

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i ddyfodol Polisiâu Amaethyddol a Datblygu Gwledig yng Nghymru | Inquiry into the Future of Agricultural and Rural Development Policies in Wales
AAB 12
Ymateb gan Cynghair Twristiaeth Cymru
Evidence from Wales Tourism Alliance

The Wales Tourism Alliance

1 The WTA is recognised as the over-arching representative organisation for the tourism industry in Wales liaising with and coordinating the views of all concerned and informing and working with Government at Westminster, Cardiff and local authority levels.

2 The WTA also acts as an intermediary between Government and all involved in tourism, disseminating information to the industry via our member organisations and we also work with colleagues in organisations in other parts of the UK.

3. The WTA membership includes regional, sectoral and local tourism organisations whose members total some 6,000 tourism businesses throughout Wales.

The Tourism Industry in Wales

4. Committee Members will be aware of the significance of the tourism industry to Wales. The total contribution, including impacts through the supply chain and capital investment, amounts to some £6.2 billion or 13.3% of the total economy. The direct contribution is £2.7 billion or 8% of the economy. 170,000 people are in employment generated by the industry, 12.7% of the workforce. The industry plays a greater role than in any of the other countries of the UK.

5. The tourism industry in Wales comprises some 18,000 businesses, mostly small and medium sized and family run with some larger national and international companies represented in city centre hotels and holiday parks. The National Museum and National Trust are big players through their branches and properties, as are local authorities in the provision of key infrastructure services and in some cases tourism attractions too. The holiday market predominates driven by the high regard visitors have for our land and seascapes with 25% being National Parks and AONBs.

6. The industry has been stable and resilient and has been at the forefront of Wales' recovery since 2008. It contributes far more to the Exchequer in taxation than it receives in support from Government in marketing and investment, which by comparison is modest.

Tourism, Agriculture and the Rural Economy

7. It is important to appreciate the symbiotic relationship between tourism and agriculture. Our main attraction for the majority of our visitors is the perceived quality of our landscape and our environment. That is the result not only of natural evolution but of the work of farmers and land managers down the ages. That perceived quality is subject to threats and challenges and the right policies and actions have to be taken to safeguard that quality. Although in National Income terms the GVA to the Welsh economy from tourism is over four times that of agriculture, the point is that without a viable agriculture industry following the right environmental policies, the tourism industry cannot be sustained in the long term.

8. A graphic illustration of the inter-connectedness of the two industries was given at the time of the foot and mouth crisis in 2002. The devastating effects on the farms affected spilled over onto the tourism industry when the impression came about that 'Wales was closed to visitors'.

9. Some illustrations from available statistics of the importance of tourism to the rural economy. In Conwy 16.7% of employees are in tourism related industries, in Pembrokeshire 15.1%, in Ceredigion 13.2%, in Gwynedd 12.2% and in Powys 12.0%.

10. It has a significant impact throughout rural Wales, being the mainstay of many communities. To echo the slogan 'Tourism reaches parts' other industries cannot. The map at Annex A for example shows the distribution of Home and Holiday Parks throughout Wales, which between them attract around 3 million visitors a year staying for about 25 million days in Wales and giving rise to over 10,600 jobs in local communities. There are of course many more touring caravan Parks throughout the rural areas of Wales.

11. Many farming businesses have diversified into tourism activities, not simply the traditional 'B&Bs' but also the provision of touring caravan and camping sites, self catering in converted, redundant farm buildings and activity holidays. The income generated helps sustain the family, farming unit which in turn helps sustain the population of our rural areas and the language and culture of rural communities. This is one of the very important social benefits of tourism. It extends to the enhancement of facilities and amenities which are used by residents as well as visitors and the support of cultural and other events.

12. Studies have indicated that, with the right policies and support, the industry has further opportunities for growth. For example a study by Deloitte suggested growth by 2020 such that by then the industry would be contributing **6.9% of Wales' GDP** and providing 188,000 jobs or 13.7% of total employment.

Addressing the Questions posed by the Committee:

What are the fundamental outcomes we want to see from agriculture, land management and rural development policies?

13. In a nutshell, the WTA wants to see the ongoing development of successful tourism businesses which offer employment opportunities helping to sustain the well being of our rural communities and their culture.

A Holistic Approach

14. To achieve the above what is needed is for Government (Westminster, Cardiff and local authority) to follow policies conducive to the sustainable development of the tourism industry, working with the industry in the development of those policies. This has many aspects (see below) but fundamentally the approach to rural development must be holistic. Thus the development of policy for agriculture post Brexit must not be considered in isolation, but as an integral part of policy for the sustainable development of rural areas. And likewise the development of policy in relation to tourism.

A Level Playing Field

15. One of the outcomes the WTA seeks is that of a 'level playing field' to enable the tourism industry in Wales to be competitive, nationally and internationally. Thus together with tourism organisations in the rest of the UK we have long argued for a reduction in the rate of VAT on tourism accommodation to levels which prevail elsewhere in Europe. We look to the Welsh Government to press this argument upon Westminster.

16 On the part of the Welsh Government, we look to an outcome where the industry in Wales is not put at a disadvantage, Vis a Vis competitor destinations in the UK by the introduction of any fiscal measures which impose additional costs on the industry or regulations which might impose additional administrative costs. It is imperative that a business friendly approach is created and maintained.

A Conducive Planning Framework

17. On the planning front we look to the Welsh Government for a framework which is conducive to helping sustainable tourism development in rural areas, and to local planning authorities to be proactive in their dealings with would- be developers to bring about the right development in the right place. Towards these ends we would urge the Welsh Government to introduce legislation, as recommended in the Marsden Report, so that the planning authorities responsible for National Parks and AONBs have a statutory purpose to 'promote sustainable forms of economic and community development based on the management of natural resources and the cultural heritage of the area'. This would set the tone for a pro-active approach to sustainable tourism development.

Support to Businesses for Capital Investment

18. The level of government support for capital investment in tourism businesses has always been modest compared with support for other industries. Currently, for example, one of the Welsh Government's support schemes is linked to development of export markets. Yet in balance of payments terms, developments in the tourism industry geared towards overseas visitors have the same impact. The immediate priority for the Westminster and Welsh Governments is to ensure that in the transition out of the EU, the resources which have been earmarked for rural development

programmes, including tourism related, should be made available. In the post Brexit situation the WTA would look to the Welsh Government to allocate sufficient resources to support a vibrant rural economy and its constituent elements. As far as the tourism industry is concerned, bearing in mind its contribution to GVA and its potential for growth, Government support for capital investment over and above existing levels would be justified.

A Strong Marketing Presence

19. Another outcome we would look for is a strong marketing presence for Wales and its rural areas in its key tourism markets in the UK and selected overseas markets. Given the predominance of small businesses which make up the industry in Wales, the role of visit Wales in marketing is vital. In the past it has benefitted from EU funding, but it is noticeable that in comparison with other countries we have not been able to sustain a significant presence in the market. We would argue for a significant increase in the Marketing budget of Visit Wales so that it can sustain profile building national marketing campaigns on an ongoing basis and contribute to industry promoted campaigns for rural tourism products. There should be a significant increase in marketing in selected overseas markets to capitalise on the fall in the exchange rate and to match the £40 million Discover England campaign launched by Visit England. In this context the merger of Visit England and visit Britain raises doubts about the focus that Visit Britain will be able to give to Wales.

Tourism Infrastructure

20. Top of the concerns is the need for reliable Superfast Broadband. Superfast Cymru began the roll-out in 2013, but over a fifth of rural businesses have concerns about reliability. The programme has benefitted from EU funding, but it needs to be completed before Brexit takes place and resources subsequently put in place for regular updating.

21. The commitment to electrify the train connection between London and Cardiff is to be welcomed but the extension to Swansea and improvements in connectivity in North Wales will help bring rural Wales that much nearer tourism markets. The latter is particularly important for Mid and North Wales to realise the potential of the hubs of Birmingham and Manchester airports for incoming overseas visitors. Both of these have extensive and well established inbound services. When allocating the new Wales and Borders Rail Franchise to start in 2018, the WTA would urge the Welsh Government to pay particular attention to proposals by the applicants to provide services which will develop the tourism industry into rural Wales, including frequency and timing of services, the quality of the rolling stock and the provision of adequate space for luggage and bicycles. Representatives of the WTA have met with some of the companies bidding for the franchise and have emphasised the importance of these requirements.

22. The infrastructure services provided by local authorities are a vital part of the visitor experience. Authorities are under huge financial pressures, with some rural counties having faced the largest cuts in resources, and as a result some key facilities, notably public toilets, have been closed. If the tourism potential of our rural communities is to be realised, then the key part played by local authorities in the provision of these facilities must be realised and ways found to ensure their provision. The way forward may lie in discussion at local level between tourism businesses and

representatives of the local authority and the local community about alternative ways of providing the facilities.

Investing in People and Quality Standards

23. Tourism businesses in Wales have a reputation for high standards, but if this reputation is to be maintained, there has to be ongoing emphasis on training and acquiring and updating the necessary skills. Our FE colleges and Universities provide a range of full time courses, but many of our businesses are run by owner managers who need tailor made training at the sort of times they can accommodate alongside their day to day work. This is an area which needs development by the colleges and local tourism organisations.

24. In common with many industries, tourism suffers from a shortage of labour with the necessary skills. Hence the number of EU nationals who have been attracted to work in the industry. For the UK as a whole it amounts to 15% to 20% of the total workforce, a far higher proportion than some other industries. For some tourism businesses in Wales they are an essential part of the workforce. There is no doubt that they currently feel very unsettled and urgent confirmation is needed that they will be allowed to continue in their jobs post Brexit. This needs to be supported by more vigorous promotion of the skilled jobs and careers available in the tourism industry and regular up-skilling of those working in the industry.

25. Our prospective visitors will be reassured of the standards they can expect in Wales by quality assurance schemes. Visit Wales has traditionally set much store by the development of appropriate schemes for the main sectors of the industry. These have been particularly useful for small businesses in rural areas. However the emergence of on line reviews in recent years has to be taken into account. The WTA considers there now needs to be an industry wide debate about their future.

The Future of EU Regulation as they bears on the Tourism Industry

26. The Tourism Industry Council in England, in its evidence to the Inquiry being undertaken by Parliamentary Committee on Culture, Tourism and Sport, has identified some of the EU Regulations which bear on the tourism industry. The Welsh Government in conjunction with appropriate representatives of the industry will wish to join with the Westminster Government in considering the future of these Regulations. They will have relevance to all of Wales including to greater or lesser degree its rural areas. The regulations relate to:

The Single Aviation Market to which it is vitally important that the UK maintains access and the EU's multilateral aviation agreements. This is important for Wales because it will facilitate the development of tourism flights to Cardiff Wales airport and the continuation of services into other airports giving access to Wales.

Regulations governing Aviation Safety and Security including the Passenger Name Record Directive

Regulations governing Coach and Bus Services and Rail Services. The regulation covering bus and coach services covers international coach tours.

Passenger rights for air, bus and coach travel.

European Driving License allowing for mutual recognition of different license styles.

European Health Insurance Card

Mutual Recognition of Qualifications Directive which will bear on activity holidays.

Employment

EU funding programmes

Border Controls requiring EU visitors to enter through EEA lanes which take, currently, almost twice as long as EU lanes.

Visas

Customs Union-events industry. If this was not covered by single market arrangements, there would be considerable additional costs in moving equipment between EU countries.

Domestic Air Passenger Duty

Passenger Travel Directive

Aviation State Aid Guidelines

[What lessons can we learn from current and previous policies and from policies elsewhere?](#)

27. We need to keep constantly in mind the inter relationship of the various policy areas involved in considering the future of our rural communities. There must be a holistic approach otherwise the law of unintended consequences may have unfortunate repercussions. The classic example already mentioned was the way in the action taken to deal with the 2002 foot and mouth outbreak impacted adversely on the tourism industry. A better understanding of the symbiotic relationship between the two industries and more sensitive handling of the necessary actions which had to be taken might have avoided this.

28. In the past when there was more flexibility in ways of supporting the tourism industry, it proved possible for the Welsh Government and its agencies to be innovative in the steps it took. Frequently these were schemes originating in suggestions from the industry. Brexit opens up the possibility for more innovative approaches and Visit Wales with closer connections with the industry can be the 'eyes and ears' in bringing this about.

29. Just observing our competitor destinations in the UK, certainly Scotland and Northern Ireland, and also the Republic of Ireland, it does seem that they have had more resources devoted to the promotion and development of tourism than Wales. Their presence in the market place testifies to this. England too with its £40 million Discover England Development Fund has been given the opportunity to cut a dash. Arguably then the opportunity to put Wales on a level footing ought now to be taken, given the potential of the development potential of the industry particularly in rural areas, by a step change increase in the resources afforded to the industry.

To what extent should Wales develop its own agricultural, land management and rural development policies or should it be part of a broader UK-wide policy and financial framework.

30. The short answer is that it needs to do both. The rationale of devolution is that it should be possible for the Welsh Government to devise policies suited to the 'unique' circumstances of Wales. This has been reflected both in policy developments and legislation passed by the National Assembly. However that we are part of the wider UK economic and social dimension which is also affected by broader international considerations, and this cannot be ignored. These have to be taken into account in the development of policy by the Welsh Government. Hence the need for close involvement by the two Governments on the transition out of the EU and into the future.

31. There will be some issues on which Wales can be a trail blazer, as in the levy on plastic bags, to be subsequently copied elsewhere. There will be others, for example the objective of being GM free, which it will be extraordinarily difficult to achieve because of the nature of international trade.

32. Within the framework which will be created by the Wales Bill, the WTA would encourage the Welsh Government to follow policies as outlined previously in this evidence which will support the sustainable development of the tourism industry in Wales generally and in rural Wales in particular.

33. While the transition from the EU will be done on a UK basis, we look to see that the post Brexit settlement will fairly reflect the needs of Wales and its tourism industry. This will enable Wales to confirm its brand image as a distinctive destination within the UK offering something unique and distinctive..

34. To reinforce that distinctiveness, **Tourism** should be given equal status alongside agriculture, in all considerations relating to rural development. Secondly, that symbiotic relationship should be held up as an exemplar of sustainable living. Which other countries might seek to emulate in a rapidly changing post-industrial world.

Wales Tourism Alliance

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