

Mr Don O'Connor
Secretary
Business Regulation Forum
Department of Enterprise Trade & Employment
Earlsfort Centre
Hatch Street
Dublin 2.

9 June 2006

Dear Mr O'Connor

I have been asked by our Chief Executive Mr Shaun Quinn to respond to your letter addressed to him and dated 25 May 2006.

The tourism industry in Ireland is comprised of some 16,500 individual enterprises, the great majority of which are either small or micro-enterprises. Across the sector as a whole the average number employed per enterprise in 2004 was 14.1. If hotels are omitted from the analysis, then average employment per enterprise falls to 11.4. Tourism enterprises therefore tend to correlate strongly with SMEs nationally, and with the range of business challenges usually associated with such smaller firms.

One such issue is the impact of what has come to be known as the "regulatory burden". In this regard we note that the Report of the Small Business Forum (p14) raised the issue of compliance with the current regulatory framework, and stated that "the cost of compliance, however, is significant, and is proportionately higher for small businesses than larger firms".

This is undoubtedly true in the tourism sector. As tourism SMEs attempt to comply with regulations (e.g. Health & Safety, HACCP, environmental), they can experience a step-change in their underlying cost structure which can result in a significant increase in their fixed costs. In the short term, most SMEs are unlikely to generate a compensating increase in their turnover volume, and for many, achieving such an increase will be a long process during which their continuing viability as a trading entity can appear doubtful.

Within the context of the wider business environment, most tourism SMEs struggle to remain competitive. This struggle is particularly acute given the increasingly challenging context of the global tourism market. Whilst fully recognising the necessary safeguards for businesses, consumers, and employees inherent within the current regulatory framework, we would nevertheless support every feasible initiative that might serve to reduce the burden associated with such a framework.

I understand that you have already received a submission from the Irish Tourist Industry Confederation on this matter, and I know that that document has set out some more detailed comments on specific aspects of business regulation as it affects the tourism sector.

Over the coming months, Fáilte Ireland would be anxious to remain in contact with the Business Regulation Forum as it progresses its work programme. In the short term however, if I can be of any further assistance to the Forum please don't hesitate to contact me.

Yours sincerely

Aidan Pender
Director – Enterprise & Skills Development