

Pubs of Ulster

Hospitality | Leisure | Tourism

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Ms Suzanne Wylie

Belfast District Council

Chief Executive's Department

Belfast City Hall

Belfast

BT1 5GS

16th January 2015

Dear Suzanne,

You may not be aware that tourism in Northern Ireland is worth over £720 million (direct) and £1.6 million (indirect) to the Northern Ireland economy, and is also responsible for 43,000 jobs - at 5.2% GDP it is now larger than agriculture. With Pubs of Ulster membership drawn from pubs, bars, café bars, restaurants, hotels and major visitor attractions the issue of the competitiveness of our tourism offer on the world stage is a major concern.

With that in mind I am writing to invite you to support a Pubs of Ulster led campaign calling on the Government to reduce VAT rates for businesses in the tourism sector in Northern Ireland. VAT reductions for the tourism sector have been introduced in a majority of European Union countries in recent years in a measure taken to promote tourism, and to protect and nurture jobs.

It should be noted that this is a UK wide campaign and if successful will have no impact on the Northern Ireland block grant.

Pubs of Ulster believe that Northern Ireland is losing out because of our higher VAT rate and have made numerous and sustained efforts to get the VAT rate lowered for our local tourism industry. In 2012, with the support of the now Finance Minister Simon Hamilton MLA we were successful in securing a motion in the Northern Ireland Assembly calling for a reduction in tourism VAT to help us compete with the Republic of Ireland, where VAT was cut in the hospitality sector from 13% to 9%. The motion received full cross-party support and was passed unanimously.

The fact that we share a border with the Republic of Ireland means this VAT rate cut has disproportionately affected our industry because our prices simply cannot compete with such lower levels of VAT. The Irish Government were persuaded to lower the VAT rate for tourism on the basis of solid research commissioned by Fáilte Ireland and carried out by Deloitte which demonstrated the strong economic advantage of lowering the rate. The cut to sales tax for tourism products in the rest of Ireland has resulted in the creation of 6,000 more jobs for the hospitality industry and has seen a significant growth in visitor numbers.

The consequences of aligning the VAT rate for Northern Irish businesses in the tourism industry with that in the south, means there could be approximately 3,300 jobs created on

| Chief Executive's Office | | |
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top of the 43,000 individuals currently employed by the industry. It would also provide a boost for existing businesses struggling in the current economic climate. It is fair to say that a lower rate of VAT in Northern Ireland will allow our hospitality industry to claim a greater share of island wide tourism and benefit local customers in the region.

Adviser to the Treasury, Adam Blake, suggests cutting the VAT rate for the tourism industry in Northern Ireland would be revenue neutral. He also suggests that it could help stimulate economic growth in areas hardest hit by the financial global downturn.

The British Hospitality Industry has also argued that the UK's rate of VAT is inhibiting growth in the hospitality industry and Pubs of Ulster support their efforts. During the last twelve months there has been growing support for the CUT Tourism VAT Campaign, with The Sun Newspaper making a direct appeal to the Chancellor of the Exchequer George Osborne to reduce the rate of VAT for leisure travellers from 20% to 5%.

In January 2014, senior industry leaders and MPs held a roundtable discussion on how best to advance the case for a reduced rate of VAT for the tourism sector before the next General Election. This culminated in a parliamentary debate which saw MPs from across the political spectrum appeal to the Government to lower the VAT rate.

Pubs of Ulster are pro-actively supporting the hospitality industry's campaign to reduce the rate of VAT for the sector and help promote long-term growth for the economy here. We are encouraged by independent research, using HM Treasury's own economic model, which shows that a VAT cut would have massive benefits, driving the economy by £4 billion in new revenue into the UK and would save consumers an average £50 per head on visitor accommodation and attractions. Furthermore in light of Northern Ireland's unique position, Pubs of Ulster believe it would be inequitable if the rate was not adjusted in line with that in the Republic of Ireland. Only when the rate here is cut will we have a fighting chance to promote and bolster our own tourism offering.

What are we asking from you?

To assist in our campaign we are seeking the support of all major business organisations in Northern Ireland and asking if you will lend your name to the campaign by allowing Pubs of Ulster to incorporate your logo on our campaign marketing material. This will demonstrate to Government the common recognition of the value of tourism in the wider business community and the widespread support for a reduction in tourism VAT.

I hope that you will consider supporting and putting your name to our important campaign letter which has the potential to boost the prospects of businesses in the tourism industry. We intend to present this letter with the accompanying signatories to Downing Street for the consideration of Prime Minister David Cameron and the Chancellor George Osborne.

If you would like your logo to be incorporated in our letter to Downing Street, please send a copy of it to Arlene@mcepublicrelations.com

Yours faithfully,



Colin Neill

Chief Executive, Pubs of Ulster