



Northern Ireland
Assembly

**COMMITTEE FOR
ENTERPRISE, TRADE AND
INVESTMENT**

**OFFICIAL REPORT
(Hansard)**

Tourism (Amendment) Bill

7 October 2010

NORTHERN IRELAND ASSEMBLY

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ENTERPRISE, TRADE AND
INVESTMENT**

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Members present for all or part of the proceedings:

Mr Alban Maginness (Chairperson)
Mr Paul Butler (Deputy Chairperson)
Mr Paul Frew
Mr Paul Givan
Mr William Irwin
Ms Jennifer McCann
Dr Alasdair McDonnell
Mr Gerry McHugh
Mr Sean Neeson

Witnesses:

Mr John Simms) Department of Enterprise, Trade and Investment

The Chairperson (Mr A Maginness):

We will now have the preliminary view of the Tourism (Amendment) Bill. This item will be recorded by Hansard. We have a letter from the Department giving its view on subordinate legislation making powers under clause 1.

I remind members that this is the initial consideration of clauses; it is the Committee's opportunity to raise issues or concerns on matters arising from the consultation. John Simms from DETI's tourism policy unit is on standby to address queries as they arise.

We had a good discussion about the issue the last time. I am not certain that there are any live issues, but if colleagues want to raise them, now is their opportunity. If everyone is content, I will invite the Committee Clerk to take the Committee through the clauses and the issues.

The Committee Clerk:

Clause 1 relates to frequency of statutory inspections. It introduces statutory inspection of a tourist accommodation establishment every four years, requires a subsequent statutory inspection to take place on the forty-eighth calendar month following the date of issue of a certificate certifying completion of a satisfactory inspection, and enables the Department to substitute any other period for the four-year period.

Several district councils and other organisations believed that statutory inspection every four years is too long. At last week's meeting, the Northern Ireland Local Government Association (NILGA) provided oral evidence to the Committee on behalf of district councils. They agreed that annual inspections are too frequent but felt that four years between inspections is too long. However, the Chairperson assured them that the period could be changed quickly under subordinate legislation. However, they felt that the four-year period should be kept under review.

The Department responded that tourist accommodation providers will be required to provide annual self-registration statements. The Northern Ireland Tourist Board (NITB) will also be able to carry out ad-hoc inspections as required. The Department believes that the combination of statutory inspections, ad-hoc inspections and annual self-registration will prove an effective means of ensuring that all tourist accommodation complies with a minimum standard while easing the regulation on tourist accommodation businesses.

Mrs McGill:

I want to back to the points that were raised last week about the four-year regime and subordinate legislation. We touched on the time period, but it is important not to burden those who work in tourism; equally, it is important that standards be maintained. Will they be maintained when the four-year cycle, self-regulation and ad-hoc inspections are introduced? I do not think that the financial burden associated with the inspections was quantified last week.

The Chairperson:

Mr Simms, you are welcome to the Committee and thank you for your attendance. Mrs McGill asked about the burden placed on the operator of a premises that is being inspected. What would the cost be to the owner?

Mr John Simms (Department of Enterprise, Trade and Investment):

There is a variable cost; it is different for each category. The annual cost for a 30-bedroom hotel is £480, but if the system changes to allow for inspections to be held every four years, the owner will be paying £600. There will be a 70% saving through the change.

The Chairperson:

That is an idea of the amount of money that people are paying, Mrs McGill.

Mr Butler:

How much is it at the lower end? How much will the owner of a bed and breakfast, for instance, have to pay?

Mr Simms:

Each category is different. Bed and breakfasts, hotels and guesthouses will be charged £20 a room; self-catering accommodation will be charged at £40.00 a unit; and a hostel will be charged £2 a bed space. There is an upper ceiling on fees. The maximum that a hotel will be charged will be £2,000.

Dr McDonnell:

You say that self-catering is £40 a unit. Does that mean that if I have a six-bedroom house, I will be charged £40?

Mr Simms:

Yes.

The Chairperson:

Those are significant costs for small operators, in particular. That is the answer.

Mr McHugh:

I have found that there are differences in hotel quality and star-ratings in these islands, let alone in Europe; I do not know whether that goes for bed and breakfasts, but I am sure that it does. The bedrooms of an hotel may be four-star quality, and an hotel may be described as such, but the aisles and other areas may be only two-star quality. There are vast differences, even now, and these islands are tourism-orientated. How can we get beyond that? This seems to make worse a situation, which, in some instances, is not great. If you buy a brand of car, you know what you are getting; however, when you look at a four-star hotel and arrive at it only to find that it is two-star quality, it is disappointing. How will the legislation improve that?

The Chairperson:

Mr Simms, there can be variation in one hotel or premises. Is that taken into consideration?

Mr Simms:

At the minute, there is a two-tier system. The Bill deals with the regulation of tourist accommodation, so it is even below that level. This deals with the basics. Its aim is to ensure that self-catering accommodation, for example, will have enough furniture to cater for the number of people sleeping in the accommodation and that it will be clean and properly supervised. The star-grading system is a voluntary scheme, and the Tourist Board is doing a major revision to bring it into line with the GB scheme. That is the quality side, and it is being looked at fundamentally. The Bill is almost a level down from that; it is the regulation side. I suppose that it is the MOT for the accommodation sector, whereas the star-grading system is voluntary and extra. The board is doing a major review and is rolling it out to the industry. Hopefully, that will address the issues that you mentioned.

The Chairperson:

You referred to it as an MOT. That is a good analogy. Can councils carry out health inspections?

Mr Simms:

They can, and there is a whole raft of things that we tend not to see. The board works closely with councils so, for example, the Bill deals with the basic MOT, and the board will ask those offering accommodation whether they have planning and food hygiene policies in place. The board expects to see those and will not grant certificates until it is content. The board also acts as councils' eyes and ears when it is out and about. If it sees a breach of planning regulations or

sees food hygiene issues, the order permits it to raise that with the relevant authority.

At last week's meeting, Alderman Dillon from NILGA said that he would like to see a closer relationship between councils and the board on food hygiene inspections. I mentioned that to the board, and it would be delighted with that because, in the same way that it acts as the eyes and ears of other agencies, councils can help it when they are out and about doing their inspections, especially once the frequency changes.

Ms J McCann:

You mentioned the cost to the owners of the premises, but is there a comparable cost to the Tourist Board for carrying out statutory inspections every year as opposed to every four years and the costs to the Department? How much do inspections cost the Tourist Board each year?

Mr Simms:

Last year, we did a major review of costs, because we are required to recover the full cost of the service. The entire certification regime costs about £230,000. There are four inspectors, as well as administrative and managerial support; the cost is worked out on the basis of Treasury guidance, overheads and so on. A move to four-yearly inspection will mean that the cost is between £80,000 and £90,000, and that takes into account staff uplifts. There are four inspectors. It is not as straightforward as cutting that down to one inspector, because the board will not want to pare the number of staff back to the bone, but it wants to have enough staff to continue to deliver the service.

There are two aspects to the cost of inspections. Statutory inspections are when the board must inspect a premises every year; the legislation will make it very four years. However, there is no charge for ad-hoc inspections, so there are no financial implications for proprietors. How much the board wants to keep an eye on premises is its decision at its discretion; therefore it will carry that overhead. About £90,000 to regulate Northern Ireland tourist accommodation is not a huge amount of money.

Mr Givan:

Can you assure me that the proposal to hold inspections every four years does not prevent the Tourist Board from investigating complaints when they arise? If someone were to say that they did not believe that a bed and breakfast was at a certain standard, could the Tourist Board go in

and check it?

Mr Simms:

It can. The Tourism Order permits the Tourist Board to carry out non-statutory inspections at any time, and the board has always operated on that basis. The Tourist Board has introduced a new database that gives it an efficient way of keeping track of premises. If a premises had not been inspected for a couple of years, the board could run a report to show that an inspector was in the area and ask them to call into premises x, y or z. It does not have to do a full inspection; it can be a visit to ask the premises whether it is aware of new changes on the board or the classification scheme. A complaint can spark an inspection, but the Tourist Board can do much more than that, and the Tourism Order gives it that power.

Mr Givan:

A move to having inspections every four years will reduce the regulation on the tourism industry and the cost across the board. Is that correct?

Mr Simms:

Yes.

Mr Givan:

Therefore from the bed and breakfast to the hotel, costs of regulation are reduced.

Mr Simms:

It reduces costs for everyone.

Mr Givan:

The Tourist Board can still carry out checks.

Mr Simms:

It can, and, in fact, we will introduce an in-year review. There will be a statutory inspection in the first year and the fourth year, but proprietors will be required to provide an annual review. We do not expect a whole self-assessment; it will be a mechanism to find out whether much has changed in the interim. Perhaps a few extra bedrooms have been added that may need to be looked at. If somebody sells their tourist accommodation, they are required to advise the board

who the new owner is. The board may decide to have a look and advise the new owner of what is expected of them.

Mr Givan:

Does the tourist industry welcome that proposal?

Mr Simms:

Yes.

Dr McDonnell:

Is there not an imperative to inspect with a change of ownership?

Mr Simms:

There could be. I suppose that it depends on the premises: if it is a long-running hotel with excellent credentials, it could be argued that an inspection would not be necessary; however, it is different for self-catering establishments, some bed and breakfasts and hostels. The board does not need to do that much because of the annual inspections. Once we move to four-year inspections, we will probably find that the board will use that opportunity.

The Chairperson:

The power of ad-hoc inspection is extant. It is not something that is being added to —

Mr Simms:

It is in the order. The Tourist Board uses that power quite extensively.

Mrs McGill:

I raised the issue of subordinate legislation if the Bill were not to work. What is the time frame for that?

The Chairperson:

Will you advise the Committee about the subordinate legislation? It will give the Department power to reduce the four-year period if it wanted to.

Mr Simms:

It was the Committee's helpful suggestion that that be in the Bill. It will be done by affirmative resolution. If we decide that we want to move back to three-year inspections, it could be done within a couple of months. The Committee would scrutinise the legislation, it would be debated in the Assembly and then enacted. We have put the regulation of accommodation regime on the DETI high-level evaluation programme for 2013. We will keep an eye on the number of complaints to make sure that there is a not a negative impact on what we are doing. The major review in three years' time will look at what has happened; it will be a fundamental root-and-branch review of how things are working and whether anything needs to be tweaked or improved.

The Committee Clerk:

Clause 2 concerns statutory reviews of certified tourist establishments. It introduces provision for statutory reviews between statutory inspections at intervals to be decided by NITB. NILGA representatives told the Committee in oral evidence that the organisation supports the view that NITB should retain the power to carry out ad-hoc inspections of tourist establishments when required. Representatives felt that the legislation should provide for establishments being inspected without an issue having been identified or the establishment having been notified. The Department responded that ad-hoc inspections are already provided for in the Tourism Order 1992 under article 16, which states that:

“The Board may, in addition to any statutory inspection, cause a certified tourist establishment to be inspected by an officer of the Board at any time.”

The Department further stated, in writing and today in oral evidence, that ad-hoc inspections do not incur a fee, as they are carried out at the discretion of NITB.

The Chairperson:

Are members content?

Members indicated assent.

The Committee Clerk:

Clause 3 concerns the imposition of conditions on inspection other than statutory inspection. It enables an officer of NITB to amend or add to the conditions of a certificate on an inspection other than a statutory inspection. No issues or concerns were raised during consultation in relation to clause 3.

The Chairperson:

Are members content?

Members indicated assent.

The Committee Clerk:

Clause 4 concerns financial assistance to provide or improve tourist accommodation. It permits NITB to grant-assist tourist accommodation and provides for transfer of certain assets and liabilities from Invest NI to NITB. No issues were raised that relate directly to clause 4. However, one respondent expressed concern that NITB's focus on the development of signature projects may lead to a bias in the allocation of grants. The Department responded that the provision arose from a recommendation from the independent review of economic policy that the Invest NI budget relating to tourist accommodation be transferred to a more appropriate body. The Department also said that the allocation of grants to potential accommodation projects is based on market demand, need and other monetary and non-monetary criteria.

Mrs McGill:

Omagh District Council had some difficulties with that in west Tyrone. I read the Department's response and I welcome that the perceived bias referred to by Omagh District Council in relation to signature projects and their funding does not exist and that measures will be put in place to deal with that. Are we convinced that funding will not go to what are perceived as the usual places but will go to areas that have not benefited as they might have?

The Chairperson:

It is a transfer from Invest Northern Ireland to the Tourist Board. If Invest Northern Ireland were to get it wrong, the Tourist Board could perhaps remedy that. In any event, this recommendation springs from the Barnett report and was generally welcomed by most people. It seems logical and reasonable that the Tourist Board should have that grant responsibility.

Mr Neeson:

Grant aid for building new hotels no longer exists in greater Belfast. Is that board policy throughout Northern Ireland?

Mr Simms:

At present, Invest NI delivers on that. The moratorium to which you refer applies to a 10-mile radius from Belfast city centre. Invest NI will consider grants for hotels located in areas of social need in Belfast; outside Belfast, it can assist new hotels.

Mr Neeson:

Earlier, the Committee discussed west Belfast. Bearing in mind its deprivation level, might a newbuild hotel there qualify for grant aid?

Mr Simms:

It could, and, in the past couple of years, Invest NI has dealt with a couple of hotel proposals in west Belfast that have not come to fruition. That is where the area of social need criteria would come in.

The Chairperson:

We move on to clause 5.

The Committee Clerk:

Clause 5 provides for the appointment of chairman of Northern Ireland Tourist Board. The clause removes the requirement for the Minister to appoint the chairman of NITB from board members. No issues or concerns about clause 5 were raised during consultation.

The Chairperson:

Are members content with clause 5?

Members indicated assent.

The Chairperson:

We now consider clause 6.

The Committee Clerk:

Clause 6 concerns the Bill's short title and commencement, which allows the Department to bring the clauses into operation on a day or days to be appointed by commencement. No issues or concerns about clause 6 were raised during consultation.

The Chairperson:

Are members content with clause 6?

Members indicated assent.

The Chairperson:

We come to the schedule.

The Committee Clerk:

The schedule provides for the transfer to the Tourist Board of certain assets and liabilities of Invest Northern Ireland. No issues or concerns were raised about the schedule during consultation.

The Chairperson:

Are members content with the schedule?

Members indicated assent.

The Chairperson:

Are members content to commence formal clause-by-clause scrutiny at next week's meeting?

Members indicated assent.

The Chairperson:

Thank you, Mr Simms, for attending the Committee; your input has been very helpful.