

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB55: Ymateb gan: Twristiaeth Gogledd Cymru | Response from: North Wales Tourism



Opposing the Proposed Tourism Tax: Safeguarding the Future of Tourism in North Wales

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1. Introduction

As the CEO of North Wales Tourism, it is my privilege and responsibility to represent the interests of our members and the wider tourism industry. We are steadfast in our commitment to the growth and sustainability of our industry. This sector is not only vital to the economy of North Wales but also a cornerstone of our communities and culture. It is therefore with deep concern that we address the Welsh Government's proposed tourism tax.

This report highlights the significant risks this tax poses to an industry already facing immense challenges. Drawing upon insights from our members and partners, it is clear that the introduction of a tourism tax could exacerbate existing difficulties, jeopardising jobs, businesses, and the future prosperity of North Wales.

2. The Goose That Laid the Golden Egg: A Cautionary Tale

The story of the goose that laid the golden egg is a timeless parable that warns against short-sighted greed. In the fable, a farmer possesses a goose that lays a single golden egg each day, providing him with steady and significant wealth. Blinded by impatience and greed, the farmer decides to kill the goose to extract all the golden eggs at once, only to find none inside. In his haste to gain more, he destroys the very source of his prosperity.

This tale mirrors the current situation faced by the tourism sector in Wales. The tourism industry is our golden goose, consistently generating significant economic benefits, supporting thousands of jobs, and enriching the cultural fabric of North Wales. However, the proposed tourism tax threatens to weaken and ultimately destroy the sector's ability to thrive. Just as the farmer's actions in the golden goose fable led to ruin, the continued chipping away at businesses with policies like the tourism tax risks undermining the long-term sustainability of this vital industry.

The parallels are clear: the introduction of a tourism tax represents an attempt to extract more from an already strained sector. Yet, without the necessary support and foresight, this move could have devastating consequences, reducing the tourism industry's ability to contribute to the Welsh economy and diminishing the quality of life for countless individuals and communities that depend on it.

3. North Wales Tourism: Advocating for the Industry

North Wales Tourism has consistently engaged with its members to understand and amplify their concerns. Our direction and the position we share in this report comes directly from businesses, and their message is clear: the tourism tax poses a significant threat to the sector.

The following summarise our key concerns and our reason for opposing its introduction:

3.1. Economic Impact

The Welsh Government's own analysis has warned of the potential for significant job losses and a decline in revenue. These findings are particularly troubling given the ongoing struggles of the tourism sector in the wake of the Covid-19 pandemic. The introduction of a tourism tax would likely amplify these difficulties, further delaying recovery and growth.

3.2. Concerns of Businesses

Feedback from businesses across North Wales highlights widespread fears regarding the financial burden of the proposed tax. Many business owners anticipate a loss of competitiveness, particularly compared to destinations without such levies. This could lead to a decrease in visitor numbers, reduced footfall, and, ultimately, closures and job cuts. Further details of a snap survey carried out by North Wales Tourism to its member is provided in section 5.

3.3. Administrative Hurdles

Implementing and managing a tourism tax presents significant operational challenges for businesses. Many small and medium-sized enterprises lack the resources to navigate the complexities of compliance, further straining an already stretched sector.

3.4. Strain on Small Businesses

Small businesses, which form the backbone of North Wales' tourism industry, are especially vulnerable. For these enterprises, the additional costs imposed by a tourism tax could be the tipping point, leading to closures, layoffs, and a loss of resilience within the sector.

3.5. Industry Solidarity

We stand in solidarity with organisations such as WAVA, whose members have taken decisive action to highlight the risks of this policy. This collective opposition reflects the urgency of the situation and the need for immediate reconsideration.

The recent strike action by members of the Welsh Association of Visitor Attractions (WAVA) underscores the depth of opposition to the proposed tax. This bold move highlights the shared concerns of the sector and the potential ramifications of policies that fail to support the industry.

4. The Broader Context: Cumulative Pressures on Tourism

The tourism tax is not an isolated policy but comes atop a wave of decisions perceived as anti-tourism rhetoric. These include the "182 days rule" for self-catering properties, insufficient public facilities, and the widely criticised 20mph speed limits. Together, these measures contribute to a challenging business environment that undermines the sector's stability.

Rising operational costs, reduced disposable income among visitors, and high energy prices compound these pressures. According to the Wales Tourism Business Barometer 2024:

- **28%** of businesses report reduced activity due to lower disposable income.
- **36%** experience fewer bookings, with **44%** expressing low confidence in profitability.
- **59%** of operators report needing more bookings, with **27%** requiring considerably more.

In the latest commissioned W.G. report, their own findings were that in the worst scenario over **700 tourism jobs** could be lost by this tax, with a revenue loss of **£40+ million**. Welsh Government figures were based only on a **1.6%** drop in visitor numbers. Many in tourism expect the drop to be more.

The mental health toll on business owners and staff is also rising, with many reporting increased stress due to uncertain futures and financial pressures. This human cost is as concerning as the economic damage.

5. Further up to date feedback from the trade

North Wales Tourism recently conducted a snap survey among its members to assess any changes in views regarding the proposed tourism tax since the last consultation.

The responses received from the survey are summarised below including graphs illustrating the data.

5.1 Concerns About Economic Impact

Many respondents express concern about the potential negative impact on the Welsh tourism industry, particularly the accommodation sector. There's fear that the tax will increase prices, putting Wales at a competitive disadvantage, especially compared to other UK destinations. Some worry that the tax could drive tourists away, especially those seeking staycations within the UK, where they may choose areas without such charges. Several

respondents point out that tourists are likely to opt for day visits rather than overnight stays, further affecting the hospitality industry. There are also worries that the tourism tax will lead to higher operational costs for accommodation providers, many of whom are already struggling.

5.2 Impact on Small Businesses

Small businesses, particularly those in the regulated accommodation sector, feel disproportionately burdened by the tax. Many small business owners express concern about the additional administrative burden that comes with collecting and remitting the tax, particularly as many already struggle with managing high operational costs and limited staff.

5.3 Uncertainty Over Fund Allocation

There is a significant lack of trust among respondents regarding how the funds raised from the tourism tax will be used. Many question whether the revenue will be reinvested into improving tourism infrastructure, such as roads, public transport, or local services, or whether it will simply end up funding unrelated or ineffective projects. Some worry that rural areas, which may generate the most tax revenue, will see little benefit in return, with funds potentially being diverted to urban projects or elsewhere.

5.4 Negative Perception and Media Backlash

Several responses highlight a fear that the tourism tax will tarnish Wales' image as a tourist destination. They believe that the tax, combined with negative media coverage, will make Wales appear unfriendly to visitors. The principle of charging tourists in their own country, especially when other UK regions don't impose such taxes, is seen as a key issue. There is concern that visitors will view it as a "money grab" rather than a legitimate means of supporting tourism.

5.5 Calls for Fairer and More Targeted Approaches

Many suggest that the tax should be more targeted or region-specific rather than imposed across all of Wales or by levying taxes on day visitors who contribute less to the local economy but put strain on infrastructure. Some respondents advocate for a UK-wide tax, which they believe would make it more acceptable to both tourists and businesses. Others suggest exploring alternative revenue streams, like car park precepts, to raise funds for local communities without penalising accommodation providers.

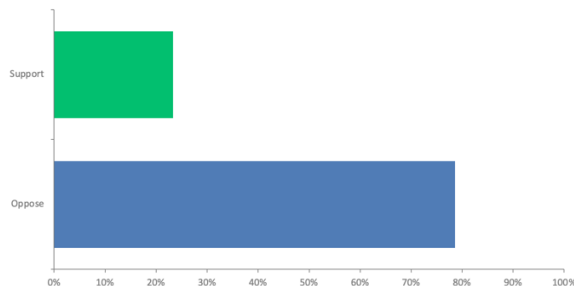
5.6 Support for the Tax (with Caveats)

A small proportion of respondents do see potential benefits to the tax, particularly if the funds are reinvested into local communities and infrastructure. They believe that, if implemented effectively, it could improve public services and enhance the tourist experience in Wales. However, even among those who support the idea, there's a clear desire for better transparency and assurance that the funds will be used appropriately to benefit both the tourism sector and the wider community.

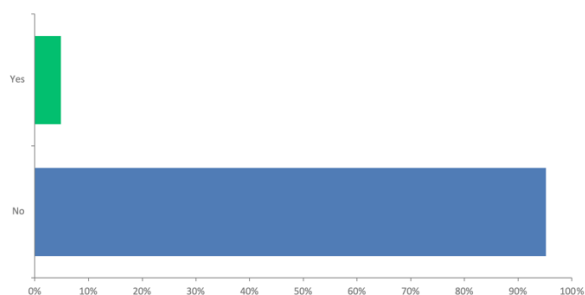
5.7 Overall Sentiment

The general sentiment among respondents is one of strong opposition, particularly from small business owners and accommodation providers who feel the tax will create more challenges without clear benefits. The overwhelming concern is that it will make Wales a less attractive destination compared to other regions, and that its introduction could lead to increased costs, operational burdens, and damage to Wales tourism reputation.

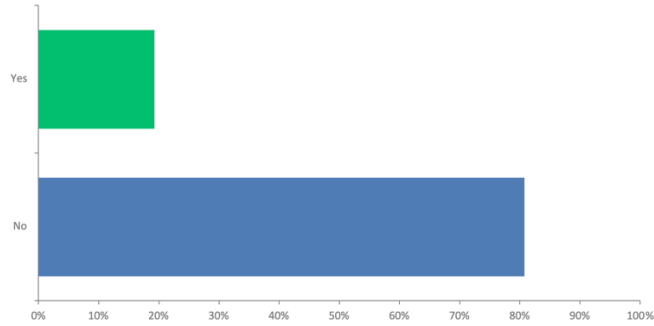
Q1: Initial Opinion: Did you previously support or oppose the tourism tax proposal when it was first introduced?



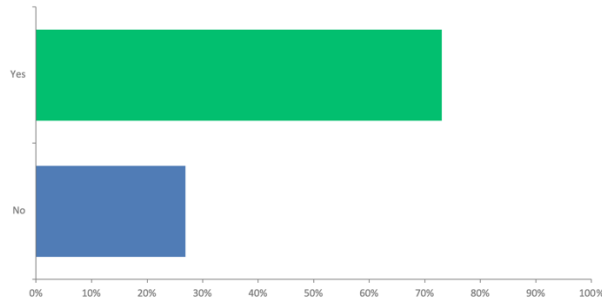
Q2: Change of Mind: Have you altered your stance on the tourism tax proposal since it was first introduced?



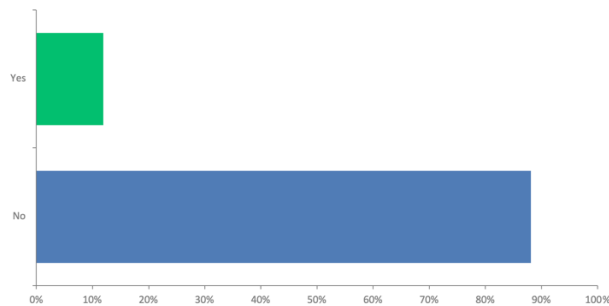
Q3: Tax Proposal Support: Do you support the initial proposal of £1.25 + VAT for other accommodation and 75p + VAT for camping?



Q4: Impact on Visitors: Do you believe the tourism tax would influence visitors' willingness to travel to Wales?



Q5: Use of Funds: If the tourism tax is implemented, do you believe that the Welsh government will ensure that the funds collected are reinvested back into the tourism industry?



6. Recommendations and an Urgent Call for Reconsideration

The fragile state of the tourism industry demands strategic thinking and collaboration. We urge the Welsh Government to:

- 1. Suspend the Proposed Tourism Tax:** Engage in a meaningful dialogue with industry stakeholders to explore alternatives.

2. **Focus on Sustainable Growth:** Develop policies that nurture, rather than hinder, the tourism sector.
3. **Address Underlying Challenges:** Tackle broader issues such as energy costs, public facilities, and infrastructural support to enable the sector's recovery.
4. **Support Small Businesses:** Provide targeted assistance to ensure their survival and resilience.
5. **Recognise the Mental Health Impact:** Invest in resources to support the wellbeing of those working in the sector.

7. Conclusion

The tourism industry is a vital pillar of North Wales economy and identity. The proposed tourism tax threatens to destabilise this pillar, with far-reaching consequences for businesses, communities, and the region's future.

We call upon the Welsh Government to heed the warnings of industry experts and stakeholders. Let us learn from the story of the goose that laid the golden egg and protect the invaluable asset that is Wales' tourism sector. By working together, we can ensure its recovery, growth, and long-term sustainability.

Addendum

The entire premise of the justification for a tourism tax is false, that being visitors are not contributing enough towards the impacts they make. This is an entirely false narrative as every £1 of visitor spend within tourism and hospitality businesses contributes to supporting businesses' ability to pay their business rates levied upon it by Welsh Government. Whilst urgent reform of Business Rates due in 2026 is long overdue, the current system does mean visitors pay their 'fair share' and so an extra tax is unjustified. No-one should take for granted or forget that every penny of visitor spend is a "discretionary choice' within rural communities and there is no monitoring or safe guarding in place if negative economic impacts are greater than predicted.

The taxation of children is problematic with age verification (what is a 'child' and they don't have ID) extremely challenging for serviced accommodation as is the VAT and LA boundary anomalies.