HOUSE OF COMMONS

# Northern Ireland Affairs Committee

## Oral evidence: Tourism in Northern Ireland, HC 2014

Wednesday 3 July 2019

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Watch the meeting

Members present: Simon Hoare (Chair); Maria Caulfield; John Grogan; Nigel Mills; Ian Paisley; Jim Shannon; Sir Desmond Swayne.

Questions 294-342

### Witnesses

I: Noel Lavery, Permanent Secretary, Department for the Economy; Eugene Rooney, Deputy Secretary, Department for the Economy; Geraldine Fee, Assistant Secretary, Department for the Economy.

# Examination of witnesses

Witnesses: Noel Lavery, Eugene Rooney and Geraldine Fee.

Q294 **Chair:** Good morning and thank you for attending. Mr Shannon has had to pop out to attend a Westminster Hall debate—quelle surprise. He should be back. Lady Hermon, for your information, has sent her apologies for this meeting; she has had to go back to Northern Ireland. For the record, I would ask you to introduce yourselves. If you would like to avail yourselves of the opportunity, the three of you can then do a bit of scene-setting, in a couple of minutes, about this inquiry and your approach to it. Then I will throw you to the tender mercies of the Committee.

***Noel Lavery:*** I am Noel Lavery, Permanent Secretary at the Department for the Economy of Northern Ireland.

***Eugene Rooney:*** I am Eugene Rooney, the head of the economic strategy group in the Department for the Economy of Northern Ireland.

***Geraldine Fee:*** I am Geraldine Fee, director of tourism and telecoms in the Department for the Economy of Northern Ireland.

Q295 **Chair:** Forgive me; I should have said that the microphones are merely there to record, rather than amplify, and the acoustics of this room, as every room in the House of Commons, were designed for oration, but they had no idea about acoustic science. If you could shout at us all, that would help.

***Noel Lavery:*** I have some opening remarks prepared, Chair. Are you happy if I give them?

**Chair:** Yes, please do.

***Noel Lavery:*** Thank you for that. The Department has overall policy responsibility for tourism in Northern Ireland, and is the sponsor Department for Tourism NI and Tourism Ireland. Tourism is a vitally important sector in helping to drive economic growth and support jobs. Raising its importance, our attractiveness as a destination is a key indicator in the draft programme for government. Tourism contributes to the programme's outcomes. We prosper through a strong, competitive, regionally balanced economy and being a place where people want to work, live, visit and invest.

Please tell the Committee of the good news in tourism. In the last 10 years, overall visitor numbers have grown by 85% to 5 million. Visitor revenue doubled, with spend in 2018 reaching £968 million. The tourism sector directly supports around 65,000 jobs in Northern Ireland. Tourism in Northern Ireland is a good news story of which we should all be proud.

Our tourism attractions are world class. Titanic Belfast was identified by World Travel Awards as the world's leading tourist attraction in 2016.

Again in 2016, the Royal County Down golf course was voted the world's No. 1 golf course by *Golf Digest* and, more recently, Lonely Planet made Belfast and the Causeway Coastal Route the best region to visit in 2018. Northern Ireland was voted best food destination at the International Travel & Tourism Awards 2018-19.

Events have a key role to play in attracting visitors. We have demonstrated our ability to successfully host world-class events: the Giro d'Italia; and, after an absence of 68 years, the 148th Open golf is only a few days away. It has been the fastest-selling championship in the event's history, with unprecedented demand for tickets. It is sold out for all four days. The Open is substantial, equivalent to £80 million worth of benefit. Its worldwide coverage is an outstanding opportunity to showcase the best of Northern Ireland.

Screen tourism is a growing trend that has the potential to create further stand-out for Northern Ireland in international markets, evidenced by "Game of Thrones", which Northern Ireland has become synonymous with.

The Department is working with Tourism NI on a draft tourism strategy, which will focus on a target to double the value of tourism to the economy in Northern Ireland to £2 billion per annum, create 25,000 jobs by 2030 and further develop Northern Ireland tourism as an export business. We are working on refining this strategy, so it can be brought forward to public consultation at the beginning of next year. A key part of this work is the development of a draft action plan detailing priority actions for delivery. Of course, delivery of the strategy will need sign-off by a Minister and we all want that.

As indicated in our written submissions to the Committee, tourism growth also requires collaboration with other Departments in Northern Ireland, local government and industry. The draft strategy will be provided for Ministers' consideration and approval.

It is all very positive news, but we are not complacent in any way. I know Committee members appreciate that we now operate in an increasingly connected and smaller world, which results in heightened competition. As such, stand-out is vitally important for Northern Ireland. Consequently, Tourism NI has been leading work to develop a destination brand for Northern Ireland. It is intended that this brand will articulate the essence of the Northern Ireland tourism offering, under a single readily identifiable brand, which will provide stand-out in the international marketplace. This will enable us to complement and compete with brands that have already been adopted in the Republic of Ireland, such as Wild Atlantic Way, Ireland's Ancient East and the newly launched Ireland's Hidden Heartlands.

Another important development is the UK sector deal, announced on Friday 28 June. I welcome the announcement. I am committed to working in the coming months with my counterparts in the Department for Culture, Media and Sport to see how best to inform how the sector deal can be applied in Northern Ireland. We are proud of what has been achieved in Northern Ireland, but we realise tourism has more potential. We have much to offer visitors: our people, places, cultural heritage and outstanding scenery. I am committed to working with Tourism Ireland and Tourism NI, and other strategic and industry partners, to ensure we are increasingly regarded as the destination of choice globally. Thank you, Chair.

**Chair:** Thank you, Mr Lavery. Does either of you wish to chip in?

***Eugene Rooney:*** I think Noel has summarised the key points that we wanted to set out for the Committee.

Q296 **Ian Paisley:** It would be remiss if we did not, while Mr Lavery is in front of us, ask him for a brief response to the RHI report, given that it is his bailiwick. You will probably want to make a fuller report, but you are in front of us; maybe you can give us something on the record with regard to the report that was published last week.

**Chair:** It is perfectly okay to ask the question. Mr Lavery might want to give some thought to his response so, if he would prefer to, he could come back to it towards the end. If you are primed and ready, that is fine.

***Noel Lavery:*** I would not go as far as "primed and ready", but I am happy to give a response. First, I thank the Committee for its extensive work on the report. Thanks for the hearing that we had. I have not had an opportunity to do a detailed review, but I have read the recommendations and I await advice. At the hearing, you emphasised the limitations on state aid. On the concerns around the tariff, we said we would review the tariff and keep it under review. I make a commitment to do that today. I welcome the Committee's comments on the buyout; they are helpful to us, as we formulate that. We have held back finalising how the buyout will operate. The Committee's comments were helpful. As I said, we have gone out for evidence on the hardship unit. That evidence closes on 10 July. We will have a panel in place in the weeks after that, with the aim to look at casework in September.

**Ian Paisley:** Thank you. It is helpful to get that on the record.

**Chair:** Do any other colleagues wish to ask Mr Lavery about that now, while we are focused on that issue?

Q297 **Nigel Mills:** When do you think you will have final details of the buyout and hardship schemes?

***Noel Lavery:*** We need them by September. The buyout was in the legislation. There were a couple of queries when I was at the Committee before as to why we have not moved forward, but I thought it was important to get the Committee's views on that. September is where we need to be. People need to understand and have certainty where they are, and it is our job to do that.

Q298 **Nigel Mills:** When you say you will review the tariff, is that an ongoing thing that you might do at some point, but you keep it under review, or is it something you are planning to do substantively in the near future?

***Noel Lavery:*** At the Committee hearing there were queries about the prices of LPG, biomass, et cetera. These things move and we said we would do that. I can give you a commitment today that we will commence work, in this financial year, to review the tariff.

**Nigel Mills:** Commence work?

***Noel Lavery:*** I am sorry; we will undertake work this year, not commence. I do not want to give a commitment I cannot keep, because it will need a detailed analysis. As I said, we will fully and professionally review the tariff using the independent consultants that we used before.

Q299 **Ian Paisley:** I must say I agree with the point you made in your comments, Mr Lavery, that tourism is a good news story. It started from a low base, but immense work has been done, at the Department level, by the private sector, with operators and everything, to get us to the very accomplished point that tourism in Northern Ireland is presently at. That should not go without being acknowledged. I welcome the comments you made about not resting on our laurels; we want to take the next step and there are huge opportunities.

You specifically mentioned events tourism. You probably know what I am coming to in that, after the Open, there probably is no major event yet on the schedule. When Mr McGrillen was in front of us, he indicated after questioning that the WRC was a real prospect for Northern Ireland. That would be September/October next year. Can that be done without a Minister in place? Can it be done without going to Westminster for additional money? Can we pull off an event like the WRC, and get it signed and ready this year, for delivery next year?

***Noel Lavery:*** You raise a couple of points there, which I will take in turn. First, as I said in my opening statement, we have shown the ability to deliver these events. We are very good at them and want to attract them. That is No. 1. I am not familiar with the details of the proposal. I saw the report that came out, and your picture was in the press along with it. The issue in looking at any event is the cost to Government. Is there an economic benefit vis-à-vis the costs? That is the measure. Then is there the money? If there was funding available and—I am sorry to use the phrase "business case"—a proven economic benefit, it would be possible without a Minister.

Chair, forgive me. If we could have a Minister tomorrow, we would be grateful, but we are now at over 900 days. We seek to do what we can. The key in making those sorts of decisions is whether they fit into existing policy and strategy. I do not want to prejudge any specifics in this case, but those are the principles that we work to. John McGrillen will no doubt be looking at other events and proposals. Every proposal has to compete for money and you have given me, Mr Paisley, an opportunity to say I am a bit short on that front, on the funding side. These events cost and we are competing against other regions. There is no reason that we cannot do that without a Minister.

Q300 **Ian Paisley:** In terms of timeline, if we know that this event is for the autumn of next year, there will be a recognition that heads of agreement probably need to be put in place before the end of the summer this year. Do you think the Department is ready to do that?

***Noel Lavery:*** Those are operational matters that I will leave to John McGrillen. I have every confidence in his ability and that of his team to make those judgments, then put a case to me. We would examine that case, and then look at the economic benefit, value for money and whether we have funding.

Q301 **Ian Paisley:** You mentioned in an earlier answer that there are other events. Are you able to indicate those to us?

***Noel Lavery:*** I would not want to break into John McGrillen's commercial confidence, but he is looking at a number of things in the course of business.

Q302 **Ian Paisley:** You mentioned your funding package and your strategy going forward. Can you indicate how much money the Department gives to Tourism Ireland and how much to Tourism NI?

***Noel Lavery:*** Geraldine, keep me right, but let me try my best here. Basically, it is about £35 million a year split between the two. Tourism Ireland gets about £12 million and Tourism NI about £22 million. Is that about right?

***Geraldine Fee:*** Tourism Ireland is about £12 million and Tourism NI is about £20 million at baseline; then people can bid through in-year monitoring, but that is broadly it.

**Ian Paisley:** Tourism Ireland gets £20 million.

***Geraldine Fee:*** No, Tourism Ireland is £11,690,000.

Q303 **Ian Paisley:** The remainder goes to Tourism NI.

***Noel Lavery:*** Yes.

**Ian Paisley:** I am sure you followed the question of Tourism Ireland and some of the comments that were made about the international airport in previous rounds of this Committee. Do you feel that Northern Ireland gets a fair bang for its buck from what it puts into Tourism Ireland?

***Noel Lavery:*** I do, actually. If you look at the stats, in the markets that Tourism Ireland is responsible for, revenue has doubled in the last 10 years. Visitor numbers are up 54%. Is that a good return for our investment? Too right it is; it is a one-in-48 return or something like that. That does not mean we should rest on our laurels in any way.

But do I think Tourism Ireland's performance has been good? Yes. Look at how the island of Ireland is ranked third out of 136 countries for effectiveness at marketing and branding. We are hitting 23 markets. That is good. I think you are taking me to how we could do it better. There are a couple of things. I am very encouraged by the 2019 specific target for Northern Ireland to increase revenue by 8%. There has been a lot of debate about the GB market, which I followed in previous hearings. There is a target to increase that by 33% by 2022. I welcome those developments and the commitment from the Tourism Ireland board, but let us not rest on our laurels; we can always do better. The strategy that Geraldine and her team have been working on is ambitious. Tourism Ireland and Tourism NI will have to deliver on that.

Q304 **Ian Paisley:** You have mentioned this new single-brand identity that you aim to put in place. That is almost in direct competition with some of the things that TI will be doing. Will that sit comfortably, in terms of being able to sell and market that as a strategy, if you are in direct competition with the person who is selling both strategies?

***Geraldine Fee:*** It is recognised that it will both complement and compete with the other brand identities in Ireland. We hear from the tourism professionals that having a stand-out for Northern Ireland in the international markets is important. A lot of progress has been made within the wider island of Ireland marketing by capturing products that are already there and brigading them under the Wild Atlantic Way, for example. We need that for Northern Ireland. We need something to stand out within the island of Ireland that says, "This is the essence; this is what you can expect when you come to Northern Ireland". We also hear from local suppliers and tourism professionals that that will enable them to brigade their efforts under a single banner. Yes, it is recognised that we will be competing with other brands on the island of Ireland, but we are competing worldwide anyway.

Q305 **Ian Paisley:** As part of that, the case has been made strongly to us that we need more people to land in Northern Ireland. I am sure others will ask about APD, which is an important part of that, but is there something specific that TNI or the Department can do to help the airports market themselves as a location for carriers to bring people directly to Northern Ireland, so that we do not expect them to come to Dublin and turn left?

***Geraldine Fee:*** I will leave the airports part to one of my colleagues, but talk more generally about what we can do. We understand from the market analysis that we need to encourage people to come here and stay longer. That is about improving our product offer and the clustering approach, and convincing tour operators, when they are programming 12 to 18 months ahead, that there is enough to do in the local region to sustain a visit of four, five, six or seven days. TNI has been working very strongly on the Causeway Coast in Newry, Mourne and Down to encourage businesses to think collectively, to think about how they can drive seasonality and to say, “You can come to my business or restaurant for two days, but isn’t there a festival in Limavady three days on?”

All of that gives Tourism Ireland more to market, when they are in the marketplace competing with the likes of Killarney or the south of France. That is where we are: we are in a global marketplace. We are trying to drive how Northern Ireland is different, but not difficult. That is also important in the GB market, which is one of our most important markets. Northern Ireland already has stand-out within GB, but they need to be convinced that it is sufficiently different, but not difficult to get here. For the first three months of this year, Tourism Ireland ran a city breaks campaign that was specifically targeted at locations within GB, bringing them here: Manchester, Birmingham and Glasgow to the City of Derry Airport. Then it was Berlin, Paris, Milan and Amsterdam. That was all targeted at city breaks in Northern Ireland.

Q306 **Ian Paisley:** It would be a lot easier if some of those carriers came directly into our airports. Some do, obviously. You mentioned some airports.

***Geraldine Fee:*** We have great connectivity from GB.

Q307 **Ian Paisley:** How do we address the issue that has been put to us robustly by the airports that they need help, and they are competing against an airport in the Republic of Ireland that has state aid help? It is a state-owned airport.

***Noel Lavery:*** To address the airport issue directly, it may be worthwhile saying what we can and cannot do on air connectivity. Would it help just to say where we are? I will bring in Eugene. We cannot, and it is not our role to, give direct aid to airports. We are not a Department for Infrastructure. What we do for airlines is co-operative marketing, through Tourism Ireland. If there is a public service obligation, we can contribute for an airline. After that early development there is a limit of £5 million. There is no state-aid-compliant legal mechanism within the vires of the Department to assist airports.

Q308 **Ian Paisley:** It is more like soft diplomacy, Noel. It appears that Tourism Ireland is able to go with the airport operator in Dublin to carriers, for example Singapore and others, and basically sell them the entire brand as a single unit. The airport, not through getting state aid support, but off the back of that, is then able to encourage the carrier to come in. There is something in that. Why can we not do that with our airports? I know they are privately owned.

***Eugene Rooney:*** We all agree on the importance of direct air connectivity to Northern Ireland. We work with Tourism NI, Tourism Ireland and the airports to promote that. Air route development is important to Northern Ireland, for both tourism and business development purposes.

In regard to promoting and the potential development of Northern Ireland air routes, we expect Tourism Ireland to work with the airports to identify potential routes that could be supported. Tourism Ireland has a co-operative marketing fund, in which it shares the cost of marketing with an airline to promote the destination into Northern Ireland airports. It has used that in the past. The written submission that we provided to the Committee lists a range of recent examples where that has been used. Direct air connectivity is something that we expect Tourism Ireland to try to promote, working with us and the airports. It is not that it should only be working with Dublin Airport; it should be working with all airports.

**Ian Paisley:** The head of TI, sitting there last week, directly told us that he does not market airports.

***Eugene Rooney:*** No, it is airport routes. He does not market the airports; he markets developing routes. They have a co-operative marketing scheme to support airlines that want to jointly fund the marketing of direct routes into Northern Ireland.

Q309 **Ian Paisley:** Are we getting a fair share of that, Eugene? My impression from the airports is of a disconnect between those two groups—TI and the airports.

***Eugene Rooney:*** The connections could be improved. I agree we should aim to do that. There is nothing preventing those connections from being established and developed. The airlines would go to the Tourism Ireland co-operative marketing fund, which we would support, for route development. That has worked on previous occasions between the relevant airport, Tourism Ireland and us, making sure that marketing support can be provided, where required, for new air routes. We would encourage and expect greater linkages between the airports and Tourism Ireland, but I agree with the chief executive of Tourism Ireland: its role is not to promote an airport; it is to try to help us market air routes directly into Northern Ireland. Their overall role is to market Northern Ireland as a tourism destination, and air route connectivity can help with that.

***Noel Lavery:*** I have one further point. John McGrillen referenced this in his evidence to you on soft power and soft marketing. Colleagues at Invest NI who had previously worked on air route development do some quiet work seeking to bring in airlines. That is on the back of the Northern Ireland FDI offering. Is that fair?

***Eugene Rooney:*** Yes, and we expect Tourism Ireland to be involved in those exploratory discussions around air route development. Invest NI may be interested in the business perspectives, and Tourism Ireland in the tourism potential, with the relevant airport, looking to see how we develop routes for Northern Ireland. We expect all our partner agencies to work together to support that. In continuing to grow the tourism numbers that Noel summarised earlier, getting tourists to come to Northern Ireland through whatever route, stay longer and spend more is the objective of all partners. Direct air connectivity will help that, and is one of the strands that we will continue to develop.

We recognise the economic development advantages of direct air connectivity. Noel summarised the constraints within which we currently work to do that. The 5 million passengers that Noel mentioned is a cut-off for an airport's air route development funding, so there are various constraints within which we work. Co-operative marketing is one of the measures that we can use, do use, have used and will continue to use. We are also looking at what other measures we could use to help support connectivity.

Q310 **Ian Paisley:** If we scrapped APD tonight, what would it cost your Department immediately?

***Eugene Rooney:*** I am hoping it would not cost our Department anything. As Noel has said, resources are very constrained across the full remit of the Department, at the moment. For short-haul APD, there are various estimates of what it could cost the Northern Ireland Executive and the Northern Ireland block. I have seen figures ranging from £40 million to £100 million for the potential costs. If removing short-haul APD had to be funded from the Northern Ireland budget, those are the figures I have seen.

There is a Treasury technical working group looking at APD issues at the moment. The Department of Finance in Northern Ireland, which leads on taxation and budget matters, and we in the Department for the Economy are inputting into that technical working group of the Treasury. It is looking at economic, legal and operational matters affecting APD, but the estimates are fairly broad. They would need to be narrowed down through that work and other exercises to have a clear view. Treasury's call for evidence response from last October ruled out anything on APD changing in the short term, and set out various reasons for those conclusions. The working group is exploring those economic, legal and operational matters, and we are inputting to that, in terms of the options available.

Q311 **Ian Paisley:** Do you agree it would make a significant difference if it was gone?

***Eugene Rooney:*** We have made the case on previous occasions. Northern Ireland Ministers have made the case on previous occasions. Stakeholders in Northern Ireland, such as the airports and agencies, have all supported the fact that APD, in Northern Ireland's case, because air connectivity is such an important element of our economic development—

**Ian Paisley:** I am taking that as a yes.

***Eugene Rooney:*** The short answer is yes.

***Noel Lavery:*** I specifically asked John McGrillen and Niall Gibbons for the top five things they want done for Northern Ireland, and APD was in both of them. The difficulty is paying for it. If you remove short-haul APD, you will make a significant impact. It is the cost of doing that and bearing it.

Q312 **Ian Paisley:** The impact is potentially getting 25,000 jobs in place more quickly. The impact is getting the spend more than double. It is swings and roundabouts.

***Noel Lavery:*** It is, but putting those costs across the block in our current position is the issue for us. If we could get it without a Treasury cut, that would be even better.

***Eugene Rooney:*** An important factor in that consideration is that it would then be a choice: the economic benefits of APD being set by the Northern Ireland Administration, as distinct from the costs and budget that would have to be given up if that was the only way to remove APD. That is why those calculations of the marginal benefit or cost of it, the figures for what it would actually cost the Northern Ireland budget, are important if that proposal is to be taken forward.

Q313 **Maria Caulfield:** To focus on air passenger duty, we have had compelling evidence from a range of witnesses that scrapping it would make a huge difference to get routes into Northern Ireland, particularly with the competition from Dublin. Has the Department done any economic analysis of its own on the impact of scrapping air passenger duty? If so, what were the findings?

***Eugene Rooney:*** There was research done several years ago on the effective removal of short-haul APD. Long-haul APD is zero.

Q314 **Maria Caulfield:** That happened in 2013, so have you done any analysis of the effects of that?

***Eugene Rooney:*** At that time, there was only one direct scheduled route to the States, which is no longer running. Our assessment at the time was that there was a return, an economic benefit, to Northern Ireland from doing that.

**Maria Caulfield:** You did not have much of a revenue gap to bridge by scrapping that.

***Eugene Rooney:*** No, not at that time. It was probably costing Northern Ireland around £2 million a year. There was an economic return from having direct connectivity to the States, as distinct from the costs. The costs were around £2 million. That was being paid for from the Northern Ireland budget.

A piece of research was done on short-haul APD a few years ago, commissioned by the Department, which said there would be marginal net benefit because of this offsetting impact on the Northern Ireland budget. That economic analysis remains in play. I know there were different views on the assumptions that were used and whether the conclusions of the exercise were valid. Any research the Department has commissioned has said that the net economic benefits, if you take into account Northern Ireland having to pay out of the budget for it, would be marginal. If you are asking about the benefit of removing APD on air route development, economic development and tourism, yes, we see clear benefits from the Department's perspective. The offsetting costs are the big issue for us.

Q315 **Maria Caulfield:** You have said and we have heard evidence from many witnesses that scrapping short-haul APD would make a significant difference. You are telling us that, when it was scrapped for long haul, it was for one flight, but that route is no longer in existence. Is that correct?

***Eugene Rooney:*** There was a route run by United Airlines that ran for about 11 years. For a short period, Norwegian ran a direct flight, but there are currently no regular scheduled flights.

Q316 **Maria Caulfield:** Why is that, despite scrapping APD?

***Eugene Rooney:*** These are commercial decisions by the airlines about how they can best use their aircraft.

Q317 **Maria Caulfield:** Airlines have come to this Committee and told us that, if APD was scrapped for short haul, they would start new routes or the current routes would be more economically viable. You are saying there is an example of when APD was scrapped for one route, and that did not save that route.

***Eugene Rooney:*** It did not save that route, but that was a commercial decision by that airline. We feel that retaining zero long-haul APD is a good thing. It is part of the offering that we say Northern Ireland has. Ministers took that decision previously and we continue to feel it is the right thing to do—zero long-haul APD—so that, when airlines look at opportunities for new routes, it is one of the measures in place that Northern Ireland can offer. Airlines will continually make decisions on what routes to use their planes on. Those are driven by their commercial assessments. In terms of long-haul APD, although we do not currently have any regular long-haul flights from the States, we continue to have that measure in place and will continue to offer that.

Q318 **Maria Caulfield:** If a decision is made by a Minister, when the Assembly is back up and running, to scrap short-haul APD, despite that and the £40 million to £100 million that you estimate it could cost, which would have to be found in the budgets across Departments of Northern Ireland, there is still a risk that commercial airlines would not set up new routes and may scrap existing routes. The evidence we are getting from the commercial side, from the airports and airlines, is that APD is important. But it is not a guarantee that those routes would still exist or new routes would emerge. Is there a risk to the Department that you would lose that income and still not get those flights?

***Eugene Rooney:*** There is a risk there. There are never any guarantees that routes will be in place next year or the year after, but the broad assessment from the airlines, airports and other stakeholders involved in tourism is that removing APD should improve air connectivity. We do not disagree about that.

There is then an assessment of the cost if Northern Ireland had to pay for that. If APD was changed at UK Government level—and we have seen similarly in Scotland and Wales that APD is an issue—it could improve connectivity. The question is, if Northern Ireland had to pay for the complete removal of short-haul APD or decisions on the rate at which APD is set, what it would cost in the budget to offset that. That is when you get into an assessment of net economic gain or loss, because it looks at the whole effect. If you took £50 million out of Northern Ireland each year, what would lose out? Those are our assessments on that. On the effect of APD on air route development, the Department is in the same place as the other stakeholders in saying, yes, that continues to impact on Northern Ireland, because air connectivity is so important.

Q319 **Maria Caulfield:** If there were a Minister, your recommendation would still be to remove APD.

***Eugene Rooney:*** Our recommendation would be to set out the economic benefits of removal. The cost effects would be set out alongside, and it would be for Ministers to take that decision collectively. The Department of Finance leads on these sorts of considerations in Northern Ireland, because it is so much a taxation and finance issue. The Department of Finance would be looking for our advice. We would give our assessment. They would then liaise with the Finance Minister and other Ministers on the overall assessment. As I say, the Treasury currently has a working group. We are inputting to that with Department of Finance colleagues. We wait to see where that will takes us, with regard to the overall conclusions on the criteria it is looking at. As for stakeholders, Noel mentioned that our two tourism agencies are both saying that APD is a big issue in trying to move Northern Ireland tourism to the next level.

***Noel Lavery:*** I have a couple of points reflecting on what Eugene has said. You are absolutely right to challenge us. If the exam question was whether you would give away your budget to get rid of APD—because we have £35 million a year—that is a tough one. Witnesses who have been here previously might go, "Well". If we got agreement across the Executive that this was a cost worth bearing, that would be a different thing. I accept the challenge that it did not work for long haul, but they are two very different markets. For the GB/European market, it is so much easier to get to Northern Ireland, whereas we have had difficulty sustaining the transatlantic route for years.

Q320 **Maria Caulfield:** Do you agree that the risk is greater to the finance of Northern Ireland if short-haul APD does not work either? You are talking about £2 million for the long haul.

***Noel Lavery:*** Financially, it is. Witnesses have been here and Niall Gibbons referenced Ryanair directly. There is a Ryanair member on his board. Absolutely, the evidence from the professions is that it would make a transformational change, but long haul is different and you are competing with Dublin. In Dublin, you can clear customs for the States. My last point on air connectivity is that, as Niall and John would say, we also need to get people who fly into Dublin to turn left and not right when they come out of the airport.

Q321 **Nigel Mills:** I have one last question on APD. One advantage of lifting it is that outbound tourists leaving Northern Ireland would get a cheaper flight. How do you ensure you get more flights originating and coming in, then leaving a week later, than flights of people leaving and coming back, which is not quite what you are after in this situation?

***Noel Lavery:*** No, it is not. The other point is that we currently have a double-whammy of people travelling in and out who have to pay it twice.

**Nigel Mills:** That is if they are flying to the mainland.

***Noel Lavery:*** GB is a very important market to us. You are right to challenge that. I do not know if you have any comments on that or if any of the analysis looked at that.

***Eugene Rooney:*** The analysis looks at net inbound. We would not look at the numbers leaving because there are more flights, so the calculations would all be on net inbound. As Noel says, it applies going to Great Britain and back. Short-haul APD is a feature there. More routes between Northern Ireland and Great Britain would be good for tourism as well, but Northern Ireland residents flying out would not feature in the calculations. We would be looking purely at the advantages from those coming for business and tourism purposes.

Q322 **Nigel Mills:** The last time we looked at the impact of taxation on tourists, there was a lot of angst around the rate of VAT on hotels and other leisure activities. Where do you rank reducing that VAT to whatever rate is allowed, 5% or something, compared to the APD? Which of those two would have the most beneficial impact?

***Noel Lavery:*** I am not a tourism professional, but I will give you my view. Having spoken to the chief executives of both organisations, neither ranked VAT as high as air connectivity and APD. I would not have thought you could change VAT in Northern Ireland, but not the rest of the UK. What would Treasury's view on VAT be? It seems to be more of a closed door, in my perception. Of course, the disadvantage for us is that we have the land border to the Republic, where it is 13%. I do not know if colleagues have any other view on that.

***Eugene Rooney:*** I agree with Noel and the point he makes about the Treasury. In its report of last October in response to the call for evidence on VAT, the Treasury identified more reasons for not doing anything on VAT, primarily around the legalities of having differential rates within the

UK. It also indicated that it would not be moving on VAT changes at all. The air connectivity point is more significant for us. The Treasury seems to have closed off the VAT issue in its report of last October, in saying, "We have looked at this, taken all the evidence and there are a number of reasons why we do not believe that this is a measure we should pursue". At least we have a working group continuing to look at APD but, on VAT, the view after the consultation exercise was not to pursue it. Within the potential changes in tax for Northern Ireland, air connectivity comes up more frequently for us than the VAT issue.

Q323 **Nigel Mills:** That is the one you want to focus on. Can I take you to the issue of Tourism Ireland? Do you ever, in a quiet, reflective moment between these four walls—just forget the cameras and the recording—wish you could do more marketing globally of Northern Ireland as a standalone destination, rather than doing it through Tourism Ireland and letting Tourism Ireland sell all the advantages of the Republic at the same time?

***Noel Lavery:*** I had prior warning of this question looking at *Hansard*. When I said I had confidence in the job Tourism Ireland does, I meant it. It does a good job. There is global marketing reach, even more the further you go. People recognise Northern Ireland and Ireland the further you go. Do I think we do a good job? Yes.

These are structures set up under the Good Friday agreement. They report to Ministers in the NSMC. My strong view is that we are where we are, but how can we make it do better? On your point, Tourism NI has limited resources as well and is doing an excellent job with its marketing in the Republic. In short, we are where we are, and it is working well. Could it do better? Absolutely, yes, but for global reach into worldwide markets you need expertise, presence and volume to make a difference. That is my strong view, but these are political matters. Going back to my earlier point, I would love to have Ministers who could consider these issues.

Q324 **Nigel Mills:** But your advice to them would not be that there are a couple of markets where a focused Northern Ireland offer could attract some more volume. Why do we have to let Tourism Ireland do it exclusively? Is there no way we could supplement that?

***Noel Lavery:*** We had a long debate about this when the two boards met up in Galgorm recently. There are concerns on the Tourism NI board that Northern Ireland gets its fair share of the marketing. There was a good debate there. That is part of the challenge that is being brought to Tourism Ireland by the board, including the northern members. We should do that. If you look at Tourism Ireland's raison d'être, it is to increase tourism on the island of Ireland and support Northern Ireland to realise its tourism potential. No matter what the structures are, we are about increasing Northern Ireland's tourism potential and the net economic benefit. That is my view: let us work better at what we are doing.

Q325 **John Grogan:** I have a couple of reflections. This is probably not easy to answer, but is a similar question to the VAT point. People have mentioned licensing laws. Have you done any analysis of whether Northern Ireland is losing out because it has more restrictive licensing laws?

***Noel Lavery:*** I thought you would ask me that. I do not want to sound like the archetypal civil servant, Chair.

**Chair:** Well, do not.

***Noel Lavery:*** It is not one for me; that is the truth.

**Chair:** Thank you, Sir Humphrey.

***Noel Lavery:*** I know that my colleague Tracy Meharg in the Department for Communities has looked at this. It has come up in relation to the Open. She has looked at going out wider, so it is being kept under review by the Department for Communities. I know that the industry and hospitality associations have strong views on this, but it is for my colleague to take forward. Again, we can consult on these things, but they require legislative change. That is right and proper. It would require Ministers and scrutiny in whichever jurisdiction.

Q326 **John Grogan:** Are there skills gaps in the industry in Northern Ireland and is there anything we can do about them?

***Noel Lavery:*** If you do not mind, I will pass that to my colleague, who has more experience than I do in this area.

***Eugene Rooney:*** The short answer is yes. This is an issue that the sector has been raising in relation to getting the relevant skills. With the sector, Tourism NI and our further education colleagues, we are looking at what we can do to support the industry through relevant training and skills programmes. Belfast Met College has been identified as a curriculum hub by the Department, which means it will work with the other five colleges in looking at how best to meet the skills of the tourism and hospitality industry, in terms of the type of subjects and training that participants will need. We have an apprenticeship programme, which we are strongly promoting to get training. We pay for the training of participants, particularly young participants, which we will support so they can get jobs in the industry.

The industry can be assisted through developing a network to discuss and promote career opportunities within the industry. We are working with Invest NI to look at the potential for a collaborative network of industry stakeholders, who will look at careers and skills issues and try to get a collective and collaborative approach to address them. The careers service is within our Department. Again, we are using the careers service to link in with the industry, to identify career opportunities within the industry as something for young people to look at.

Through our training and skills programmes, our engagement with the industry and by using our agencies—Invest NI, Tourism NI, the further education colleges and universities—we are trying to make sure we know what the requirements are and can match the provision to those requirements. It has come up. Maximising the promotion of the sector is one of the key priorities that the sector has identified, so promoting the sector as a career is probably the priority issue. Then enhancing and getting the relevant skills through training programmes is another key priority for the sector. We are doing that.

Interestingly, the UK tourism sector deal announced on Friday identified a range of skills issues to look at. We will be liaising with DCMS, as Noel said, and the other devolved Administrations on whether we can benefit from that work looking more widely at skills ideas. The sector deal considers both UK Government and industry commitments, which is an interesting way of working in partnership to address skills issues. That is something we have been developing and want to continue with. We have a number of measures underway, and we will be looking at the sector deal and engaging with the sector on how to develop them further.

***Noel Lavery:*** On the skills point, we have skills and labour shortages. To make a pitch on the skills shortages, I have been on the record on this before. The approach taken by the Migration Advisory Committee and the £30,000 limit will have a significant impact, if implemented, and there is no shortage occupation list in this industry and a number of others. I do not know if you have had evidence on it. I have seen something on it. In terms of skills shortages, 20% of people working in the sector at the minute are not from Northern Ireland; they are from overseas. That is a concern for us.

**John Grogan:** In a post-Brexit world, you might get fewer migrants.

***Noel Lavery:*** Yes.

Q327 **John Grogan:** I see. On the positive side, from listening to your emphasis on training, I always think it is a sector where you can rise to the top quite quickly, when you are quite young. That is one advantage of the sector.

***Noel Lavery:*** It is tough work.

**John Grogan:** It is tough, but there are advantages from promotion. Can I ask a final question on events? I am coming to the Open, but I am also looking forward to my retirement—not too soon, I hope. I am planning the events that will come up.

**Chair:** You cannot ask Mr Lavery for a crystal ball. He cannot cast that forward into the future.

Q328 **John Grogan:** I will be just short of 70 when the 2030 men's football World Cup comes. I think the Department for Communities is doing the work on it. This is some years hence, but it is important Northern Ireland is a part of this. There is a bid from the United Kingdom and the Republic, which would be amazing. Would it be possible, if you cannot brief us on it, to have a note? There is a debate about whether Windsor Park would be big enough or if it would be Casement Park. There is a 40,000 minimum. What is the thinking on the football World Cup bid?

***Noel Lavery:*** We have had some correspondence on it.

***Geraldine Fee:*** As you are aware, the UK Government, the Republic's Government and the devolved Administrations are looking at a feasibility study. I am sure that will have come up in the feasibility study. We have not seen anything on that yet, but we will get you that.

Q329 **Chair:** Mr Lavery, you referenced that you had seen some documentation with thoughts on the MAC recommendation of £30,000. It would be helpful if you could share that with the Committee, in a written submission.

***Noel Lavery:*** We have put a lot of correspondence into various bits of Whitehall, the Home Office and the Cabinet Office. I am happy to share with that with the Committee. I thought I had seen it come up in some of your previous sessions, but maybe I am wrong. I am sorry.

Q330 **Jim Shannon:** I apologise for not being here at the beginning, but I had to do something else. I am glad to hear your comments. Some of my questions have been asked, so I am not going to ask them again. I am just going to ask a couple on Tourism Ireland and your interaction with it. Some questions have been asked along the lines of whether you think you could do the job better. That is not the question I am asking. I want to know what your relationships are with Tourism Ireland.

For instance, Noel, when Tourism Ireland was here last week, I took the opportunity to ask about its promotion of some tourism events and locations across Northern Ireland, which is perhaps not as energetic as it could be. For instance, we all know about the 10 wonders of the world, and the Giant's Causeway is one of those. But of the 10 great gardens in the world, one is Mount Stewart in my constituency. It is a "PS" at the bottom of the page in tourism paperwork.

Therefore, I feel that Tourism Ireland is not promoting some of the wonderful things that we have in Northern Ireland with the zest, enthusiasm and energy that it perhaps should. I want to get your thoughts, first, about your interaction with Tourism Ireland. Do you feel there are things that they could be promoting that they do not? If there are, how could you persuade them do to that?

***Noel Lavery:*** The interactions are led by Geraldine's team. Eugene and I get involved once or twice a year. Do you want to say what our structures are and then specifically address Jim's points?

***Geraldine Fee:*** As you know, Tourism Ireland is an area of co-operation governed by a financial memorandum. Under the arrangements of the

North/South Ministerial Council, it has to produce a business plan every year and a corporate plan every three years. They must be approved by their sponsor Departments, the relevant finance Departments and then the NSMC. There are contingency arrangements in place at the minute, because we do not have Ministers or the NSMC. At that level, there is a structural governance arrangement in place.

On a quarterly basis, we have what we call oversight and liaison meetings with them, in which my team meets with the senior executive team and we look at issues that have arisen in the quarter. We look at issues in draft and final business plans, corporate plans and targets. They also discuss with us when they are beginning to change arrangements. For example, last year, they changed the formula by which they allocate funding to particular markets. We can exercise a challenge function in relation to that, and ask them to explain the rationale and assumptions. We provide the budget but, on a monthly basis, I meet with my counterpart, who is the director of corporate services policy and Northern Ireland. He gives me a readout from the board meetings and we see the board papers. As you are aware, there are six Northern Ireland members on the board, who have input on the decisions you are talking about as to the marketing strategy and the countries they are targeting.

With regard to the decisions as to which features of Northern Ireland and Ireland will appear in marketing campaigns, the Tourism Ireland board gave a direction last year, influenced by the general need to promote sustainability in tourism, that we needed to focus not simply on what we describe as the "honeypots". The honeypots in Northern Ireland are the Causeway and Titanic. We needed to focus on areas such as the Gobbins and Armagh Cathedral. There is more of a trend towards the dispersal of advertising and what we focus on in Northern Ireland. That also drives what will be key aspects of our strategy going forward, such as regionality.

Like my colleagues, I read the evidence before and am pleased to tell you that Strangford Lough has featured heavily, specifically in a campaign to Milan, because it tested very well in the Milan area. An awful lot of work goes on with tourism professionals to get marketing insights, because each attraction does not necessarily test well. You look at your key markets and best prospects for success. You look at your best segments: will they be the culturally curious, the social energisers or the great escapers? It is a complex mix, but it is just to offer you some reassurance that there is a drive away from always focusing on the well known and trying to spread it out more. That said, when you go to an emerging market such as China, they will want to know what you are known for. That brings you back to the Causeway and Titanic.

**Jim Shannon:** I am pleased to hear that Strangford Lough is at least being talked about now.

**Chair:** He wants to know about Mount Stewart—Northern Ireland's Lake

Como, as Mr Paisley says.

Q331 **Jim Shannon:** I am interested in how we promote the likes of Mount Stewart and Strangford Lough. There are two councils, Ards and North Down, and Newry, Mourne and Down Council. There is the National Trust and the Historic Monuments Council as well. They are all part of that. There is Scrabo Tower, Mount Stewart, the aquarium in Portaferry and the Mourne Mountains. All these things are in Strangford Lough and thereabouts, and are somewhere else to promote. Titanic and the Causeway are on everybody's lips and are venues for everybody to go and visit, but how do we make sure other interests are taken forward?

For instance, Geraldine mentioned the draft strategy. It is clear that there is great interaction between you and Tourism Ireland to push the draft strategy forward, but I feel that partnership may be the way to do it. For instance, the figures for visitors from the Republic of Ireland to Northern Ireland were 560,000 last year. Therefore, those numbers are growing. It is obvious to me that people from the Republic of Ireland who come north to visit are probably interested in going to the Titanic and the Giant's Causeway, but also to Strangford Lough, Mount Stewart and other venues across Northern Ireland. Can we be sure that all these things are in that pot?

***Geraldine Fee:*** You make a fair point about the strategy, which will set the overarching framework, within which all councils and destination marketing organisations work collectively to ensure that we promote our best historic and natural assets in Northern Ireland. It is also important to recognise that the emerging city deals are designed to drive the development of additional signature product, and make sure there is more dispersal within the two regions that are currently the subject of the city deals. More importantly, in the strategy, we want to look not only at how we can drive that by creating new product, but at how we reanimate or interpret our existing product. There is close ongoing work with TNI and the Department for Communities on the cultural and heritage aspects of tourism, and how we can maximise the benefit we accrue from those.

In bringing the strategy forward, it is our intention to establish an interdepartmental forum. As you know, there are lots of Departments with an interest in the delivery of services that impact on tourism. We want an action plan that will help all Departments and agencies that have an interest in this drive towards the ambition of a £2 billion industry and an additional 25,000 jobs. All the aspects that you touched on are up for consideration within that.

Q332 **Jim Shannon:** When it comes to drawing up strategies, is it right that your contact with councils is through DfI? Is that right or do you have direct contact with councils?

***Geraldine Fee:*** TNI has regional managers embedded within each of the councils. The city deals programme will be council-led with departmental involvement.

Q333 **Chair:** I just have some questions. Mr Lavery, in your earlier remarks, you mentioned 5 million visitors to Northern Ireland, which is a great figure. Either here or subsequently, are you able to break down where they are from—by which I mean from GB, the Republic or the rest of the world—and also their average stay? When you talk about visitors, does that include somebody popping over the border to do some shopping on a Wednesday morning and then going back home, if they live in the Republic? Are they classified as a visitor?

***Noel Lavery:*** That is a good question, but I am not sure. I am not an expert on the stats. Let me give you the high-level stats.

***Geraldine Fee:*** I think it has to include an overnight stay to be counted.

***Noel Lavery:*** Total visitors are 5 million. External visitors from GB, overseas or RoI are 2.8 million. We can give you these numbers. From GB there are 1.4 million. From Europe, North America and overseas, there are 794,000. From the Republic of Ireland, there are 591,000. That is the breakdown. You also have domestic people who are making overnight stays. We will set that out in a table for you. Would that be helpful? I am sorry; I forgot the second part of your question.

Q334 **Chair:** That would be enormously helpful, thank you. Can I ask for your reflections on the underlying responsiveness of the marketing to potential visitors, irrespective of where they come from, but with two things in mind? You have effectively referenced one, the fettering of operational decisions in the absence of Ministers, but what is your assessment of the broader tourism offer, i.e. the understanding of the visit to Northern Ireland, without the restoration of Stormont and in a no-deal Brexit scenario?

***Noel Lavery:*** Sorry, I am not sure I fully understand your question. Could you give it to me again?

Q335 **Chair:** When people are marketing Northern Ireland as a prospect to visit, in what is a fiercely competitive sector internationally, one of the hurdles that visitors who are not au fait, on a day-to-day basis, with Northern Ireland will need to get themselves over is a safety and security issue, given the history of Northern Ireland. That is now readily done, but then you have two other hurdles.

It would be wrong for me to typify it as evidence, but members of the Committee and I were in Dublin last week and we had a meeting with representatives from the Republic's tourism sector. They expressed concerns to us about the absence of Stormont coupled with a no-deal Brexit. People may feel they will be trapped in Northern Ireland and unable to get out, after some border thing or whatever it happens to be. What assessments are you giving to both of those things? I detect that you are very keen to see Stormont restored in terms of operational decisions, so maybe concentrate more on a no-deal Brexit scenario.

***Noel Lavery:*** There are a couple of things there. Niall would say the perception point is still an issue, but look at the numbers. This is clearly being dealt with, but we need to do more. I was at the Giant's Causeway in February on a very rainy day, and I was knocked over by European accents. That was something I thought I would never hear when I was growing up. We could do more and it is an issue, but as we do more marketing, with people seeing more and more social media—people see it and tell each other—I hope we stay well away from those dark days. We are well past them and the marketing on that is pretty good. I think John McGrillen would share that view.

You mentioned Stormont, but I will just clarify. We need ministerial oversight, decision-making and policy priorities. Where we are, it is care and maintenance plus, if you do not mind me using that phrase, but it is no way to run a country. There are concerns about no deal. An HMT or UK Government study talks about a 9.1% fall in GDP, from where we would be. That is clearly a concern. Tourism is a big market. Coming up to March and April, I spent a lot of my time, unfortunately, in no-deal planning meetings, so there is that. Oxford Economics talks about tourism being 2% lower. We need consumer confidence and certainty about the future. Consumers need certainty to come and spend their money, and we need to guard against loss.

There is consumer confidence and then there is business confidence. To maintain the consumer market and drive in Northern Ireland, I have a couple of points. I would encourage businesses to take the advice available from Invest Northern Ireland in preparation. I am encouraged by what I have seen and heard from talking to John and Niall. Tourism Ireland in the GB market is already differentiating Northern Ireland. If you come to Northern Ireland, you do not have that issue. We need people to be able—and they will and should be able—to travel freely up and down from Belfast to Dublin. What is that about? It is about not having any barriers and being hassle-free. That is the message that we need to get across.

You are getting to the marketers and experts here. Niall's team puts more emphasis on marketing to the higher end that is less consumer-dependent. It puts more emphasis on golf tourism. When golf tourists come they spend £2,500. Will they still come? They may have been before and they know Northern Ireland. There is a differentiated marketing message to come, but no deal is not a good thing at all. If we end up there, how do we maintain confidence? Segment the market and make sure that people can travel hassle-free.

***Geraldine Fee:*** You were asking about perceptions of Northern Ireland. Tourism Ireland runs an exercise during the year called the brand tracker. They ask questions that reflect sentiment analysis: "Is it easy to get there? Does the destination suit the needs of people like me? Is it safe and secure?" For GB, US, France and Germany, particularly on safe and secure, all are increasing, so that is a good news story.

Q336 **Chair:** That is very encouraging to hear. I have two more questions. This is more of an observation. We have heard a strong desire to encourage more international flights landing in Northern Ireland. I am not getting the impression—correct me if I am wrong—that there is a serious, co-ordinated piece of heavy marketing and lobbying to the carriers. We heard last week, "We will provide information for the airports to use". Notwithstanding that the airports are in private hands, in contradistinction to Dublin, I think somebody is missing an opportunity here to formulate a strategy and carry a clear and compelling message to carriers that Belfast merits consideration. Is there not a co-ordinating role for your Department to pick up that ball, which I detect is sitting on the pitch? People are looking at it, but nobody is playing it.

***Noel Lavery:*** I think I see where you are coming from. I am not sure I see a role for the Department there. As Eugene mentioned earlier, we are looking to Tourism Ireland to market routes and work with carriers.

Q337 **Chair:** This is the head of the pin that people seem to be dancing on. Yes, there is the marketing of the routes. There is a flight that goes from A to Belfast. You can get on it and then, when you land in Belfast, you can get in a hire car or whatever, and go and see all these lovely things. That is the marketing of the routes bit, what you do when you land. Nobody seems to be picking up the ball—that is the metaphor I am going to use—of saying to the carriers that we need new or more routes coming into Northern Ireland. I would put to you that that could or should be a function of your Department.

***Noel Lavery:*** I will ask colleagues for their reflections and comments. I said earlier that colleagues in Invest NI do soft marketing—I think I used those words—along with seeking to bring in inward investors. But I will ask colleagues if they have any comments on your challenge to us.

***Eugene Rooney:*** As a Department, linked to our stakeholders in the tourism agencies and airports, we are looking at whether there are particular destinations and routes we should be looking at in a co-ordinated way. We have asked for a piece of research to be done on that issue. If you are asking whether there is a co-ordinated look at what air routes Northern Ireland should be targeting, we have commissioned researchers to do that and liaise with our stakeholders. Noel mentioned Invest NI. It is clearly an agency that has a lot of engagement internationally. We are trying to do that to make sure we have research that says, "These are the areas of Europe and the world we should be looking at".

Q338 **Chair:** What is the timeframe for this research?

***Eugene Rooney:*** We hope to conclude it very shortly.

Q339 **Chair:** Mr Rooney, I am a politician; "very shortly" can mean two weeks to two and a half years.

***Eugene Rooney:*** I hope that we are talking about the next month or so. We are trying to engage with key stakeholders on the conclusions of the research, so we can share that with them. Then the objective is to publish it. That is about where we need to look for routes into Northern Ireland. As was mentioned earlier, a lot of the decisions on where airlines fly to and the decisions of airports are private sector, commercial decisions. The airports are looking for business and how to expand. The airlines are looking at how best to make their aeroplanes as profitable as possible. We are looking at how to develop Northern Ireland's economic potential in regard to business and tourism. It is trying to get an alignment of the various interests.

The information that airlines and airports are prepared to share with each other, because it is commercially sensitive, may not say, "You can definitely do this and we will co-ordinate that". But our research is trying to look at those very points and see whether there are areas we should target better to see if we can establish routes. Then it comes back to the question of what mechanisms would help support those routes. Some will just make commercial sense to the airline; they may wish to talk to us about marketing others, but that is something we are trying to develop.

Q340 **Chair:** Maybe we can have a note, please, on the soft marketing—as described by Mr Lavery—that has been undertaken, and a copy of the research and the programme for stakeholder engagement. I think the Committee would find that helpful. I have a final question, which is the blue-sky question, if the international airlines one was not the blue-sky one. I am new to this Committee and new to the Chair, so have walked into this inquiry a good halfway through. This has struck me, and I would value your thoughts: international tourism is a fantastically competitive sector. While each country will say it has something unique to offer, that uniqueness is never as unique as people think. You can find something else. If it is a natural wonder of the world, you can go and find a natural wonder of the world somewhere else.

We certainly heard last week and in other discussions that people who are not necessarily au fait with the politics of the island of Ireland say that they are visiting Ireland. They see it as one amalgam. In that international, global competitive field of tourism, the island of Ireland is very small and Northern Ireland is a very small part of a very small island, in the general scheme of competitive international travel. My impression is that a quite bit of time, perfectly properly—so I do not knock the motivation—is spent ensuring there is balance between the marketing messages of Northern Ireland and those of the Republic. "Is everybody getting bang for their buck?" There is a worry about where people land, which, on a small island that is easy to travel around by train and car, is not material, particularly for the international visitor.

Here is the question. Would there be any merit or identifiable uplift from ending the distinctions of Republic tourism and Northern Ireland tourism, and just merging all functions, to effectively say, "Visit the island of

Ireland"? By combining the £11 million that you give to Tourism Ireland and the £14 million that you spend in Northern Ireland, do you get a better bang for your buck by losing two tiers and moving to one? I appreciate it is a political decision, but what would your officials' advice be? Are there merits or not?

***Noel Lavery:*** I have a couple of thoughts, and will bring in my colleagues. First, it is already combined for the island of Ireland, as you said, and we are pushing, "What about Northern Ireland?" I think, and Eugene and I have been in various iterations of this debate over the years, that we are in a much better place working together than we have been. We have had 21 years of this now. It is a logical challenge to us, but we are in a better place and we can get to an even better place. I would caution against dismantling something from an operational and marketing point of view. We are mature in the markets and know what we are doing. We have two good chief executives running our organisations. The two boards are working together. That is my first point.

Secondly, we are getting more bang for our buck, wearing my parochial Northern Ireland hat, and we need to do better on that. My third one is political, as these are political decisions and political bodies. I think we have made really good progress and would caution you. Absolutely keep this under review. Maybe answer is to do a formal review of performance and mechanisms, and politicians could look at whether there is a better way to do this.

Q341 **Chair:** Do you have a handle on the operational costs? You mentioned there are two chief executives, for example.

***Noel Lavery:*** I have one point on that. My colleagues examine the costs. Both organisations have been subject to significant cost reductions in the last 10 years. In fact, I apologise to the Committee: in the information pack we sent you, we only went back so far, so it made a misleading point. Tourism Ireland has been subject to 28% to 30% operational cost reductions, and Tourism NI has been subject to some reductions, too. Yes, that is a fair assessment, but I will bring in Geraldine.

***Geraldine Fee:*** Both organisations run with around 62% to 65% going to programme costs and front-line marketing, with the rest on administration, which is generally regarded as being a sign of both effectiveness and efficiency.

I would reiterate everything Noel said in response to your first question, but collaboration is key. It is a big world out there. I remember reading in Niall Gibbons's evidence that, when Aer Lingus is in America, it promotes connectivity with Europe, with Dublin as its hub. The key thing to me is getting them to the island of Ireland however, and then getting them north, however we can get them north, through our product, collaboration or whatever.

Another interesting point is the collaboration that happens with VisitBritain. Both Tourism NI and Tourism Ireland have MoUs with VisitBritain. With the British/Irish visa scheme, to emerging markets we say, "Come do Britain; then do Ireland". It is interesting that Tourism Ireland and VisitBritain won a joint award for the One Break, Two Cities campaign back in 2015. During the Eid holidays, they marketed visiting London and Edinburgh, and visiting Dublin and Belfast. I think that is the future. The world tourism barometer showed last year that tourism had grown by 6%. Some 1.4 billion people are travelling. There are hundreds of offers. I have never had the pleasure of going to the World Travel Market convention in November, but I believe that, once you go, you realise the scale of the competition we are facing.

Q342 **Chair:** As a Welshman, I would love Visit Cardiff to be somewhere on that memorandum of understanding. There you go. I do not want to put words into your mouth, but my read-across from what you have just said, Ms Fee—which was fantastically helpful, so thank you—was that, from a broad-canvas perspective, where people land is immaterial. It is getting them to get to stuff.

***Geraldine Fee:*** It is both. It is not as clear-cut as that. We know from some sentiment analysis that, if you are coming from an emerging market or long haul from the States, that is definitely true. There is some evidence to suggest that Europeans like to travel less far but, as I am discovering, tourism is complex and multilayered. It is not one size fits all. I was impressed by something John McGrillen said when he was here. He said that, wherever there is an advantage, he will take it. We will collaborate with whatever platform. Get them here; then it is up to us to do the rest.

**Chair:** If we could have a note on the operational costs, notwithstanding the reduction, that would be helpful. Colleagues, I am conscious of the time. Does anybody have a final input? Sir Desmond, you have been pithy to the point of Trappist. Thank you very much indeed for giving us the evidence you have and committing to submit further evidence to us. My one message for the three of you is to please rest assured that we are all seized of the now pressing imperative for Stormont to get back up and running. Let us all pray that the ongoing talks bear fruit, because we are now starting to see, 900 days in, a tangibly negative impact on social and civil life within Northern Ireland in its absence. There is a strong political imperative to get that up and running again. Thank you very much indeed.