Rural Development Sub-Committee
RDC(3)-11-10 Paper 1

Inquiry into Rural Tourism – Evidence from Welsh Tourism Alliance

Wales Tourism Alliance and British Hospitality Association joint response to Inquiry into Rural Tourism

Wales Tourism Alliance Limited
77 Conwy Road,
Colwyn Bay,
LL29 7LN

Company No: 4449548
1. Industry Representation

The Wales Tourism Alliance

1.1 The Wales Tourism Alliance (WTA) is the recognised 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 at Local Authority levels.

1.2 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 work with colleagues in organisations in other parts of the UK.

1.3 The membership of the WTA includes sectoral, national, regional and local representative bodies comprising accommodation (hotels, guest houses, bed and breakfast establishments, holiday home parks, touring caravan and camping sites, hostels and self-catering cottages), attractions, activities, training and skills, tourism guides and transport.

1.4 The WTA therefore works with and on behalf of operators ranging from major players to the numerous micro-businesses that make up so much of the tourism industry.

2. The Tourism Industry in Wales

The Visitor Economy and Employment

2.1 The final report of “The Economic Case for the Visitor Economy” by Deloitte & Oxford Economics published in June 2010 illustrates the importance of tourism to the economy of Wales compared to other parts of the UK. The total contribution in 2009 (which includes impacts through the supply chain, of capital investment and Government expenditure) accounts for £6.2bn of GDP, 13.3% of the total economy - compared to 8.6% in England, 10.4% in Scotland and 4.9% in Northern Ireland. The direct contribution is £2.7bn which equates to 5.8% of Wales GDP compared to 3.9% in England, 4.9% in Scotland and 2.1% in NI.

2.2 This report also highlights the importance of tourism to employment in Wales. The total contribution in 2009 accounted for 0.17m jobs in Wales, 12.7% of the total workforce; this compares with 8.3% in England, 10.0% in Scotland and 4.7% in NI. The direct contribution supports around 0.09m jobs, 6.9% of the Wales workforce, considerably higher than the 4.4% figure for England, 4.2% for Scotland and 3.0% for NI.
2.3 Although high levels of employment in the Visitor Economy can be found in cities, rural areas are more dependent on the sector as it plays a large role in local economies and indeed communities, enhancing the provision of facilities and amenities that are also extensively used by residents as well as visitors.

2.4 In Wales, the rural economy has a particularly strong link with the Visitor Economy with the share of employees in Conwy estimated by Deloitte to be 16.7% with 15.1% in Pembrokeshire, 13.2% in Ceredigion, 12.2% in Gwynedd and 12.0% in Powys. 25% of all VAT registered businesses in Wales are in the Visitor Economy.

2.5 As a stable and dependable industry, tourism also has a vital role in the regeneration of urban communities within Wales; in Swansea for example, the share of employees in the Visitor Economy is now estimated at 8.3%. Tourism has proven itself strongly resilient to the ravages of the current economic downturn and this is especially relevant to rural Wales, where employment alternatives are limited. Tourism as an employer, as an economic driver and, perhaps just as significantly, as the custodian of community facilities & opportunities, is paramount and irreplaceable.

2.6 Tourism in Wales also has considerable potential for growth with Deloitte forecasting that the Visitor Economy by 2020 will provide a total contribution of 6.9% of the Wales GDP, supporting 188,000 jobs and accounting for 13.7% of total employment

Our Response

3. Overview

3.1 The rural economy of Wales is largely dependent on two industries-Agriculture and Tourism (with the public services also a key feature). Firstly globalization and then cheaper production alternatives made a significant impact on the previous manufacturing base of the non-urban communities and then, as economic conditions have tightened, manufacturing industries have gradually fallen away in most parts of Rural Wales. Major manufacturing is a small employer within rural Wales today and is unlikely to be a major employer in the foreseeable future.

3.2 The significance of tourism to the Welsh economy is gradually becoming more and more evident within the political process. The industry’s status is growing in recognition of its economic value and the consequent jump in the quality of tourism product on offer to our visitors. This is as a direct the result of the capital investment made in our tourism businesses in recent years.
3.3 The multiplier effect of tourism spending is highly significant to local shops and services-as the foot and mouth crisis indicated-and these are services that in turn provide much of the unique character, culture and sense of place so desired by visitors to Wales.

4. The Consultation in Detail

4.1 Is support for rural tourism being effectively co-ordinated by the Welsh Government?

4.1.1 Apart from sharing in the benefits that the Visit Wales marketing support offers, there have been two areas where Government support has been given to the tourism industry in rural Wales.

a. Through grants provided by Section 4 under the Development of Tourism Act (1969): the Single Investment Fund and the Economic Renewal Programme or, where appropriate, through local authorities or European initiatives;

b. Through support measures aimed at improving, renewing or enhancing the wider rural landscapes and communities.

4.1.2 If tourism is to maintain its position as central to the economic contribution of rural communities, it is essential that the industry has appropriate access to other government support. This is particularly in relation to the support available via the Department of Economy and that it maintains its share of allocated support against other industries.

4.1.3 Visit Wales also allocates funds to the Regional Tourism Partnerships and this enables the various sub regions of Wales to invest into their own regional priorities. WTA believes this is a positive matter provided clear measures are in place to ascertain the effectiveness of this investment and this funding is invested into areas as identified by the Visit Wales strategy.

4.1.4 Another source of some industry support is the allocation of Rural Development plan funding to rural local authorities. Local authorities bid from a European fund managed and allocated by the WAG and this funding aims to satisfy local initiatives within a nominated framework and managed by a local committee, this is a positive setup providing funding is devolved to businesses rather than diverted into authority led schemes. Future Tourism Investment Plans may have an element of funding being directed toward local Authorities for LA sponsored projects – If this is to occur we would expect there to be sufficient scrutiny by auditors to ensure this money is used to gain additional value for tourism projects (and not merely substitute lost central funds). We want to see real additional value which develops the industry across Wales.
4.1.5 There is clearly scope for an integrated and mutual approach that could provide returns greater than those expected from a single industry this could help foster a greater interdependence and mutuality in rural policy than has been achieved to date by the delivery of separate sectoral support.

4.1.6 The impact of rural planning policy and decisions on tourism product development and sales should not be under estimated. If the business case is not looked into there is no mechanism whereby a new business can be accepted or rejected based on actual need or over capacity.

4.2 What progress has been made on the actions contained within the various Welsh Government strategies relevant to rural tourism?

and

Have these strategies been sufficiently updated in light of a number of organisational and policy changes over recent years?

4.2.1 Welsh Government strategies directly relevant to rural tourism are:

- ‘Achieving Our Potential’
- The Food Tourism Action Plan
- Farming, Food and Countryside: Building a secure future

4.2.2 Achieving Our Potential largely considered tourism in isolation of other rural economic activity and was drafted in a totally different climate, when the economic conditions, industry goals, marketing initiatives, consumer habits and departmental definition were all different. Since then, WTA was commissioned to add to AOP with its review of the industry in 2007 and the TAP panel exists to develop and hone new policies on behalf of the Minister for Heritage but opportunity exists for the setting of a new mutual agenda with wider industry involvement.

4.2.3 We believe other plans, including those concerning food and farming; have also largely looked at their target areas in isolation.

4.2.4 Whilst we generally agree that support has been co-ordinated by WAG the effectiveness varies. For example, we believe that funding to improve the quality of product in the industry has been effective; however it has not been so effective at communicating the Spatial Awareness plans to the industry. If you asked the industry about spatial planning in Wales, you would probably be met with blank gazes.

4.3 Have the organisational changes of recent years assisted in the objectives of the various strategies?
4.3.1 Organisational change is rarely helpful in the short term as it inevitably demands significant resources – finance, staff time, and political energy – to achieve.

4.3.2 These particular changes, while having the laudable objective of stream-lining the support mechanisms for business, have inadvertently had the impact of divorcing tourism marketing from development and public from private sector.

4.3.3 While every sector claims ‘special’ status and the need to be dealt with in a unique way there are particular characteristics which suggest a unified approach for tourism is most effective.

4.3.4 WTA believes we have had enough organisational change in recent years and that of far more importance is a culture change within government that makes cross-departmental activity and regional delivery easier.

4.4 What contribution has the Cultural Tourism Strategy made to developing rural tourism?

4.4.1 The Cultural Tourism Strategy has potentially provided a ground-breaking template for maximising public sector resources and prioritising spending across departmental boundaries.

4.4.2 Following the Minister’s request for a Cultural Tourism Action Plan that would reflect designated policy, a steering group was set up by the Partnership to bring all public sector parties together within Heritage and find cross over interests, budgets that could be shared, actions that could enhance existing single departmental strategies and a carefully controlled delivery programme that would produce results at every stage of the three-year process.

4.4.3 WTA has been a part of the Partnership since it was set up and has played a leading and supportive role in stressing the importance of maximising the returns for the private sector, protection of the public purse, furthering a reduction in bureaucracy and adding value to existing services and committed spending.

4.4.4 WTA strongly urges WAG to look at the Cultural Tourism Strategy as a basic but positive example of how departmental responsibilities, budgets and partners can work together to obtain more from the same- and sometimes even smaller- amounts of government expenditure.

4.5 What is your opinion of the proposal contained within the Farming, Food and Countryside strategy for a reinvigoration of the Adfwyio type of approach to rural tourism?

and
How could the Welsh Government improve the way it delivers support for rural tourism?

4.5.1 There is a general consensus in the industry that the Foot and Mouth crisis was a definitive moment in achieving initial changes in preconceptions of the significance of the economic contribution of tourism and of the interdependent relationship between tourism and all other rural businesses.

4.5.2 In a climate where a crisis had caused a strong willingness to work together, and particularly between farming and tourism industries, mutual working was perceived to have achieved its objectives extremely well.

4.5.3 Part of this new relationship was fostered on the back of the emergency processes and the emergency delivery mechanisms. This expediency meant some red tape was circumvented and immediate needs addressed to prevent industrial infrastructure from being damaged beyond retrieval in the days of the “closure of the countryside”.

4.5.4 As the economy undergoes a seismic shift, many are asking for better and closer working between public and private sectors and between interdepartmental staff and policies.

4.5.5 WTA believes it is time that rural Wales was offered a holistic solution, one that could combine sustainability, the future of the young, environmental husbandry, skills needs and local food and produce promotion and that the Strategy must not just set out objectives but set up the systems that are able to deliver and bring all involved economic parties together.

4.5.6 If the Rural economy in Wales is to move forward as an integral part of ensuring the countryside pays its way, it needs to be given a unified strategy and with it a clear long term means of support – we need a balance between central support and a business environment that enables a sustainable rural economy to take risks; succeed and thereby flourish.

4.5.7 We are aware that we do not live in isolation and that we need to be aware of macroeconomic shocks and variances – this is where rural policy and support can make a difference and assist the tourism industry and the rural economy by softening some of those shocks where required. We still require support from the highest level to counter increased energy costs; national or global crises financial or non financial and of course seismic political change.

4.5.8 We would also like to request that in future you provide a little more definition as to which strategies or policies you are referring as this has not been easy to gain. We have found it virtually impossible to attribute outcomes to strategies as although the questions do not state the strategies to be considered there are at least ten that could be considered to impact on rural tourism. We only received a short list two days before closure of the inquiry.
Finally, whilst we realise the use of this review in exploring the successes and the shortfalls of existing policy and delivery, we urge the Committee to take the responses you receive on board to achieve positive implementation and avoid the pitfalls of the past. We give our assurance that we and our member bodies will continue to assist you in this process.

Appendix 1: Wales Tourism Alliance Membership Bodies

<table>
<thead>
<tr>
<th>WTA Membership as of 16th September 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association of Wales Agents</td>
</tr>
<tr>
<td>British Hospitality Association</td>
</tr>
<tr>
<td>Brecon Beacons Tourism</td>
</tr>
<tr>
<td>British Holiday and Home Parks Association</td>
</tr>
<tr>
<td>Caravan Club</td>
</tr>
<tr>
<td>Cardiff Airport</td>
</tr>
<tr>
<td>The Camping &amp; Caravanning Club</td>
</tr>
<tr>
<td>Cardiff &amp; Co.</td>
</tr>
<tr>
<td>Farm Stay Wales &amp; UK</td>
</tr>
<tr>
<td>Federation of Small Businesses</td>
</tr>
<tr>
<td>Mid Wales Tourism</td>
</tr>
<tr>
<td>North Wales Tourism</td>
</tr>
<tr>
<td>National Caravan Council</td>
</tr>
<tr>
<td>Small Serviced Sector Forum</td>
</tr>
<tr>
<td>SE Wales Tourism Forum</td>
</tr>
<tr>
<td>Pembrokeshire Tourism</td>
</tr>
<tr>
<td>Carmarthenshire Tourism Association</td>
</tr>
<tr>
<td>Swansea Tourism Association</td>
</tr>
<tr>
<td>Wales Activity Tourism Organisation</td>
</tr>
<tr>
<td>Welsh Association of Visitor Attractions</td>
</tr>
<tr>
<td>Wales Association of Self Catering Operators</td>
</tr>
<tr>
<td>Wales Official Tourist Guides Association</td>
</tr>
<tr>
<td>YHA Cymru Wales</td>
</tr>
</tbody>
</table>