



Report to:	Development Committee
Subject:	Pubs of Ulster
Date:	17 February 2015
Reporting Officer:	John McGrillen Director of Development, ext 3470
Contact Officers:	Brian Johnston, Tourism, Culture, Heritage and Arts Manager, ext 3586

1	Relevant Background Information
1.1	Pubs of Ulster is the professional body of the Retail Licensed Trade in Northern Ireland, with members drawn from pubs, bars, café-bars, hotels and restaurants.
1.2	Pubs of Ulster is leading a campaign calling on the Government to reduce VAT rates for businesses in the tourism sector in Northern Ireland. Pubs of Ulster has written to Council (Appendix1) to seek support for the campaign and permit the incorporation of the Council logo on campaign material.
1.3	There is currently a sustained campaign ('Cut the Tourism VAT') by the various representative voices across the UK to get a reduction on tourism VAT to be bring it into line with competitor countries.

2	Key Issues
2.1	The key issues raised in the letter include: <ul style="list-style-type: none"> - NI shares a border with the Republic of Ireland meaning that VAT rate has disproportionately affected the industry - Reduction in VAT could create approximately 3,300 jobs in Northern Ireland and help stimulate economic growth - Independent research by the HM Treasury's economic model shows that a VAT cut would drive the economy by £4 billion in new revenue in the UK and would save consumers an average £50 per head on visitor accommodation and attractions.
2.2	21 countries in the EU have a lower VAT rate for the hotel sector and 13 for the overall hospitality sector. In France, tax was reduced from 19.65% to 5% and led to the creation of 21,700 jobs in the first year.
2.3	Members will be aware that the Council will launch the new Integrated Tourism Strategy for Belfast in 2015. The overarching strategic goal of the new strategy

	is to double the value of tourism by 2020. This will result in tourism being worth £870m per annum in five years, based upon current metrics.
2.4	The strategy has identified several issues that bring a competitive disadvantage to Belfast, which have to be addressed. As well as air accessibility, licensing laws and opening hours, the strategy also identifies visa and VAT matters. The strategy states that “unless these are tackled they will continue to prevent the city achieving its full tourism potential”.
2.5	The Integrated strategy also highlights research by Deloitte (2013) that notes reducing tourism VAT would not only enhance the UK’s competitive position but would be the most efficient way of generating GDP gains for the Exchequer, creating an extra £0.6bn in revenue for the HM Treasury and creating 10,000 jobs in tourism over the next ten years.
2.6	In light of the ambition to grow tourism in the city, Members are asked to consider the request from Pubs of Ulster to support the campaign for VAT reduction in the tourism sector.

3	Resource Implications
3.1	No resource implications.

4	Equality and Good Relations Considerations
4.1	No equality and good relations considerations.

5	Recommendations
5.1	It is recommended that Members consider the request from Pubs of Ulster and endorse the campaign to reduce VAT on businesses operating in the tourism sector.

6	Decision Tracking
There is no decision tracking attached to this report.	

7	Documents Attached
Appendix 1 - Letter from Pubs of Ulster	