

IRISH HOTELS FEDERATION

SUBMISSION TO THE

DEPARTMENT OF EDUCATION AND
SKILLS
&
DEPARTMENT OF PUBLIC EXPENDITURE
AND REFORM

ON THE

EXCHEQUER-EMPLOYER INVESTMENT
MECHANISM FOR HE AND FET



APRIL 13TH 2017

Introduction

The Irish Hotels Federation (IHF) welcomes the opportunity to engage with the Department of Education and Skills and the Department of Public Expenditure and Reform on the proposed increase in the National Training Fund in relation to the funding of the higher education and further education and training sectors.

The IHF, founded in 1937, is the national representative organisation of the hotel and guesthouse sector in Ireland, representing the interests of over 1,000 businesses. As a key stakeholder in Irish tourism, we work with our industry partners to ensure the right conditions are in place for tourism to grow and prosper, thereby contributing to recovery and job creation in the economy.

Tourism is one of Ireland's largest indigenous industries and is essential for Ireland's economic well-being. It is a major source of employment generation across the entire country and is of enormous importance to many areas with an otherwise weak economic base. In 2016, tourism generated total revenues of €8.25 billion for the economy, made up of €1.76 billion in domestic tourism revenue and €6.49 billion in foreign exchange earnings and carrier receipts. Overall, tourism accounts for 4% GNP. It contributed an estimated €1.9 billion in taxes to the exchequer last year.

Having supported the creation of over 50,000 new jobs during the last five years, tourism now employs more than 220,000 people throughout the country – equivalent to 11% of total employment. With almost 60,000 people directly employed by hotels and guesthouses across every town and village, the hotels sector plays a critical role in contributing to growth in tourism and sustaining long-term economic prosperity.

Funding of Training and Education in the Hotels Sector

Any proposal to increase the costs associated with doing business in Ireland must be examined very carefully in terms of the implications for cost competitiveness within the economy. This is a major concern for Irish hotels given the exceptionally competitive international tourism industry in which Ireland operates. It is therefore essential that any unjustifiable increases in Government-determined costs be avoided.

The IHF is a strong advocate of greater investment in training and further education for workers interested in pursuing a career in hospitality. The hotels sector makes a substantial contribution to training and further education through a training levy that all hotels in Ireland pay to Fáilte Ireland as part of their annual registration fee. This funding structure for training is unique to the hotels sector and is in addition to the current contributions hotels make to the National Training Fund (NTF) which are equivalent to 0.7% of reckonable earnings in respect of employees.

Despite this funding contribution, hotels throughout the country continue to face serious difficulties recruiting skilled employees, including suitably qualified staff at craft and entry level. This is a result of a serious lack of investment by the State in employment training for our sector. It is therefore the IHF's view that any increase in the NTF levy should be postponed for hotels and other industries until a full review is carried out examining how funding is currently being allocated for the provision of education and training. Any additional funds, sourced through such an increase in taxation, should be ring-fenced and allocated to additional identified and justified requirements.

This review should include a detailed assessment of the training requirements of the hotels sector and a comprehensive, long-term plan of action to tackle the current deficiencies and provide greater clarity on how future requirements will be met. As part of this, we would recommend that a dedicated national programme be put in place for hospitality training overseen by a Hospitality Training Directorate set up within SOLAS. This would involve greater collaboration with industry and better use of existing resources across Education and Training Boards, VECs and Institutes of Technology.

For further information:

The IHF would welcome the opportunity to discuss our concerns around hospitality training and education in further detail as part the consultation process. Please contact:

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