



STRONGER TOGETHER

CONGRESS

Irish Congress of Trade Unions

7th March, 2017

To: Members of Seanad Eireann

Re: Fine Gael Motion on Tourism/9% Vat Rate

Dear Senator,

I am contacting you in relation to a proposed motion dealing with the tourism sector, which is scheduled for debate in the Seanad on Wednesday, March 8th.

One of the key measures in the bill is a proposal to retain the sector's unique 9% VAT rate on "a multi annual basis."

Congress is strongly opposed to this measure and has repeatedly called on government to end this de facto subsidy, which costs the taxpayer some €620 million per annum and well in excess of €2.1 billion to date, according to figures from Revenue.

Yet, despite this large, ongoing loss to the state and its citizenry there is no verifiable evidence and not a single independent study to show that benefits have been passed on to the consumer, in the form of lower prices, or to the thousands who work in the sector, in the form of higher wages.

Instead there are exaggerated claims from employers on job creation that do not stand up to scrutiny.

Indeed, the economic rationale for this measure - if it ever existed - has surely been laid bare by a succession of reports over recent years on the high and growing profit levels in the sector, resulting from record room occupancy rates across the country.

The latest such study - from PWC - showed room prices were up 15% and that Dublin was now enjoying Europe's highest occupancy rates. And yet the hotel and hospitality sector continues to be characterised by a high incidence of low pay and non-compliance with labour regulations.

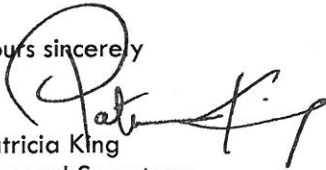
In fact, despite the huge annual subsidy from the state, employers in the sector have consistently refused to engage with the Joint Labour Committee structures that are designed to raise standards in low pay areas of the economy.

It would be the strong view of Congress that no sector or group of employers should be in receipt of any official subsidy or tax break while they continue to ignore, undermine and impede the working of labour market mechanisms put in place by the state.

It is sadly ironic that this debate is scheduled to take place on March 8, International Women's Day, given the high prevalence of female workers in the sector and the fact that their lot is overwhelmingly one of low pay and precarious work.

I would strongly urge you to oppose this measure and to help win fairness and decency for workers in the sector.

Yours sincerely


Patricia King
General Secretary

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