

Tourism:

The opportunity for employment and economic growth

Two key issues that face the UK in 2010 are maintaining employment and generating sustainable economic growth. It is therefore crucial that the new Government identifies and encourages industries that are able to address these issues.

Tourism offers unparalleled potential to generate growth.

Tourism is something we do very well in the UK. In fact, UK tourism industry is one of the largest in the world, comprising some 180,000 businesses which generate £19bn pa in foreign revenue for the UK economy (more than North Sea oil) and employ 1.4m people across all skill levels (twice that of the education sector). It also has a number of attributes that make it ideally suited to providing growth and employment – and doing this quickly.

THE ATTRIBUTES

- **It is labour intensive** – small increases in tourism translate into large increases in employment (every additional £50,000 spent by visitors creates one new job)
- **It has low barriers to entry** – the supply of tourism products and services can increase quickly to meet increased demand
- **There is high demand** – the UK is the 6th most popular destination in the world (UNWTO 2008)

These attributes mean that, with the proper incentives in place, considerable benefits can be gained. And these benefits are particularly suited to helping resolve the current economic and employment problems.

THE BENEFITS

It Provides Youth Employment

More school leavers begin their careers in tourism and hospitality than in any other industry. (UK Labour Force Survey 2008)

It Provides Regional Employment

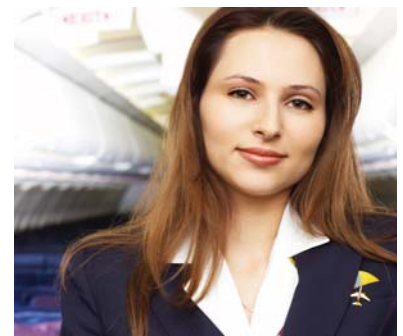
Tourism employment is relatively evenly spread across Britain with almost all regions gaining £1-3bn in expenditure. (UK Tourism Survey 2008)

It Provides a High Return on Investment

Due to the high latent demand for travel to the UK, returns on investment are high. It costs only £14 to attract a new visitor to the UK – 100 new visitors generate one new job and provide the Exchequer with over £3,000 in VAT payments alone.

It Provides a Rapid Return on Investment

The average booking period for travel to the UK is just 3 months, meaning that incentives to travel are translated into revenue within months.



Achieving these benefits

Using tourism to create jobs and provide economic growth does not require high levels of expenditure. Mostly benefits can be generated simply by ensuring incentive structures are in place that enable the industry to utilise its available capacity to maximise returns from the UK's world class transport infrastructure, heritage, sporting and cultural resources.

1 Improve International Competitiveness

UK tourism businesses can successfully compete in the global tourism market – provided that they are competing on a level playing field. However, because of Air Passenger Duty and visa costs, they are not.

The tourism industry fully recognises and supports both the need for effective border controls, and for aviation to pay its environmental cost. But increased visa costs and Air Passenger Duty mean that, by the end of next year, a family of four from growth markets such as India and China will have to pay a minimum of £568 in government charges to come to the UK. For each family that is deterred from visiting as a result of these charges, the UK economy forgoes around £5,000 in revenue.

It is therefore crucial to exploiting the potential of tourism that, while maintaining the proper entry and environmental controls, charging is based on the net benefit that can be derived by encouraging visitors to come to the UK.

2 Increase the Effectiveness of Public Funding

The industry believes that much can be achieved through the more effective utilisation of existing Government expenditure on tourism.

As a result of devolution, less than 20% of public funding for tourism originates from DCMS. Of the remainder, around 60% is allocation by Local Authorities or Regional Development Agencies, neither of which has a statutory obligation to fund tourism development.

It is therefore important to ensure that Local Authorities are incentivised to invest in tourism development, existing RDA tourism funding is ring-fenced and that tourism development and marketing activities at the local, regional and national level are co-ordinated in order to provide the maximum return on investment for the UK.

3 Maximise the Tourism Legacy from the Olympics

The 2012 Olympic and Paralympic Games provide a once-in-a-lifetime opportunity to showcase Britain abroad. A 2006 PriceWaterhouseCoopers report for DCMS concluded that a properly funded public/private marketing partnership associated with the Games could provide the UK with an additional £2bn in tourism revenue.

A similar partnership was established in 2001 in the wake of the Foot and Mouth outbreak and 9/11 attacks, with £20m in Treasury funding being matched by the industry to create a global marketing campaign. An analysis of this campaign by the National Tourist Board, VisitBritain, found that it generated £500m in additional overseas visitor expenditure, protecting 10,000 jobs and generating around £80m in VAT payments.



4 Reduce Regulatory Burden

While DCMS is responsible for tourism, the majority of legislation that impacts on tourism businesses is managed by other Departments. As such, particular care needs to be taken to ensure that any potential adverse impacts of legislation generated outside DCMS are adequately assessed and mitigated against. Reducing the level of poor regulation will significantly enhance the ability of tourism businesses to concentrate their resources on maintaining jobs and generating growth.

Current proposals where there has been inadequate consideration of tourism impacts include the mandatory code for selling alcohol, anti-age discrimination legislation for the provision of tourism services and repealing the Furnished Holiday Letting Rules.

A cross-departmental simplification plan for tourism-related legislation is required to identify areas where the regulatory burden on the sector can be reduced.

5 Improve Quality and Skills

While the vast majority of the tourism products and services provided to visitors are of a high standard, the industry acknowledges that further improvements in staff skills and product quality are required in some areas. A National Skills Academy for Tourism, similar to the new Hospitality Academy, would provide a major step forward in the provision of a high quality tourism experience, while the implementation of a “Welcome to Britain” programme in the lead-up to 2012 would ensure that visitors receive the highest quality service by public and private sector organisations at every stage of their journey.

Tourism is one of the true global growth industries, with expenditure increasing by an average of 4.2% per annum over the last 20 years.

As source markets such as China and India develop, the potential for future growth is considerable. By creating an environment that encourages visitors to come to Britain and maximises existing resources and opportunities, the new Government can generate significant economic and employment benefits at minimal cost.

Tourism: a national opportunity

The Tourism Alliance is the Voice of the Tourism Industry.

Established in 2001 with the support of the Secretary of State for Culture, Media and Sport, the Tourism Alliance comprises around 50 Tourism Industry Organisations that together represent some 200,000 businesses of all sizes throughout the UK.

The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism and its contribution to the economy.

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Association for Tourism in Higher Education
ABTA – The Travel Association
Association of Leading Visitor Attractions
Bed and Breakfast Association
British Association of Leisure Parks, Piers & Attractions
British Beer & Pub Association
British Educational Travel Association
British Hospitality Association
British Holiday & Home Parks Association
British Marine Federation
British Resorts and Destinations Association
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Business In Sport and Leisure
Business Visits and Events Partnership
Camping and Caravanning Club
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English Association of Self Catering Operators
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Visit London
Visitor Attractions Forum
Yorkshire Tourist Board

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