



UKinbound response to Welsh Government Consultation on proposals for a discretionary visitor levy for local authorities

About UKinbound

[UKinbound](#), represents over 340 UK businesses that service international visitors to the UK. Through our membership including tour operators, attractions, accommodation providers, hospitality venues and service providers located across all four corners of the UK, we were worth £28.4 billion in exports to the UK Exchequer in 2019. We also work closely with numerous tourism associations, including ABTA, Airlines UK, The Tourism Alliance, and UKHospitality.

Our Response

As your consultation sets out, the tourism industry was significantly impacted by the pandemic, with inbound tourism particularly affected owing to the restrictions placed on international travel from March 2020. We would like to begin by thanking the Welsh Government for your commitment to *'support the industry's recovery to ensure the visitor economy flourishes once more'* and we look forward to working with you to ensure that inbound tourism to Wales recovers to 2019 levels as soon as possible.

We estimate that (based on VisitBritain figures) inbound tourism spending in Wales fell by £514.63 million¹ during the pandemic. In the decade prior to 2019 inbound tourism was the jewel in the UK's crown, a global success story, with international tourists spending on average £503² a day, with domestic tourists spending just a third of this and crucially international visitors bringing new money into the country.

We have one of the most competitive tourism industries in the world, ranking sixth in the World Economic Forum's 2019 Travel and Tourism Competitiveness Index³ and are globally the fifth most valuable tourist industry by visitor spend⁴. However, the UK is also 140th (last position) in terms of Price Competitiveness, 77th in terms of Policy and Enabling Conditions and 55th for the Prioritisation of Travel and Tourism.

UKinbound understands the current financial position that many local authorities find themselves in. Local authorities are key to ensuring that destinations across the UK are and continue to be accessible, clean, welcoming etc for both domestic and international tourists.

Hotel costs are already rising with increases in business rates, energy and food costs as well as the increased cost of labour. Furthermore, we remain concerned that this proposal, without a full registration scheme for all forms of accommodation (including 'unofficial' accommodation) will only hit traditional businesses. There needs to be a level playing field.

¹ Based on survey of UKinbound members and 2019 VisitBritain Figures on inbound tourism spending

² VisitBritain - International Passenger Survey, 2019

³ The Travel and Tourism Competitiveness Report 2019, World Economic Forum

⁴ International Tourism Highlights 2020 Edition, UNWTO

The accommodation sector would also be concerned that further increased costs could discourage both domestic and international visitors to stay overnight in Wales and impact on the profitability of the wider Welsh tourism economy in the long run and maybe even force smaller operators out of business. We also hold significant concerns that this levy will lead to international visitors to stay across the border and effectively become 'day' visitors to Wales, which will reduce their spend and places businesses under further pressure.

We also have significant concerns about the mechanics of how this tax will be collected presenting a potential additional burden on businesses if they are duty bound to collect and monitor (the collection of) the visitor levy – this kind of mechanism will only further increase costs on businesses suffering under the aforementioned difficult economic conditions.

Furthermore, the UK is already a very expensive destination (as measured by the UK ranking 140 out of 140 countries for Price Competitiveness in the World Economic Forum's The Travel & Tourism Competitiveness Report 2019⁵). The UK has the second highest level of VAT on accommodation in the EU, and our visitors are already taxed heavily through the implementation of Air Passenger Duty.

As we look to recover from COVID-19, it is vital that we ensure that Wales remains an attractive destination for international visitors and the introduction of a further cost pressure on the industry will make an already uncompetitive market even harder to operate in.

Tourism is a globally competitive industry – and visitors have a choice of where they travel, and a visitor levy could further reinforce the image of the UK as a very expensive destination.

If a visitor levy was to be introduced, then it is vital that this tax has to be implemented and collected in partnership and consultation with industry, on an equitable basis, and reinvested in tourism services, or services that indirectly impact tourism, i.e. destination management and destination marketing. Furthermore, 10% of UKinbound's membership are Destination Marketing Organisations (DMOs) who might (despite wider concerns on the competitiveness of their destination) welcome the tax as many are part funded by local authorities.

In 2019, international visitors spent £515 million⁶ in the Welsh Economy and supported thousands of jobs and we would urge the Welsh Government to reject proposals to introduce a visitor levy and put in place measures to support inbound tourism.

⁵ The Travel and Tourism Competitiveness Report 2019, World Economic Forum

⁶ VisitBritain - International Passenger Survey, 2019