

TourismAlliance

the voice of tourism

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Tourism after the 2010 Election:

A comparison of Policies in the Manifestos of the main parties

We were waiting for the Parties to issue their supplemental Tourism Manifestos (as they had indicated they would) before circulating a comparison to TA members, but it now seems unlikely that these will be published before the election, so this analysis refers to the main Manifestos, within which tourism was barely mentioned. Therefore this paper also looks at some of the wider issues in the manifestos and the implications that they may have for the sector.

The possibility of a “hung parliament”: in certain respects, both Conservatives and Lib Dems recently stated policies are more favourable to tourism than Labour. If, therefore the Conservatives fulfil the latest prediction of having the largest number of votes and/or seats, then Lib Dem support should encourage more recognition and support for tourism. If Lib Dems hold the balance with Labour, again the Lib Dem influence could improve entrenched Labour policies.

Mentions of Tourism

1. Labour

Tourism is mentioned in the main manifesto as being one of the main benefits of staging the 2012 Olympic Games. However, rather disturbingly, there is no mention of tourism in the subsidiary Culture, Media and Sport policy paper.

2. Conservative

Tourism is not mentioned in the main manifesto but the subsidiary Culture, Media and Sport policy paper acknowledges that the sector is the UK's 5th largest industry and that the 2012 Olympics will provide a “wonderful opportunity (for) ... promoting this country as the attractive tourist destination it undoubtedly is.”

3. Liberal Democrat

Tourism is mentioned in the main manifesto as being a “very important industry” with culture and heritage providing the key attractors for visitors. A specific Culture, Media and Sport policy paper has not yet been launched but one is promised.

Tourism Related Policies

1. Creative Industries

In all three of the manifestos there is considerable emphasis put on the ability of the creative industries to provide growth and jobs for the UK economy. This is a case of good news/bad news for the tourism sector. On the one hand, there will be a positive benefit due to any enhancement of this sector will have the UK seen as a modern vibrant destination in overseas markets and encourage residents to attend more events.

The bad news is that, regardless of who gets in, all Government Departments will be required to cut public expenditure. If the creative industries sector is more likely to have their funding maintained by DCMS, more pressure will be put cutting the budgets in other areas and tourism could end up facing a larger cut to compensate.

2. Transport

Again, all three manifestos push the improvement of rail transport as their primary transport policy –although labour and the Conservatives are concentrating on high-speed rail connections between main centres (which is more business and commuter related) while the Lib Dems are more into expanding the network and re-opening lines which would have a greater impact on leisure travel.

On roads: all three acknowledge that a shift from private to public transport has to be encouraged. However, Labour and the Conservatives plan to incentivise the switch rather than provide a disincentive to use private transport. The Lib Dems, however, are more weighted toward disincentivising private transport with removing funds from the road budget and introducing road pricing (although not in the period of this Parliament).

One of the real differences is in aviation policy. Labour still supports aviation expansion and is committed to the third runway at Heathrow while the Conservatives and the Lib Dems are against any aviation expansion at Heathrow, Stansted and Gatwick. It is worth noting that this is generally stated in terms of “no increase of negative impacts” (mostly environmental), which could be interpreted as permitting volume growth if noise and atmospheric emissions are reduced in new generation aircraft.

On Air Passenger Duty, The Conservatives and the Lib Dems are also aligned in that they want to change the way that it is applied from “per passenger” to “per plane” in order to encourage more fuel efficient planes and higher load factors. It is not clear that the cost per passenger would be reduced.

4. Skills and Training

All parties are advocating for increased training and skills for the workforce. However the Conservatives are the most specific when it comes to how this will affect the tourism sector with a proposal to create a series of Service Academies to offer pre-employment training for unemployed people. They propose that the first of these is set up for the hospitality and leisure sector and that it will provide up to 50,000 training places and work placements.

By contrast the Lib Dems would establish a ‘Creative Enterprise Fund’ offering training, mentoring and small grants or loans to help creative businesses get off the ground. Quite what would qualify and how much would be committed are unspecified.

Labour is the least specific with an aim to generate 200,000 jobs through a £1bn Future Jobs Fund. This fund would provide with a job or training place for young people who are out of work for six months.

3. Pubs

The plight of pubs over the last few years and the impact that their closure has on local communities means that they feature strongly in the manifestos. Labour and the Conservatives both claim to have thought of the idea of enabling communities to take over the operation of their local pub while Labour and the Lib Dems are proposing to make it easier to play live music in pubs.

4. SMEs

An estimated 80% of tourism businesses are SMEs so policies that impact upon SMEs will impact on the tourism industry as a whole. Again, all parties target support for SMEs.

The Conservatives will give SMEs a £2,000 bonus for every apprentice they hire, increase the availability of credit, Labour will implement a Growth Capital Fund for SMEs which need capital of between £2 and £10m and establish new Small Business Credit Adjudicator with statutory powers ensuring that SMEs are not turned down unfairly when applying to banks for finance. Meanwhile the Lib Dems will restrict Train to Gain funding to SMEs and reform business rates to make small company relief automatic.

5. Business Regulation

Unsurprisingly, all parties are committed to reducing red tape and regulatory burden for businesses. The Lib Dems are promising to properly assess the cost and effectiveness of regulations before and after they are introduced, use 'sunset clauses' to ensure the need for a regulation is regularly reviewed, and working towards the principle of 'one in, one out' for new rules.

By comparison, the Conservatives would introduce regulatory budgets for Departments. This means that if they want to introduce a new regulation, they would have to reduce regulation elsewhere by a greater amount. They would also give the public the opportunity to force the worst regulations to be repealed. Both of which sound good in theory but would be very difficult to apply and could have significant unintended impacts.

Labour, meanwhile, aims to reduce the cost of regulation by £6bn by 2015 – although there is no indication as to how this is to be achieved (or measured).

6. RDAs

"Where existing RDAs have strong local support, they may continue with refocused economic development objectives. Where they do not, they will be scrapped and their functions taken over by local authorities."

Surprisingly, this is a quote from the Lib Dem manifesto and not the Conservative manifesto. The Conservatives have slightly watered down their reform of the RDAs to say:

"We will give councils and businesses the power to form their own business-led local enterprise partnerships instead of RDAs. Where local councils and businesses want to maintain regionally-based enterprise partnerships, they will be able to."

Labour, therefore, remains the only party committed to retaining the RDA structure in its current form and plans to enhance regional economic growth by establishing a Regional Growth Fund under RDA management giving Regional Ministers an enhanced role.

Whilst not explicitly stated in the Manifestos, there are indications that Conservatives and Lib Dems both favour considerable "re-balancing" of government funding away from the excessively funded RDA regions, and to reduce their very high levels of public sector employment.

Wider Issues

While there are various policy initiatives that will impact upon the tourism sector, the elephant in the room when it comes to the future of tourism is the future of the public sector and public expenditure. Regardless of who gets in, total government debt, which now stands at £890bn (equivalent to 62% of GDP) needs to be significantly reduced over the next five years.

There are two ways of doing this - increasing taxation and reducing public sector spending. Each party will undertake a mixture of both but the balance will be different. It has been

estimated that the ratio of taxation to public expenditure cuts for the three parties is Labour 66:33, Lib Dem 66:33 and Conservative 50:50.

However, this ratio needs to be taken with “a pinch of salt”. At the moment, all parties are talking about finding “savings” across Government of £6-15bn per annum. Yet, with a debt of £890bn and borrowing reaching £163bn in 2009/10, it is easy to see that a saving of £6-15bn is really not going to have significant real impact on the problem. Basically, there is a tacit agreement between the parties and the public that no one will mention the unpalatable truth - that there are going to have to be significant cuts in public expenditure if the country is going to achieve any level of financial stability.

However, it has become clear from the Leaders televised debates that a Conservative Government would be more likely to make larger and quicker cuts to public sector funding while under Labour or the Lib Dems it is likely that the cuts would be less and there would be greater emphasis on taxing banks and the rich.

Another issue is the future shape of Government. Labour, despite establishing the RDAs, Scottish Parliament and Welsh Assembly, is more committed to a centralist Government structure. Therefore, regardless of any cuts, the resultant structure would be much the same as at the moment. The Lib Dem approach is reasonably similar. However, the Conservative manifesto was written by Oliver Letwin who has a more libertarian approach – something reflected in the want to move from Big Government to “Big Society”. So, under a Conservative Government we should expect a devolvement of responsibility/power from central government to local government. While this will be sold as finding solutions that fit local communities, it could have implications for the regional interpretation and implementation of regulations. This could impact on businesses and make the implementation of national programmes more difficult, such as VisitEngland’s new national strategy. Fragmentation within the tourism industry has always been a weakness; this could be exacerbated by greater devolution to Local Authorities.