

Should Wales Introduce Tourism Taxation?





What is Tourism tax?

- ▶ According to OECD tourism tax is a tax in which those indirect taxes, fees and charges affecting primarily tourism related activities.

How could a tourism levy be implemented in Wales?

- Local councils
- Accommodation providers, e.g.,
Hotels, Campsites and Hostels
- Holiday companies
- Overnight stays in Wales (costs could
range from £50p to £5.00 per night)

How would a tourism levy affect the local community and business in Wales?

Positives

- ▶ The Welsh government says the tourism tax will help the local community by keeping it clean and tidy. Major hotspots will become less busy during peak seasons which will be more enjoyable for locals.
- 1. Wales relies on its tourism sector it gets over 90 million people visit Wales every year. For places in Wales that have high volumes of tourism, the levy would be beneficial as it would provide money coming in for local services and infrastructure.
- 2. It will provide a more sustainable approach which will have a positive impact on the future generations coming to Wales.

How would a tourism levy affect the local community and business in Wales?

Negatives

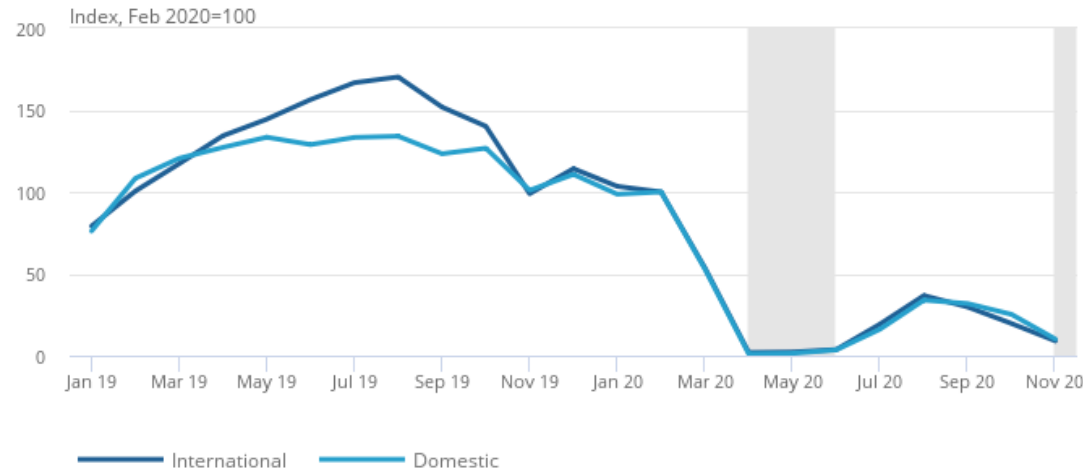
- ▶ If Wales was to introduce a tourism levy, inbound and domestic tourists would see an increase in ticket and accommodation prices while visiting Wales.
- ▶ Tourists would rather find free activities to do in the outdoors than spend money on tourism leisure activities because of the extra expenses a tourism levy would bring.
- ▶ Accommodation providers would up their prices to cover the cost of the new tourism levy. According to "Business Traveller", Manchester will introduce tourism tax in April this year to 74 hotels located around the city which can cost a tourist and extra £1 per night. The Welsh Government is currently consulting on a "visitor levy", for people staying overnight in Wales. The tourism sector says that this will impact jobs and damage businesses.

The possible effects of Covid-19 on a tourist levy in Wales

- The Covid-19 pandemic has caused a change in how tourists prefer to travel on holiday. Since the pandemic accrued, more tourists are choosing to go on holiday domestically than to travel outbound to other countries. This is because the Pandemic showed people living in this country that Wales and the rest of the UK had a lot or even more to offer than other countries.
- In my opinion I believe that a tourism levy in Wales would be a big positive for the country as it would build back the funds that the tourism industry lost because of the lockdowns.

Figure 1: Domestic and international air passenger traffic fell to less than 2% of its February 2020 levels in April 2020

Air passenger traffic, non-seasonally adjusted, indexed to February 2020

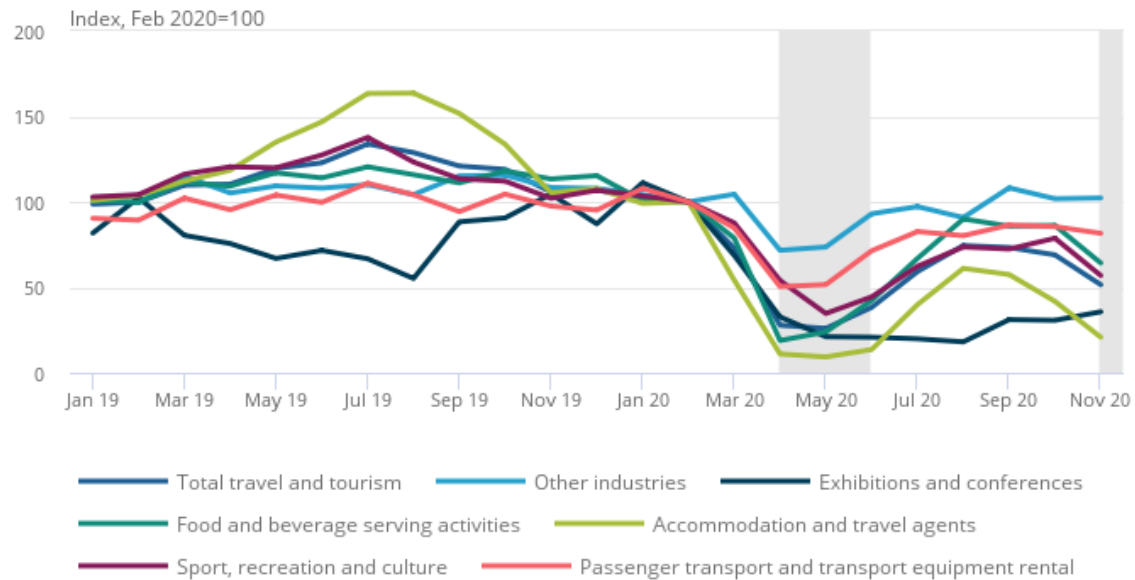


Source: Civil Aviation Authority

What Are The Negative Effects of Covid-19 on a Tourism Levy

Figure 4: Turnover for travel and tourism businesses fell to 26.0% of February levels in May 2020

Turnover by industry, indexed (February 2020 = 100), non-seasonally adjusted, UK



(Office for National Statistics)

1. Cost of living crisis
2. Discourages tourists traveling to Wales on holiday
3. A levy may cause inflation to products and services sold in the tourism Industry that have already been increased since the pandemic started

What are the levies in other countries and how would Wales compare?

There are over 40 countries which have introduced tourist levies some of them are.

- ▶ France - Hotel Bill which ranges between which city you are in. Children under 18 are exempt from the charges.
- ▶ Bhutan - Bhutan has a tourist tax of \$250 in the tourist season but this does include accommodation, transportation, a guide, food and entry fees to the country.
- ▶ Germany - Germany charges tourists a fee from 42p to £4.27 per night when you stay in Germany depending on your location. Business travellers are exempt from the tax.
- ▶ New Zealand - New Zealand implement an international visitor conservation and visitor levy when they arrive in the country. This is about 21 euros per person. Australians are exempt from this charge.

Positives of levies in other countries

Bhutan has the highest tourist tax out of any other country but because of this, it's the reason why people love it there. It feels untouched. Their method is High-value low volume.

Venice needs a levy to help sustain the city otherwise it is at risk of flooding due to mass tourism. Climate change is having a massive effect on our planet. In the picture below shows areas in Swansea which could be flooded if we can not keep the rising sea levels at bay.



The Negative impact of Levies on Other Countries That Would Have The Same Impact on Wales

- ▶ Inbound visitors to Wales-1.2 million visitors each year
- ▶ Inbound visitors to France-90 million visitors each year
- ▶ Inbound visitors to Germany-40 million visitors each year



Y Ddraig Goch-Welsh Flag

Does the money for the levy in Wales go to good use?

► Positives

1. To create additional revenue for the travel and tourism industry
2. The money will go towards many things in Wales such as benefit the community by letting local councils have control how much they want the levy to be they can spend the money where they see their county needs work being done. It will go towards conservation and fighting off the battle against climate change.

➤ Negatives

Conclusion

- ▶ We have discussed some good points both for and against the tourism levy in Wales. I have talked about how the tourist levies can have a massive benefit to Wales spending the money into the community and having fewer mass tourists in hot spots such as Tenby will have a big effect on the landscape and the environment.
- ▶ Ben has said a range of good points about Covid and people not having as much disposable income anymore.
- ▶ Thank you all for listening. I hope you enjoyed and now we open the floor to any questions you may have.