
TourismAlliance

the voice of tourism

OCTOBER 2010 NEWSLETTER

As Government Looks to Cut Red Tape, More Appears From Europe

It appears that one of the main themes in the forthcoming tourism strategy will be a drive to reduce the level of regulatory burden faced by the tourism sector as a way of improving the competitiveness of the sector and driving growth. To that end the Tourism Alliance is currently compiling a detailed submission for the Minister that highlights the tourism-related legislation that can be repealed or amended. However, there are three initiatives underway in Europe that could severely undermine this work.

First, ECOFIN is currently discussing reforms to TOMS - the Tour Operators Margin Scheme. In effect, TOMS is a sales tax on exports which adds about 8% to the cost of travel packages to the UK sold within the EU. However, TOMS does not apply to businesses bases outside the EU selling UK packages. So, unless ECOFIN agree to create a level playing field between EU and non-EU operators by making sales to customers abroad exempt from VAT, UK events organisers and educational travel providers will remain at a significant pricing disadvantage to non-EU competitors while major inbound tour operators will stay off-shore, keeping much needed revenue and employment out of the UK economy.

Second, the UK Government is set to recommence negotiations on the working time directive. Unless the UK's "opt-out" is retained, there will be a significant impact on employment and working practices across a wide range of tourism businesses where staff work longer than normal hours or, in the interests of customer service, are deemed to be "on call".

Third, the EU is in the process of revising the Package Travel Directive which cover the sale of all tourism packages – a package being defined as two of either transport, accommodation or significant other tourism activity.

The UK regulations that implement this directive, among other things, make companies that sell packages legally responsible for all components of the package (even those they don't own or operate) and require them to have a payment protection scheme in place so that customers are protected if the company goes bankrupt. The revisions are aimed at making sure that customers who undertake dynamic packaging (ie., constructing their own package using sites like Expedia) are better protected in future. While this is to be welcomed, a close eye will be required to ensure any revised definition of "package" doesn't unintentionally affect the ability of small businesses direct customers to other local businesses.

So while the Government is keen to reduce the burden of regulation coming out of Westminster, it must also protect businesses from the burden of regulation coming out of Brussels.

Regards



Kurt Janson
Policy Director
Tourism Alliance

The Tourism Alliance provided a submission to the Treasury in response to the consultation on proposed changes to the Furnished Holiday Letting Rules. This submission agrees with increasing the threshold at which the rules apply but asks that mechanisms be introduced to protect businesses in remote areas and where planning restrictions limit the period that the property is available to let. Most importantly, the ability for operators to claim side-ways loss relief must be retained for start-up businesses and to cover major refurbishment events and a mechanism needs to be introduced to ensure that a Capital Allowance Disposal Event is not triggered if a business dips below the threshold levels for availability and occupancy – especially in circumstances outside the operator’s control such as a flood or foot and mouth outbreak.

While discussions with the Government on the Rules are heading towards a conclusion, one final aspect that will need considerable attention is the development of the HMRC guidance on the interpretation and application of the new rules. Businesses in the self-catering sector vary considerably in their nature and business models – from individual static caravans in a holiday park through to renovated outbuildings on farms to stand-alone cottages. It will be important to ensure that the guidance that accompanies the legislation is developed in a way that makes it applicable to all businesses and does not have any unintended consequences.

[Click Here](#) of the copy of the Tourism Alliance Submission

NEW TOURISM ALLIANCE WEBSITE

The Tourism Alliance is launching its new website in November. The site is being given a complete make-over so that it not only provides a fresher, more user friendly and more profession format but also makes navigation and searching information on the site easier.

The site will retain the same functionality as the existing website in terms of sending members and registered users email alerts when new content is posted. However, it will be considerably easier to update so there will be a higher turnover of new material on the front page. This will help keep the site interesting for returning users.

If you have any comments or suggestions on the new website when it is launched, please let us know so that we can continually improve this service.

NEW TOURISM RESEARCH

The Business Visits and Events Partnership (BVEP) and the European Tour Operators Association (ETOA) have both launched major new pieces of research on the volume and status of the UK tourism industry.

On the positive side the BVEP 118 page report, *Britain for Events*, highlights the value of the Events sector to the UK economy - over £36 billion per annum and employing at least 530,000 people in full-time equivalent (FTE) jobs. Of particular note is the high value nature of business and events tourism which significantly exceeds the leisure sector in terms of spend per visit. The report concludes with a 10 point plan on what can be done to further maximize the benefits from Business and events tourism.

More worryingly, the ETOA research, *Europe: Open for Business?*, concludes that European countries are losing 500m euros of tourism revenue per annum from emerging markets as a result

of administrative inefficiencies in visa processing that cause 21% of all applicants to cancel their trip. Behind the European figures, the results of the research make particularly concerning reading for the UK which not only has higher levels of visitor cancellations than the Schengen average but is perceived to have the worst visa service in the EU by visitors from India, Russia and Indonesia and the second worst visa service by visitors from China and the Middle East.

[Click Here](#) for a copy of Britain for Events

[Click Here](#) for a copy of Europe: Open for Business?

PREVENTING A BLACK HOLE

The Tourism Alliance recently held a meeting with the Tourism Minister, John Penrose, to discuss the forthcoming new tourism strategy. The major themes that arose from the strategy were that;

1. Government intervention in future will focus more on providing a better regulatory environment for tourism businesses to operate in
2. Tourism businesses would be expected to play a bigger role in destination marketing and destination management
3. Government would incentivise businesses to become more involved in running and contributing to the work of LEPs and DMOs

However, one of the main issues to arise from the meeting was that many DMOs have funding contracts with RDAs that expire at the end of the current financial year. As RDAs are currently prevented from renewing contracts, there is a very real likelihood that many DMOs will be forced to close early next year - before the new LEPs are established and before the incentives to encourage businesses participation in LEPs and DMOs alluded to in discussion on the new tourism strategy are in place.

As a consequence, the Tourism Alliance has sent an analysis of the extent of the problem to the Minister and he is undertaking urgent negotiations with other departments to help ensure that a black hole in regional and local tourism development doesn't appear between 2011 and 2012.

LONDON AMBASSADORS

The LDA has asked for support from tourism businesses in recruiting 8,000 volunteers required to act as 'ambassadors' during the 2012 games by the end of 2010. The ambassadors are to be based at 35 visitor locations around London and each ambassador will commit to a minimum of six days of volunteering during the 53 days of the Olympics and Paralympics in 2010. While this is certainly most relevant to companies based in London and the South East, the programme is seeking to recruit Olympic volunteers from across the country.

Ambassadors will be welcoming tourists to London, with advice on transport, attractions, and the Games itself. They will be located in visitor 'hotspots' round the city, such as Trafalgar Square, and major transport interchanges. Great interpersonal skills and a passion for London will be the key attributes for volunteers.

[Click Here](#) for more information on the London Ambassadors programme

BRADA AND DP UK UNITE

The British Resorts And Destinations Association and Destination Performance UK are merging to form the new organisation, **British Destinations**, which will come into being from April 1 2011.

British Destinations will combine the strengths of both BRADA and DP UK and offer destination members an enhanced service to assist them in meeting the challenges of the new local tourism agenda. Services offered will include strong representation at a national level; a framework that will allow for the dissemination of relevant information and discussion about topical issues; advice on best practice; marketing and PR opportunities; and a facility for the collation of local performance data and management information.

Members of British Destinations will be split into generic category groups – City, Coastal and Rural- and will be accorded the designation ‘Principal Destination’, ‘Major Destination’ or ‘Destinations depending on the nature and scale of tourism within the locality.

THE TOURISM ALLIANCE

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 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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