

CPG Rural Growth, 23.05.2023. Minutes

Attending: Sam Kurtz MS (Chair)
Paul Davies MS
Sam Rowlands MS
Jonathan Evershed, MSS for Cefn Campbell
Mike Bryan, MSS for Sam Kurtz

Secretariat: Nigel Hollett (CLA)
Robert Dangerfield (CLA)
Emily Thomas (CLA)

Witnesses for the inquiry into rural productivity:

Suzy Davies, WTA
David Chapman, UKHPA
Roy Church, WAVA
Sean Taylor, Founder and President Zip World UK
Avril Roberts, CLA

Also in attendance:

James Wallice MSS for Sam Kurtz
Zoe Henderson

Questions

1. What are the barriers to growth within the rural tourism sector in Wales?

- 40% of CLA members have an interest in tourism and there is a distinct lack of understanding of what those businesses look like.
- Business rates need to be reformed. Tourism tax is an unnecessary additional tax on the industry when so many are still trying to rebuild after COVID lockdowns.
- The public would like to see the Senedd helping with various stakeholder campaigns to equalise Wales with other European countries in terms of VAT rates.
- The 182-day rule is causing difficulties for a large sector of the market.
- Ongoing planning concerns which hampers the ability to grow and invest. The system is not fit for purpose and can be obstructive.
- There are concerns over investment post European funding being available which would impact quite strongly on the rural communities.
- Recruitment and the skill set of staff is still a issue for the industry, with a significant number of vacancies available. There are twice as many vacancies being advertised than there were in 2019.
- There isn't a suitable integration of policies that work well between the tourism industry and the Government across Wales.
- The uncertainty with issues such as Tourism Tax, high energy costs, cost of living, etc, hanging over businesses, where many lost their cash reserves during COVID and many still paying back loans. This is influencing businesses consideration of what investments people are prepared to take on.

- Fragmentation of destination management and marketing – it's not being carried out efficiently enough at a Government level and some parts of Wales do not get a fair share of the promotion. This would be different if there was a proper destination management structure in Wales.
- The majority believed that Visit Wales should become independent to Welsh Government but it would need to be funded adequately to allow Wales to compete sufficiently with the rest of the world. There is no bridge between Government and the business community to engage.
- Major concern shown for the push of five major policy changes (tourism tax, property rates, planning legislation changes, school holiday proposals and statutory licensing) that will impact tourism in one go. An overall impact assessment is required to highlight how all these changes will impact the industry.
- There is a need for a holistic solution right across Wales, and the vital community and social role that industry plays.
- Tourism and agriculture need to be seen as the top two industries in Wales and they industries should be invested in in that way.
- Broadband connection is a barrier with 9 out of 10 local authorities which don't have adequate broadband connection being in rural authorities. When Welsh Government are legislating and introducing new innovations to the industry, such as booking platforms, applying for funding, etc. some businesses do not have the availability to apply online. This creates barriers.
- The visitor economy and hospitality make a huge difference locally as well as nationally. They pays the bills and put food on the table for local people. These two need each other especially in rural areas. There is an important shift that collectively needs to be considered about how we talk about the difference that the visitor and hospitality sector makes to our rural communities.

2. Are there distinct challenges for tourism business in rural Wales?

- Planning policy is a challenge across Wales but especially within rural areas.
- Lower spend than anywhere else in the UK from the visitor economy.
- The current narrative is how damaging tourism is to certain communities. There is an issue with second home ownership, as opposed to tourism, and a particular issue as it affects house prices. However, it is not the only cause of house prices to be so high. Tourism is undersold, as tourism keeps people in rural communities.
- Lack of accommodation and public transport in rural area is an issue in filling staff vacancies and makes it difficult to access employment that is available, this including tourism opportunities.
- Duplication - Local authorities such as Pembrokeshire and Gwynedd, have a National Park within their area. There is a level of competition between them instead of working together on both the tourism offer and branding. This is also the case with planning authorities.
- The tourism tax is the wrong tax at the wrong time. The difficulty that has surfaced since Jan 2022 to now, between the industry and Government, all comes from the way that the tax was introduced.
- Covid was a good example of how Government and business could work together with an elevated and helpful relationship. The industry did feel like Ministers listened. However, there now seems to be a breakdown of communication between the two.
- The UK as a whole relies on tourism as part of their economy, however it is one of the highest taxed sectors in the world. It has been said several times that there is a need to reset the relationship with Government.
- Tourism Tax is a political priority between Labour Government and Plaid Cymru. It needs to make sure that the tax is used locally so that visitors can clearly see the benefit.
- Most of the people who will be affected by the 182 days rule will be women as they generally manage the holiday lets in a family business. This has been discussed with Jane Hutt MS dept. as this is an equality issue but it was ignored.

3. What are the impacts that we are likely to see from the visitor levy and the proposed statutory licensing scheme to rural tourism businesses?

- Reputational damage such as Pembrokeshire being used as an example where the changes are pushing local businesses to sell up, not second homeowners. This is still at a price point which is making properties unaffordable as homes for local people.
- Businesses are saying that they would rather pay the tax themselves rather than request this from the visitors. For a business owner to be in a position to feel like they need to say that, should be deeply worrying for Government, as it will be seen as a commercial decision rather than a decision they've been pushed into by the changes being placed upon them.
- It's a concern that this tax will be imposed on to residents of Wales. The last a tax like this was imposed on the people of Wales, it created the Rebecca riots.
- There is a concern that visitors will go outside Wales unless the benefits of the tax are used in Wales for services that tourists use. The CEO of the Lake District National Park is delighted about the Welsh Tourism Tax as they believe it will encourage tourist to visit their area instead of Wales.

4. Is the Welsh Government supporting rural tourism businesses through the proposed and approaching changes that they intend to implement?

- What was needed after COVID instead of the announcement of a tourism tax was encouragement, support, investment, partnership instead of a standoff. It doesn't help anyone in this position.
- The industry is not dealing with just one Minister. The knowledge of how the tourism industry works in Wales isn't sufficient in the Finance Ministers Dept. An understanding is needed that second homes and holiday lets are two completely different things. The Economy dept. Deputy Minister, Dawn Bowden MS, now wants to discuss tourism and be included in proactive conversations.
- Support was shown for the introduction a registration scheme for all holiday accommodation, which would allow a level playing field. A registration scheme would support Welsh Governments objectives without introducing a statutory licensing scheme.

5. What is required to support existing tourism businesses to grow and new businesses to enter the rural tourism sector?

- Welsh Government needs to realise that the industry is a force for good. Communication is key and the industry feels like it isn't being listened to, especially within rural areas.
- The industry isn't recognised for the social and economic force that is provided. There is no cohesive investment and marketing ambition for what should be the premier industry in Wales. The registration scheme could assist with this but with a thoroughly scoped and holistic view of where the industry is and how it works alongside issues such as second homes.
- A proper economic impact assessment on all incoming and proposed changes is required. There is a need to recognise there are different considerations for different places to address these issues. One glove does not fit all.
- Support is needed to improve the skill set of staff due to the current lack of it. Tourism needs to be seen as a career and not just what is done when waiting for a better opportunity.

- Local authorities are not resourced sufficiently. This means longer wait times for current businesses wanting to expand and new entrants looking to invest, which deters business owners.

Date of the Next Meeting: 25th July 2023 at the Royal Welsh Show.