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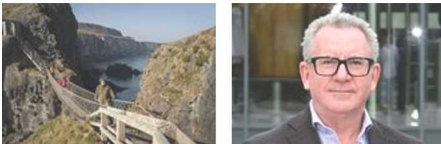
Budget cuts of £130m will leave NI plc ‘with one hand tied behind its back’

It's claimed DfE attempts to save £130m will set back progress in the economy, write Garrett Hargan and Alyson Magee



Mark O'Connell

Tourism NI, which helps pull visitors to attractions like Carrick-a-power — © Courtesy of Tourism Northern Ire



Yesterday at 20:00



Cuts of £130m to spending on the economy in Northern Ireland will leave us “fighting to create prosperity with one hand tied behind our back,” it's been claimed.

All aspects of the economy which receive government support are being hit by the cuts at the Department for the Economy.

And industry experts have said a 33% cut in the spending power of Tourism NI will hit the trade as it rebounds from the Covid pandemic and seeks a bounce from US visitors following the recent visit of US President Joe Biden.

Budgetary constraints at the Department for the Economy will also impact on further education colleges which are key to training the hospitality workforce.

DfE has announced that its opening budget for 2023/24 will be £130m (16%) lower than previously expected.

There will also be less money for skills, higher education and for economic development agency Invest NI.

Mark O'Connell, executive chairman and founder of investment advisers OCO Global, said the lack of an Executive meant NI was not in a good position to manage.

“If we're not even at the negotiating table, it's unlike we're going to be able to protect or minimise the impact of these cuts and frankly I sense Westminster is exasperated with this, in view of the intransigence around the Executive reformation. It's never a good place to be negotiating from.”

But he said the necessity resulting from budget cuts for Invest NI to change how it does things might bring about an improvement. It had come under fire last year in a review led by Sir Michael Lyons.

“The incentives and funding or grant support that Invest NI typically hand out might not be as essential going forward for the type of projects we're trying to attract...”

“So, I think we need to wean ourselves off what they call in America ‘corporate welfare’ and recognise that we've got a good product and we should face into it and sell it better.”

“I believe Invest NI, and it came across in the Lyons review, could operate better and more efficiently and if I look at what other agencies like them do, they work with the private sector in partnership to deliver trade and investment outcomes.”

Read more

- [Apprenticeship funding and Tourism NI hit with cuts as government department seeks to save £130m \(/business/northern-ireland/apprenticeship-funding-and-tourism-ni-hit-with-cuts-as-government-department-seeks-to-save-130m/1424505401.html\)](/business/northern-ireland/apprenticeship-funding-and-tourism-ni-hit-with-cuts-as-government-department-seeks-to-save-130m/1424505401.html)
- [NI economic activity up for the third month in a row, says report \(/business/ni-economic-activity-up-for-the-third-month-in-a-row-says-report/687292175.html\)](/business/ni-economic-activity-up-for-the-third-month-in-a-row-says-report/687292175.html)

Dr Joanne Stuart OBE of the NI Tourism Alliance said tourism is an important sector which generates over £1bn in spend and supports around 65,000 jobs.

Trips from the Republic to Northern Ireland reached record levels in 2022 with one million overnight visits recorded for first time. That was up 51% from 756,000 in 2019.

“Promotion and product development is critical and that’s where we’re looking for the investment,” Dr Stuart said.

“You only have to see the figures recently from the Republic of Ireland where there’s been sustained promotion and we’ve seen investment in product.

“Visits from the Republic in income terms are up 65% on 2019. It’s very competitive out there, lots of destinations are trying to get people to come to them so we have to make sure we are promoting Northern Ireland.

“We had huge potential with the (President) Biden visit, with the success we’ve had with the Republic of Ireland market but you have to keep that promotion and that would be our concern that we would cut the amount of investment going in to that.

“It is very concerning because it’s an important sector but like anything it needs investment. The department needs to look at where it gets good return on investment and I think tourism really does provide a good return.”

The industry’s major concerns are around cuts to marketing and promotion, product development and events, which makes NI an “attractive destination” for visitors.

“We need to build on the really good promotion and messaging around the Joe Biden visit. But, you have to keep reminding people.”

Hospitality Ulster chief executive Colin Neill said the cuts were a “devastating blow” for tourism and further education and in turn the hospitality sector.

“Hospitality here is currently in the midst of a labour shortage, and further education plays such a crucial role in the development of people and careers for our sector which is the fourth largest private sector employer in Northern Ireland,” he said.

“Each day, we rely on the people that further education colleges educate, up-skill and re-skill. We have a serious skills deficit here, so seismic cuts to further and higher education will have an adverse impact on all sectors and businesses in Northern Ireland. We should be investing in our further education colleges.”

A spokesperson for Tourism NI said a budget reduction will impact on Tourism NI’s investment in a number of areas including events, marketing and capital development.

“Northern Ireland is very likely to lose out to other destinations just as our visitor numbers are rebounding. We will continue to find ways to make resources go further, working closely with our partners to mitigate the effects of the budget reduction on the sector.”

Ulster Unionist economy spokesman Mike Nesbitt said the cuts meant Northern Ireland would be “fighting to create prosperity with one hand tied behind its back.”

“This is the year we should be tooling up Invest NI to embrace the many companies looking to invest in our unique dual access to the GB and EU markets. Instead, we are telling INI to take a 15% cut in budget for the second year running. These foreign direct investors are particularly attracted by our skilled workforce, yet it is clear further education will take a major hit in funding this year, choking the flow of newly qualified talent to the workplace. ”

