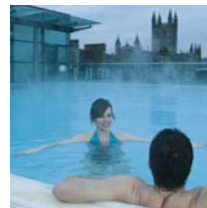
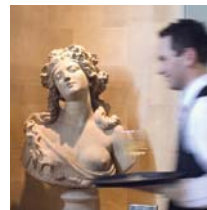




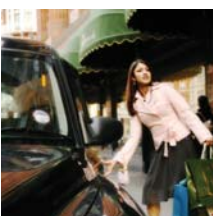
Tourism:

Britain's best opportunity
for sustainable economic growth
and new employment

General Election 2010: Policies for the new Parliament



The Importance of Tourism to the UK Economy



The UK has the fifth largest tourism industry in the world. It is a major component of the UK economy generating £114bn per annum and supporting 2.65m jobs. It includes travel undertaken for leisure, for business and to visit friends and relatives and comprises some 200,000 enterprises – 80% of which are SMEs. The tourism sector includes:

Hospitality

- 70,000 establishments including major world-class hotels, country house hotels, guest houses, B&Bs, holiday and caravan parks and self-catering cottages
- 110,000 restaurants, bars, pubs and catering companies

Attractions

- 7,000 businesses including theme parks, museums, historic houses and heritage sites, parks, gardens and zoos

Events

- Over 25,000 businesses staging conferences and meetings, festivals, exhibitions and concerts

Visitor Transport

- Around 10,000 aviation, rail, coach and bus, vehicle hire and ferry companies

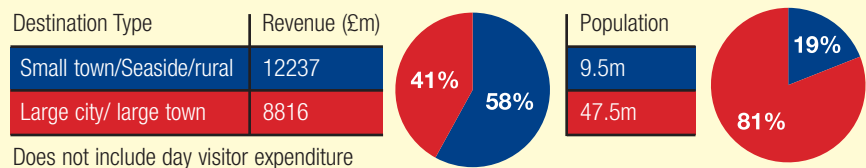
Tourism Services

- including over 2,500 travel agent and tour operator businesses as well as guides, information centres and destination organisations.

These businesses are spread throughout the country – everywhere from large cities and towns through to seaside resorts, market towns and remote villages. This makes the income from visitors an important component of all regional economies, supporting businesses upon which many communities depend. It is no exaggeration to say that every community in the UK benefits from tourism, every day.

Most tourism in the UK is domestic. British residents take well over 1bn overnight trips and day visits each year (an average of 17 per person). This travel results in the circulation of over £67bn around the UK economy, with much of that expenditure being redistributed from large towns and cities to rural and seaside communities.

Domestic Tourism Expenditure By Destination

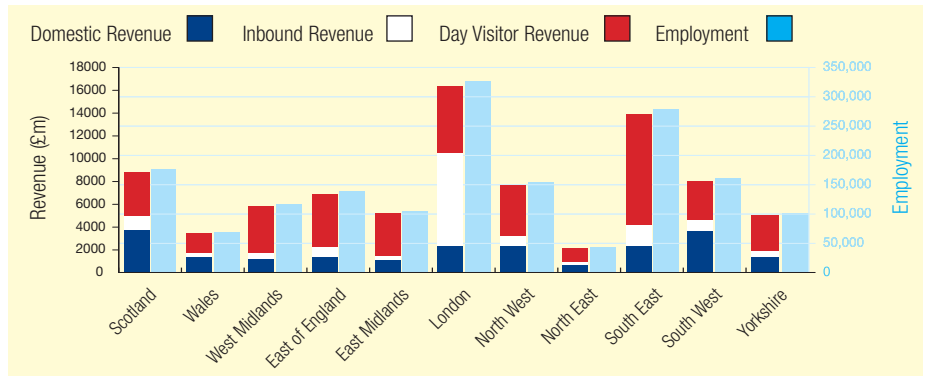


The UK is one of the most popular destinations in the world, attracting 32m overseas visitors every year. These visitors generate £19bn pa in export earnings for the UK economy (more than North Sea oil), of which £3.5bn goes straight to the Exchequer through Air Passenger Duty and VAT to help fund health, education and other public services. When domestic and day visits are included, the total tax income to the Treasury is estimated at around £15bn pa.

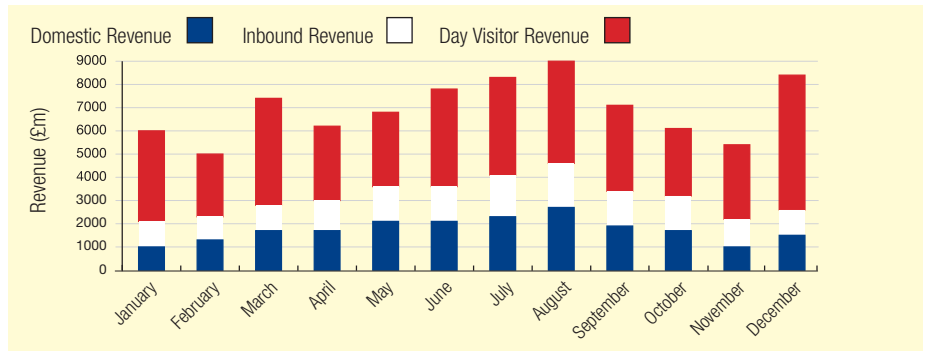
In addition, British residents take around 70m overseas trips each year for business, leisure and to visit friends and relatives. As a consequence of being an international travel hub, the UK is the base for three of the top five international airlines, three of the world's largest tourism wholesalers, and the premier global travel buyers' convention (World Travel Market) is held in London each year.

And because travel and tourism is an integral component of modern life, the economic benefits associated with the industry are spread throughout the UK. Almost all regions receive more than £5bn per annum in tourism expenditure and employ over 100,000 people in tourism related jobs.

“Overseas visitors generate £19bn pa in export earnings for the UK economy”



Importantly, the revenue and employment generated by the tourism sector is no longer very seasonal. Overall, tourism expenditure is remarkably consistent throughout the year, providing economic stability and, mostly, year-round employment.



The Importance of Tourism to Employment

The tourism industry has a number of distinctive characteristics uniquely suited to generating employment and rebuilding the UK economy. Being a service industry, it is highly labour intensive. It also has low barriers to entry and considerable unutilised capacity. These attributes make it able to respond quickly to changes in demand, and highly efficient in rapidly creating employment. And, of course, tourism jobs cannot be outsourced overseas. Moreover, the employment opportunities generated by tourism tend to be focused toward resolving some of the core employment issues facing the UK. Specifically, increased tourism produces;

“Tourism already supports 2.65 million jobs in 200,000 enterprises, 80% of which are SMEs”

1 Increased Youth Employment

More school leavers begin their careers in tourism and hospitality than in any other industry.

2 Increased Regional Employment

Tourism employment is relatively evenly spread across the UK rather than centralised in the main cities.

3 Increased Social Inclusion

The sector employs a highly diverse workforce (in terms of ethnicity and socio-economic mix), and has a greater level of part-time employment than any other part of the economy.

There are three crucial factors that highlight the growth potential of the tourism sector and make it ideally suited to aiding economic recovery:

1 High Return on Investment

Due to the high latent demand for travel to the UK, it costs only £14 to attract a new visitor to the UK through overseas marketing – 100 new visitors generate one new job and provide the Exchequer with over £9,000 in APD and VAT payments.

2 Rapid Return on Investment

The average booking period for travel to the UK is less than six months, meaning that any investment is rapidly translated into revenue and jobs.

3 The UK Hosts the 2012 Olympics

The 2012 Olympics is a major global media event that provides the UK with an unprecedented opportunity to stimulate inbound tourism. The marketing leverage that can be generated, if investment is provided, is estimated to be £2bn.

Tourism Can Deliver Sustainable Growth and New Employment

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.

However, as global tourism is increasingly competitive, the UK has been losing market share to competitor destinations. Sustainable economic growth and employment can only be achieved by targeting public investment and developing the appropriate regulatory and fiscal environment. Then the industry can maximise the returns from the UK's existing competitive advantages such as its world class heritage, sporting and cultural resources.

The following are six key policy areas that are pivotal to unlocking the full potential of the UK's tourism industry.

1 Improve International Competitiveness

“The UK's high APD, visa and VAT charges are deterring inbound visitors.”

The UK has recently raised the barriers to inbound tourism. For the UK tourism industry to flourish, changes need to be made to ensure we can compete on a level playing field with other European destinations.

The tourism industry recognises and supports both the need for effective border controls, and for aviation to limit and pay for its environmental cost. However, recently increased visa and Air Passenger Duty charges mean that, by the end of this year, a family of four from growth markets such as India and China will have to pay a minimum of £568 to come to the UK compared to just over £200 to visit all 25 Schengen countries. The situation is made worse by the UK's VAT rates for accommodation and restaurants, which are twice as high as the average of our main competitors in Europe.

For each family that is deterred from visiting as a result of these charges, the UK economy forgoes around £4,000 in revenue. Yet, imposing APD does not stop these potential visitors from travelling, it just makes them travel to a competitor destination. It is therefore crucial to exploiting the potential of tourism that, while maintaining the proper entry and environmental controls, charging is determined by the need to encourage visitors to choose Britain and the net benefit that they provide to the UK economy.

Solutions

- Co-locate visa application centres with other European countries. Providing a “one stop shop” for UK and Schengen visas would cut costs for both the UK Border Agency and visitors. When possible, implement a simple Schengen “add-on” visa for the UK and require UKBA to actively encourage legitimate visitors, including bona fide English Language students, as well as prevent illegal entrants.
- Remove APD when aviation enters the European Emissions Trading Scheme. This will ensure the sector plays its part in preventing climate change while allowing UK airlines to compete internationally.
- Keep VAT on tourism services under review and lower the rate to the European average (8.5%) when economically viable.
- Increase the UK's aviation capacity, subject to appropriate environmental controls, so that we maintain our status as one of the top global tourism destinations.



2

Reduce the Regulatory Burden

While DCMS is responsible for tourism, the majority of legislation that impacts on businesses is managed by other government departments. As such, regulation promulgated outside DCMS tends not to adequately take into account impacts on the tourism industry. Recent examples include the mandatory code for selling alcohol, proposed anti-age discrimination legislation for the provision of tourism services and repealing the Furnished Holiday Letting Rules.

Therefore, particular care needs to be taken to ensure that any potentially adverse impacts of regulation generated outside DCMS are adequately assessed and mitigated. Reducing the level of poor and excessive regulation will enable tourism businesses, most of which are SMEs, to concentrate their resources on creating jobs and generating growth.

Solutions

- Develop and implement a cross-departmental strategy for tourism-proofing new legislation and specify tourism industry impacts in Regulatory Impact Assessments.
- Develop a simplification plan for tourism-related legislation and review the system for regulatory enforcement at the local level.
- Implement the recommendations of the Elton Review on licensing costs, and review the Alcohol Strategy to reduce the negative impacts on tourism businesses that are inconsequential to the UK's drinking culture.

3

Achieve Greater Effectiveness with Public Funding

The industry believes that much can be achieved through the more effective utilisation of existing Government support for tourism. Devolution exacerbated fragmentation so, at the nations level, it is important that VisitBritain, Visit Scotland, VisitWales, VisitEngland and Visit London work together to achieve synergy in their operational programmes wherever it is beneficial.

Since devolution, less than 20% of public funding for tourism originates from DCMS. Of the remainder, around 60% is allocated by Local Authorities or RDAs, neither of which have a statutory obligation to fund tourism development.

It is therefore important to ensure that Local Authorities are incentivised to invest in tourism development, RDA funding for tourism is ring-fenced and that performance measures at the local, regional and national levels are co-ordinated in order to provide the maximum return on investment for the UK, within the framework of agreed National Strategies.

Solutions

- Seek greater synergy between VisitBritain, the National Boards and Visit London, and establish mechanisms to encourage coordination in England to deliver the agreed National Tourism Strategy.
- Ring-fence public funding for tourism at the national and regional levels (including funds allocated by the RDAs in England), co-ordinate its application to achieve agreed strategic objectives, and monitor with common KPIs.
- Require each Local Authority to develop and publish a Local Tourism Strategy.

4

Improve Quality and Skills

While the vast majority of the tourism products and services provided to visitors are of a high standard, there are always exceptions. The industry acknowledges that further improvements in staff skills and product quality are required if the UK is to successfully compete in the global market. While this is primarily the responsibility of the tourism sector, there are specific initiatives that require government intervention.

Solutions

- Establish a National Skills Academy for Tourism, similar to the new Hospitality Academy, to ensure the provision of a high quality tourism staff.
- Implement VisitBritain's "Welcome to Britain" programme in the lead-up to 2012 Olympics so that visitors received the highest quality service by public and private sector services at every stage of their journey.
- Introduce a quality scheme for accommodation that meets the needs of visitors and identifies businesses that comply with statutory minimum standards.
- Provide tax incentives for businesses to investment in the development and improvement of high quality tourism products such as re-introducing hotel building allowance and removing VAT on the maintenance of historic houses.

5

Improve Sustainability

Tourism is already a highly sustainable industry. It supports and encourages the upkeep and maintenance of National Parks, historic buildings, beaches and modern urban landscapes as well as stimulating the growth in arts and cultural activities. It encourages people to try local foods and produce, undertake outdoor activity and understand the culture of others.

Because people have to travel to undertake tourism, its environmental footprint is sometimes singled-out for disproportionate criticism above other areas of economic activity. This overlooks the many beneficial consequences of tourism and the steps being taken to reduce its overall environmental impact.

Solutions

- Support programmes that assist tourism businesses to operate more sustainably.
- Introduce Daylight Saving to achieve the estimated annual tourism benefits of £2.5 - £3.5bn, and 70,000 new jobs (Policy Studies Institute, Oct 2008).
- Support tourism businesses to develop strategies that incentivise visitors to recognise sustainability and use public rather than private transport.
- Ensure that the timetabling of public transport works takes account of peak periods of tourist travel.
- Promote domestic tourism at the same time as encouraging inbound travel.

6

Invest Public Funds When Essential to Achieve Public Benefit

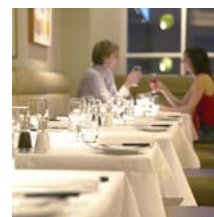
While there is much the industry can do without public funding, the National Tourist Boards are essential to leverage the promotion of the UK in overseas markets. The National Boards also provide invaluable market information and insight, and internet platforms that benefit the whole industry. Despite the proven payback to the economy, in recent years the grant to VisitBritain has been cut substantially in real terms, and a further 20% cut is scheduled for 2011, when pre-Olympic promotional activity will be vital.

The London Olympics are a once-in-a-lifetime opportunity to showcase Britain abroad. The 2006 PriceWaterhouseCoopers report for DCMS stated that, if adequate resourcing was provided, the Olympics could provide an additional £2bn in tourism revenue for the UK economy.

The immediate payback from public investment in tourism marketing was proved by the public/private marketing partnership formed after the Foot and Mouth outbreak and 9/11 attacks when £20m in Treasury funding was matched by the industry to create a global marketing campaign. Within a year, that campaign generated £500m in additional overseas visitor expenditure, protected 10,000 jobs and produced around £80m in VAT payments.

Solutions

- Reinstate funding to VisitBritain for overseas marketing.
- Provide additional funds to VisitBritain to achieve the tourism legacy opportunities afforded by the 2012 Olympics.
- Provide adequate funding to VisitEngland to grow domestic tourism.
- Reinstate the "Gateway" grant for promotions that encourage overseas visitors to London to explore the rest of Britain.



**Tourism offers the sustainable
economic growth and new jobs
that Britain needs.**

It deserves your backing.

■ TAKE ■
TOURISM
SERIOUSLY
■

The Tourism Alliance is the Voice of the Tourism Industry, comprising 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 maximise the tourism sectors contribution to the UK economy. It does this through promoting quality within the industry and working with and lobbying government on all key issues relevant to the growth and development of tourism.

The Tourism Alliance was established in 2001 with the support of the Secretary of State for Culture, Media and Sport.

Tourism Alliance Members

Association for Tourism in Higher Education
Association of British Travel Agents
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
Business In Sport and Leisure
Business Visits and Events Partnership
Camping and Caravanning Club
Confederation of British Industry
Confederation of Passenger Transport UK
Country Land and Business Association
Cumbria Tourism
Destination Performance UK
East of England Tourism
English Association of Self Catering Operators
English UK
European Tour Operators Association
Events Industry Alliance
Guild of Registered Tourist Guides
Heart of England Tourist Board
Heritage Railway Association
Historic Houses Association
Historic Royal Palaces
Holiday Centres Association
Holiday Cottages Group
National Caravan Council
National Trust
South West Tourism
The Caravan Club
Tourism for All
Tourism Management Institute
Tourism Network North East
Tourism Society
Tourism South East
UKinbound
Visit London
Visitor Attractions Forum
Welcome to Yorkshire

Associate Members

Local Government Association
SouthWest RDA (representing the RDAs in England)
VisitBritain
VisitEngland

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