooms steadily and cutting our marketing budget at the same time. These rooms do not just fill by accident. You have to go out and tell the world you have them.

We need adopting. We are up for adoption. If TNI adopted us, at least we would have one Department to go and say, because it is an arm's-length body of government, "Okay. Go and deliver for us," but then they need to be given the resources and they need to be investing in skills strategies, because we have to replace the workforce we are losing. We have to change how we fund our training because currently for training, you only get grants for people under 25 to try to reduce youth employment. They are not there for us to get. There is a huge tap of people over 25 who we could maybe reskill and bring into employment through our industry, because you can come in at the bottom and go out at the top. There are huge opportunities, but Government are going to have to turn and say, "We believe in tourism".

Q547 Dr McDonnell: Paul, you are buying. What is wrong with the product?

Paul Cullen: I would not say there is much wrong with the product as it stands.

Q548 Dr McDonnell: Is it too dear?

Paul Cullen: Certainly, sterling has helped in terms of purchase, but then we are also buying 12 or 18 months ahead, so we are buying now for the 2018 and 2019 seasons. Currently sterling is helping. We do not



HOUSE OF COMMONS

know which way that is going to go over the coming weeks. It is probably going to take a dip or a spike, based on news.

I would like to go back to your first question, if I may, specifically around the hard border and how to avoid it. It is likely to be the default that if nothing else is done, the hard border is the default imposition between Europe and the UK. It behoves all of us to start thinking creatively about how to prevent that from becoming the default. Technology can be of assistance, but it will not be the full answer. We can have preregistration or electronic tagging and number-plate recognition for vehicles.

A lot of that could smooth the process, but it will involve creative thinking, not just from politicians but from customs and immigration, who have slightly divergent requirements. They will have to get together and make sure that a solution that can satisfy one can also satisfy the other. That is going to involve an element of trust, which is maybe not something customs people are used to invoking, in terms of their role, by way of prevention. It will require creative thinking, and I do not have an answer, I am afraid, to offer you, but I would caution that the absence of a creative response is the default.

Q549 Nigel Mills: Mr Cullen, you just said you thought the default position with no deal was a hard border between the UK and the EU. Many of us think that the common travel area that predates both countries' membership of the EU will at least soften that or mean we would not need to have checks on people. Is that something you have considered in detail and you have come to a different conclusion to a lot of other people?

Paul Cullen: No, I am offering purely an opinion from the outside. The Chair noted that the two Governments are very much co-operating and are of one mind to reduce the impact. For me the third player is as significant, and that is the EU, so we do not know yet what the outcome will be. I do urge caution.

Q550 Nigel Mills: We all hope that there are no checks on people crossing the border, but your company does some tours where you have to cross real borders, do they not?

Paul Cullen: Our primary focus is the UK and Ireland, so we have the land crossings and then we have sea crossings. We do not really do the air crossings between the islands anymore. We have some tours on mainland Europe, but they are a very small percentage of what we do and we do not travel from here to there.

Nigel Mills: I am just wondering because I looked, and you had a tour that seemed to go from Montenegro to Venice via Croatia and Slovenia, from memory.

Paul Cullen: That is operated by a third party on our behalf.

Q551 Nigel Mills: The reason for asking was just because I wondered whether you had some practical experience. You have four border crossings on



HOUSE OF COMMONS

that tour and only one of those countries is in Schengen, so you must have real border crossings every time. I am just wondering how you handle it there, how much time you have to build in and whether you ever realistically get any delays on it.

Paul Cullen: As I say, the tour is operated by a local destination management company, and I will be honest: I do not know how they manage that.

Q552 **Nigel Mills:** Okay. Your customers are a lot of Americans and a lot of Europeans. Is that right? Do you have any customers from countries that need visas to go on your tours?

Paul Cullen: We have a growing market in Australia. Canada would be a growing market also. We would have a market across Europe, and a very small percentage beyond who possibly do require visas.

Q553 **Nigel Mills:** Clearly if you need a visa you technically need a separate one for Ireland and the UK, do you not? I know there are some exceptions for that. That is not something that you have to guide a lot of tourists through and explain they are coming to two different countries?

Paul Cullen: No. The vast majority of our tourists are fairly straightforward, if you like, to use the term, so we would leave them to look after their own visas.

Q554 **Danny Kinahan:** It is lovely to hear upbeat briefs of how things are going to happen. We tend most of the time to discuss the generalities of everything. Is anyone sitting down and pulling together the main concerns of the different types of border, if indeed there is any change at all, so that we can specifically look at, whether it is visas, skills or moving across? Is anyone pulling it all together?

Colin Neill: We have done a bit of work around each item, but because we are not border specialists until somebody comes along and says, "Here are the seven options or the 10 options", we cannot start to drill into it. At the minute we sit in that world of thinking that technology will maybe solve it, but we do not know what that technology is and what the pitfalls are. We need someone to come and say now, "Here are the options on the table". I was talking to someone lately about Brexit consultations. Normally consultations from Government tend to be, "We are planning A, B and C. What do you think?" Brexit seems to be more of, "Brexit—what do you think?" There is nothing for us to look at and say, "If you did that, here are the consequences", so we need the first step.

Janice Gault: Some of the airlines and some of the transport companies are looking at the repercussions. For example, if you have a ferry going into Dublin and you have 300 cars on it, and you decide that you are going to have to look at each one, regardless of how short that check is, and you have a two-hour turnaround time, even if you do a minute per car you are not going to be doing a two-hour turnaround time. If you are



HOUSE OF COMMONS

investing in a route into Dublin all of a sudden your four journeys a day or whatever it is are cut back. Some of the transport companies are looking at ways in which they can make this work.

In an island destination, that for us could have certain repercussions. At this moment in time you can come in and out of Dublin, both in terms of cargo and in terms of people. A number of the vessels that we have are mixed, so it would be important that people look at the economics of that. It could be very quickly affected if somebody is to stay in port for six hours as opposed to staying in port for two hours. It could affect our connectivity.

One of the questions we have been asked is about what you do for us. The simple thing is we need to be as connected as possible to the rest of the world, and that connectivity is Ireland-wide. It is how you get into the island, how you move about it, public transport, car hire and all of those other things. A number of the transport companies have looked at some of the repercussions in terms of getting people in and out, flight times, and what is involved in that. In terms of how they have worked the mechanics out, I think they have just said, "What if". They may have 20 "what ifs", but they do not have an answer.

Shane Clarke: Just to add a bit, ITIC, the Irish Tourist Industry Council, has prepared a response paper recently around Brexit. It basically sets out the things that they would like in terms of free movement of people. It sets out some of the challenges that are there and that might be quite a beneficial paper just to get, to answer your question.

Danny Kinahan: That is really, Chair, why I was asking the question, because we are always in generalities. If we could get to specifics—

Shane Clarke: It is specifics.

Danny Kinahan: Can we ask for copies of those reports?

Chair: That would be very helpful if we could have those, yes. Thank you.

Q555 **Danny Kinahan:** If we are working on the other side, what opportunities do you see through Brexit? We know the VAT is one, but are there other things we should be looking at to push for at this end, when we are asking questions, that would help the tourism industry?

Shane Clarke: There is the short-term potential benefit that sterling has. That absolutely plays out, so if that is a permanent realignment, we would say that would be of benefit and that could be dialled up. Potentially as well there is the opportunity to, as you say, make changes around VAT or APD—all of those things. If you can address any of the points that increase the cost of a holiday for anybody, that will absolutely create an opportunity that then we can capitalise on.

Q556 **Danny Kinahan:** Just to follow up on that, if we are looking at new



HOUSE OF COMMONS

countries to trade with and tourism is given its proper place, are there countries out there that we have not looked at properly before because of Europe that we should be looking at? Is there a bigger push for India or Canada? Are there targets that you have in mind?

Shane Clarke: As I said, Tourism Ireland is in about 20 markets around the world. We are in India, China, Canada, the US and mainland Europe. There are not many other opportunities beyond that 20 as such. Do you know what I mean?

As we look forward, and coming back to a point that was raised earlier about what we should be doing, it is about tourism being taken seriously. If you think about FDI, it is taken really seriously and people get excited about the jobs that it brings and all of that. Janice has made the point that tourism is a serious business. It adds a serious amount of employment. It generates serious amounts of revenue, but to make it competitive—and out there it is a competitive world—we need to invest in that.

When I say “invest”, we need to invest right through the line. Not only do we need to invest in the marketing, but also the skills development and the infrastructure. It generates a huge and really fantastic return for the economy. Rather than cutting budgets, which has been de rigueur for the last five or six years, really now is the time to invest and to seize the opportunities of the future.

Janice Gault: You also could look at the air. We used to have an air route fund. There are some EU rules around that, which would go, so you could effectively promote your airport, or airports in our case, and have a look at a way of putting in an air fund that was sustainable and looked at addressing a number of markets. You could in some ways subvent certain elements of a route to attract a new route if you had a specific markets or markets that you wish to go after. You would no longer have the same set of anti-competitive rules around that.

From our point of view, we look at this from the bottom up. We do not have anything to do with hospitality and tourism on the primary school programme. We do not have any chefs and cooking has been removed from menus. If you start there and you work your way up, by the time you reach 16 you do not know what a carrot is and where it has come, from and then we are into a world where we have to try to get people into our industry.

There has been a huge emphasis on STEM skills, which we will need as well. This is an industry that very heavily relies on technology, particularly in the hotel industry. They rely really heavily on it and need those skills. You have to have people still who are able to serve people and who are able to work in hotels. Once you start from that, we always describe hospitality and tourism as an industry of last resort as opposed to an industry of first choice. It would be nice to see that it was elevated in that particular way.



HOUSE OF COMMONS

From our point of view, we are about to spend, in the hotel industry, about £300 million. That is the current amount of hotel investment. The current mantra we have been delivered is industry-led, Government-enabled. There is very little about enabling people by introducing policies that do not effectively help our business. Putting in, for example, an apprentice levy throughout the UK and not having people in Northern Ireland effectively being able to access it is one really good example of somebody not thinking.

Other things that have been put in place do not help us. We look at people who have joined together. People have put a significant amount of money into capital infrastructure. You can look at lots of countries that have done that. Greece is a good example. Greece has relied on tourism to drive them out of a pretty serious financial situation. If you look at the last three months in Northern Ireland, the hospitality and tourism industry effectively prevented Northern Ireland from going into recession. Those are the figures from the economic policy unit at Ulster University. We would have the ability to continue to do that, but we have to have a fair chance.

Chair: Thank goodness for *Game of Thrones*, I suppose.

Q557 **Mr Campbell:** My first question is to Mr Cullen. You said that you have about 45,000 visitors. Was that last year's figure, or projected for this year?

Paul Cullen: 45,000-plus projected for this year.

Q558 **Mr Campbell:** I do see the CIE tour buses all over, particularly around the Causeway, Londonderry and Belfast. If you were looking back three years, say, what would your figures have been? I am trying to get a picture of what the growth has been in recent years for you.

Paul Cullen: 2014 would have been an exceptional year with the—

Mr Campbell: Let us go back a year before that.

Paul Cullen: We have seen year-on-year growth. We have had a steady increase over the last five years. 2014 was a peak. We had a dip in 2015. 2016 started slow but actually finished pretty much on target. If you look over five years, we are looking at year-on-year growth.

Q559 **Mr Campbell:** For your projected £45,000-plus for this year, do you have a spreadsheet, or would you know when those people would have become interested or made firm bookings for their 2017 break? Is that done throughout the previous year or rather late?

Paul Cullen: As a firm, we actually had quite a bit of late booking coming through. Some of our bookings will be 18 months in advance. We would have groups of up to 70 people planning a trip 18 months or more in advance. We have had other groups booking six to seven weeks out. We would have quite a spread. It is actually an exercise we are undergoing at the moment, to identify the booking patterns.



HOUSE OF COMMONS

Q560 **Mr Campbell:** I am trying to get a picture of the 45,000 people. Would more than half of them have booked last year throughout the year, in advance?

Paul Cullen: No. I am going to guess off the top of my head that we would have had maybe 10% in the run up to the end of 2016, and over this first quarter to four months we would expect to book in the region of 50%.

Q561 **Mr Campbell:** The bulk of your numbers, including the increase, would have been since the Brexit vote.

Paul Cullen: Yes.

Mr Campbell: That gives it a fair picture in terms of confidence.

Paul Cullen: Yes. Personally, I am not sure that the Brexit vote is going to have any impact. It is more how that pans out in terms of the border.

Q562 **Mr Campbell:** I want to come onto that. There has been a lot of understandable but unhelpful speculation about the hard border. I fully understand why, because of the uncertainty, but there is a growing appreciation of the totally utterly physical impossibility of providing a hard border when you have 300 crossing points. I presume even Brussels will get that eventually. At some point, they will decide, "How are we going to man 300 crossing points?" The answer is probably going to be, "We are not". They will have to take account of that, and that will be to all of your advantages, I would assume. You said you would be talking about your 2019 product shortly. Is it right that you plan 18 months or two years in advance?

Paul Cullen: We would probably be 18 months to two years in terms of the conception.

Q563 **Mr Campbell:** I am just wondering, because 2019 obviously will see the Open coming to the north coast. In and of itself, it is going to be a fantastic opportunity, but one would hope, post the 2019 Open, the window that it would provide might offer you even more opportunities beyond 2019. Are you planning to do anything around that, or is that just something that is incidental to your plan?

Paul Cullen: Oh, no. You can be sure our marketing department are building their plans around that. The campaigns will be designed in advance of that, absolutely.

Q564 **Mr Campbell:** To Janice, just on the hotel front, how big is the Open?

Janice Gault: There are six hotel projects planned between Londonderry and the north coast at this moment in time. Whether they all come to fruition is another matter, but there are six projects at this moment in time that are planned to look at the 2019 product. However, to add to the point that Colin made in terms of promotion, we should be out in the market now with a considerable fund of money to promote golf. We are



HOUSE OF COMMONS

not out with a considerable fund of money, because budgets have not been increased, changed, or diverted to cover that.

We should be out in market really promoting that heavily. Golf is a good market for us. It is a market that we do well in. We are very lucky to have a number of the world's leading golfers, but it is important that people understand that you have to tell people about a product; they do not just suddenly find out about it. In 2019, we have the Open. We have the Irish Open in Portstewart this year, in 2017. That is really the platform that should be going off at this stage. There are a plethora of things that we could look at doing, but they would involve an increase, a change, and a diversion of budgets at this moment in time.

Shane Clarke: It is absolutely fantastic that you have the lead-in out to 2019. It is ideal in terms of being able to focus people on to a future point, and obviously showcase not just the Open, but absolutely the north coast.

Q565 **Mr Campbell:** You accept there was a multi-million pound project to get the Open through the Executive.

Janice Gault: We are very good at getting projects. We are very good at building buildings. We are not very good at maximising the potential of those. I refer to this as the Kevin Costner school of tourism; you build it and you hope people will come. It is like *Field of Dreams*. We are very good at building buildings; we are really good at it. We are really good at securing excellent projects. However, when it comes to actually maximising that potential, we are not so good.

I am working at the moment on a bid for the Rugby World Cup, which is in 2023. I am not really a betting woman, but I would reckon that we have a pretty good chance of getting it. We have a one-in-three chance anyway, because there are only three countries in for it; I have worked that out quite quickly. It is all-island. It is one of the world's biggest sporting events, which really showcases you; it is a month long. It is a fantastic project. It costs a significant amount of money to attract. In the three years before, if we do get it, we would have a real opportunity to build on that. However, it is about taking that and also building on the legacy.

I am from your constituency; I am from Londonderry. I look at the City of Culture, and I see certain elements of it that were very positive and very good. The city has had a real refresh. It looks great. Have we built on that true potential? No, we have not. We are very good at baking the cake, but when it comes to putting on the icing and the candle on it, we do not do it. I understand there is some reticence around not being able to work out exactly how much bang you are getting for your buck. However, that is one of the most important things in our industry. It is telling people what you have and saying to them, "This is a great product".



HOUSE OF COMMONS

A very good example of this is on our doorstep, which is the Wild Atlantic Way. The Wild Atlantic Way was always there. Ireland was always on the side of the Atlantic. It took a project, and it is a marketing project, to launch that tourist initiative. It has been joined-up, it has been well thought-through, it has been signposted, and it has been promoted. It has effectively changed the tourism product in the west coast of Ireland. There is absolutely no reason why we could not do something similar running from Londonderry to Antrim.

Q566 Mr Campbell: I was just going to come on to that, because when I look at potentially a Northern Ireland equivalent of the Wild Atlantic Way, starting at the Mourne and going up through Belfast, the Gobbins, the Causeway, the coastal resorts, and round to Londonderry, I would have thought there is potential there for a superb offering. However, in terms of promotion, are you saying that that is negligible or non-existent?

Janice Gault: Negligible. The way that tourism works, which is complicated at best, is that the product development is down to Tourism Northern Ireland, just as Fáilte Ireland does the product development in the south. The Wild Atlantic Way is a Fáilte Ireland product development, joining together and raising the game. It is a bit like having a football team where Ronaldo is your player. Ronaldo is good, but when you add Ronaldo to Ronaldinho or whoever else, they become brilliant. It is exactly the same principle.

They have taken a range of pretty good products—the Cliffs of Moher, the Burren, and stuff like that—and effectively weighted that up. They have put in a common marketing project, signposts that you can very quickly recognise, and a brand that people know. This is a very noisy, noisy world; tourism is very noisy. You have everything: the Grand Canyon, Ayers Rock. Tourism Ireland is out at the moment in the world with everything being turned green. We could have all those iconic things.

We have a couple of iconic products on there, but the benefits of those need to be realised. In order for those to be realised, they need to be promoted and developed properly and branded in an appropriate way. In the view of our members, the way to do that is to put money into the promotion of them. Derry/Londonderry sits on the gateway of the Causeway Coast and the Wild Atlantic Way. This Christmas, you will have one of the biggest ads running in the world for Ireland. *Star Wars* will come out about 16 December. Tragically, I happen to know that, because I live with a huge *Star Wars* fan. It will come out and you will have Ireland all over the world. Malin Head will be the centre of world attention. We should have been promoting that now.

That is the point that we make. We as an industry are spending £300 million. If somebody was to take 10% of that—£30 million—and put that into a project, we as a sector could deliver you a huge amount of benefits back. However, we do not have that luxury. We are not given those opportunities. Partly it is about money, but a lot of it is about civic pride, driving things forward, and moving a destination to the next level.



HOUSE OF COMMONS

I do believe we have the ability to do that, but somebody needs to understand that a large part of this is promotion.

Shane Clarke: Could I just add a little bit, because I do not want us to think that we have not been successful? Absolutely, we need to invest more money in terms of marketing and promotion, because it is a competitive world out there, and budgets over the last five or six years have been cut quite dramatically. Notwithstanding all of that, yes, we have *Star Wars* in Malin Head, but we also have *Game of Thrones*. *Game of Thrones* has been a fantastic opportunity for us to showcase Northern Ireland, and get on the back of a tremendously big worldwide audience to get Northern Ireland into the psyche.

If I was to take a longer frame, if you look back to 2000 or 2002, back the value of tourism for the economy in Northern Ireland was around £250 million. This year it is going to clock in at around £550 million. As I said, it is going to generate and support about 40,000 jobs in Northern Ireland, and those are well-dispersed jobs; they are jobs where people want to work.

Also, if we look at the mix of that, going back to 2002 most of those visitors were coming from Great Britain. That mix has changed quite dramatically. What we have seen is growth from areas like Europe, where it was in the region of £20 million; now that is over £100 million in terms of those timeframes. As I said at the very beginning, Northern Ireland is on the back of six years of consecutive growth. For the last three or four years, we have been able to say that this is the best every year, and we will be able to say that again this year and next year. More investment, with the challenges that might be ahead, will help us to land the opportunities and continue that really positive story.

Q567 **Lady Hermon:** Can I just come back to the impact of Brexit on the border? That is the focus of this particular report. What you have said has been fascinating. I have to say that you are all excellent witnesses, so do not think that the invite has been wasted; it has been exceedingly helpful indeed. Janice, could I just come back to something you said at the very beginning about the number of staff? Could you quantify the number of staff coming every day across the border for us, please?

Janice Gault: We reckon it is in and around 10%.

Q568 **Lady Hermon:** What does 10% equal?

Janice Gault: It is roughly 1,000 people.

Lady Hermon: Really? Across every day?

Janice Gault: Yes. They can do anything. They do different bits and pieces that cross backwards and forwards. It is quite difficult to quantify exactly. Two or three people have said, "Our chef's girlfriend is in Donegal and he spends three nights a week there", or whatever. There are five counties of Northern Ireland touching the border. We reckon it is



HOUSE OF COMMONS

in and around that in our sector. People have said it is somewhere between 500 and 1,000.

Q569 **Lady Hermon:** Presumably most of those people would be Irish nationals.

Janice Gault: Yes, most of them are Irish nationals.

Q570 **Lady Hermon:** So they would benefit from the common travel area.

Janice Gault: At the moment, they would benefit from the common travel area.

Q571 **Lady Hermon:** The common travel area only applies to British and Irish citizens. American tourists who would be coming on your coach trips would not benefit from the common travel area.

Janice Gault: No.

Q572 **Lady Hermon:** So we will have this distinction, which is going to have to somehow be managed.

Janice Gault: It will depend where the border is. If somebody comes on to the border and the border is in Dún Laoghaire actually on the island, or the border is in Stranraer, then we will be a common travel area. One of the things we have put forward is that you would come in through Stranraer, and you would do it for both areas there, or you would come in through Dún Laoghaire, and you would do it for both areas there. It would be a bit like Schengen in reverse; we would become a region of our own, so we would become our own common travel area for all tourists. It would not just be for Irish citizens or Northern Ireland citizens. The border area would be set up whereby once you enter Great Britain, you would be able to travel. That is one model people have looked at.

Q573 **Lady Hermon:** That would mean the British Government negotiating for a different arrangement for Northern Ireland within the United Kingdom.

Janice Gault: Yes.

Q574 **Lady Hermon:** Could I just ask the other minor question, though it is important, about the number of EU citizens who are currently employed in the tourist industry? I think in the early part of your evidence you actually had indicated that some of them have already left. Maybe it was Colin who said that. Again, can you quantify the numbers?

Colin Neill: We would estimate about 10%.

Q575 **Lady Hermon:** When you say 10%, 10% of what?

Colin Neill: If you take it across the hospitality sector, it is probably 60,000 people. Tourism employs about 55,000, and obviously there is a big crossover there. We work at that 60,000 level; 20% are migrant workers. Unfortunately, Northern Ireland is the only part of Great Britain where the figures are not broken down into EU and non-EU. However, if



HOUSE OF COMMONS

you take it as an average across other domains, Wales is unusually low. In most of them, it sits around a 50% mark. It would be about 10% of the workforce. Add that to the fact that we are already struggling to get staff. It raises a huge problem, not only to replace those staff, but actually then to keep on developing.

Lady Hermon: Thank you so much. It is really very interesting. As a Committee, we could certainly reflect the very, very useful points that you made. It is broader than the evidence that we are taking for this specific inquiry, but we can take out of your evidence today what we need for this inquiry. The rest of it could be very useful for the incoming Executive, to be established shortly. Gregory has not contradicted me.

Q576 **Nigel Mills:** I have just one last question. Mr Neill, do you perhaps have any other regulations that you might like to see change when we leave the EU, rather than just issues around the border? Is there anything you think could help?

Colin Neill: Obviously people have touched on the VAT and APD. Europe would give us the opportunity to actually move to regionally applied policies rather than a blanket policy across the UK. If you look at tier 2 visas, they are set up UK-wide and they are just priced out of our marketplace; you just could not afford to bring a chef in on that. Also, being able to apply different criteria for migration where there is a skill shortage for the area would help, and also on the average wage or whatever it is based on. You may be able to take chefs based on the London rate of £35,000, but you are trying to apply that into a totally different marketplace with a different pay structure.

There is a raft of stuff like that. Those will be the opportunities. How do we actually now apply and start to break down policies that were before maybe seen as blanket policies across Europe: "Europe says you can only have one policy for that"? I appreciate you get into all sorts of things; you take away APD and do all sorts for airlines, and then Europe say, "Okay, you are not getting the free skies". There will be all of the negotiations around that. It is going to be piece by piece. How do we allow that we still have that opportunity to employ people from the Republic of Ireland without any complications? How do we access other skills markets, simplifying the work permits? Indeed, we can even look at whether we can increase the visa-waiving type of operation with a lot of countries; we do already have that for China visitors, where they can come in on a joint visa. Can we improve those to help us?

Shane Clarke: Can I just add to that the British-Irish visa scheme, which has not been raised? There is a waiver scheme that has been piloted and is being run currently in China and India. Effectively, what it means is that you get a visa that allows you to travel throughout the whole of the British Isles. We have recently conducted a review strategy on what we describe as developing markets, and within that we have identified that there is an opportunity to triple the contribution in terms of revenue that we get from those markets. If there is not something that replaces the



HOUSE OF COMMONS

flexibility of the current British-Irish visa scheme in two or three years' time, then that would definitely tie the hands of Northern Ireland to benefit from what we see as the opportunity in terms of that strategy. Some form of replacement or continuation of the waiver scheme needs to be found.

Q577 Nigel Mills: Really what you are saying is that there needs to keep being strong co-operation between the UK and the Irish Governments on immigration matters to avoid policy diverging.

Shane Clarke: Yes, and for a visitor coming from India to be able to land in London or Dublin or Belfast or whatever, and move around the islands freely on one visa.

Nigel Mills: With that, can I thank you all for your time? It was very helpful to our inquiry.