

**Wales Tourism Alliance Response to call for evidence ‘A Renewed Economic Mission for Wales’ to inform Policy Development**

**2nd October 2023**

The 2021 [Economic Mission](https://www.gov.wales/economic-resilience-and-reconstruction-mission) set out our pathway to recovery post-pandemic, to reconstruct the Welsh economy with the aim to improve the well-being of everyone in Wales. The economy has been subject to significant challenges in the 2 years since the Missions’ publication, The Minister for Economy aims to renew the Economic Mission for Wales to provide clarity about Welsh Government economic priorities and engage with businesses and Welsh society about the economic future we are striving for in Wales.

Welsh Government is having to make difficult choices with a reduced budget and significant pressures across a range of public services. Work is underway to identify key areas or priorities for the economy, to make best use of the tools and levers available to work towards making Wales a better place to live, work and do business.

We would welcome insight from you around the themes identified, you do not need to answer all the questions, these have been constructed to provide inspiration and reflect areas of interest being considered as the Mission is renewed. Responses will be used to inform the ongoing and continuous work to impact assess Government policy and ensure our focus remains evidence led, reflecting opportunities and challenges facing our economy in Wales.

1. **What are the opportunities and challenges for the Welsh economy in the short, medium and long term?**
   * What are areas of economic advantage for Wales?
   * What do you consider emerging sectors/ untapped markets for Wales domestically and globally?
   * What are the established sectors in Wales which should be exploited further?
   * What are the existing economic challenges Wales is facing?
   * Are there any barriers to entry or growth for certain industries?
   * Looking forward, what do you consider are future economic challenges for the Welsh economy?

While all policy decisions produce winners and losers, one of Wales’s well-established industries is facing new barriers as well as some longer standing challenges. However, as a primary component of the Welsh economy, recognised as *“the wellbeing industry”* since Thomas Cook democratised the health benefits of leisure and travel 200 years ago, we ask that the health and wellbeing of tourism itself be given due weight as part of the Renewed Mission. It is an obvious vehicle for “economic growth [to] be pursued in a way that supports wellbeing outcomes for Wales”.

As the visitor economy is dependent on discretionary spend, it is particularly exposed to external economic pressures. Some of these are currently captured in the tail of covid and the “cost of living crisis” which has been discussed many times and does not need repeating save to say that the effect on supply and demand is particularly acute in this industry. This was confirmed again in the most recent Business Barometer and underlines why a Mission to minimise uncertainty would be most welcome.

Other external pressures include:

(i) Weather. Despite quality promotion to extend the season, the weather is a risk factor decision re certain sectors/destinations/experiences. If the risk manifests itself in shorter stays, these are more costly for the accommodation sectors in particular (cleaning, laundry, welcome packs etc);

(ii) negative media coverage for Wales on one hand and hotspot destinations/experiences appearing in media bucket lists on the other, adding to pressures in those hotspots; and

(iii) the ability of other destinations to compete across a range of markets at a national level (or to support more regional marketing) due to competitors benefiting from more generous government funding/more freedom to align agreed strategies with independent funding streams. This often reflects an understanding of the importance of the visitor economy in those territories, not just financially but socially and environmentally. This is particularly true in areas where a better balance of economic activity is a work-in-progress or fundamentally too difficult to foresee a realistic ROI, regardless of what metrics are used to measure that return.

(iv) mixed picture on UK policy cost-of-business, the main issue being VAT.

(v) the change in customer behaviour to embrace the internet, and agility of global businesses to adapt cf territorial governments/organisations

There is also a cross-over with the internal pressures associated with the narrative that tourism is destructive and the mirror message that hostility between the industry and Welsh Government has grown; partly because

(i) it has not pushed back against the destructive narrative,

(ii) partly because Welsh Government is not seen to have acknowledged that wider industry itself has an interest in, and strives towards, being sustainable, and

(iii) partly because of the more recent Welsh Government policies which are, in summary, seen to be poorly targeted and expensive without benefit to those shouldering the new burdens. These are unique to Wales and viewed by the industry as an area in which Welsh Government has sufficient agency to act differently.

All sub-sectors within the visitor economy consider there to be further opportunities for the tourism industry, which can be capitalised upon in a managed and sustainable way, reducing pressure on hotspots and spreading demand. At the moment, this is inhibited by a fragile structure for that management at a local/regional level, and the distance between decision-makers and those who deliver tourism product, most of whom are private sector micro/small businesses. They (as do larger businesses) carry 100% of their existential risk as well as a considerable proportion of the contribution to local financial, social and environmental sustainability.

Accordingly, going back to the uncertainty point, the **industry is looking for a period of relative stability** where it can assess its response to external pressures without having to create space to face internal ones. We imagine this would be true for other sectors of the economy even though we understand the Mission is about bringing vitality and dynamism into the economy.

Since 2020, all sectors of the economy have been living on adrenaline rather than sensible nutrition needed to fuel vitality and dynamism. For the visitor economy, with such a micro/small business profile, the tourism industry is finding it hard to land on sensible investment decisions let alone apply themselves to more strategic thinking or innovation (see q. 6). This leaves the discussion space open to those who do have that headspace. Or have an amplified point of view which isn’t generally subscribed to - but challengers are too busy focusing hard on keeping their business going to seize the microphone. We ask Welsh Government to bear that in mind when weighting responses.

1. **What will have the greatest impact in advancing Fair Work principles across the Welsh Economy**?
   * In what parts of our economy is Fair Work clearly evident.
   * What are the barriers to rolling our Fair Work across all sectors in the economy?
   * How can we reduce the gender, race and disability pay gap that exists in our economy?

It is of no advantage to the visitor economy to be seen as the home of low and insecure wages. However, a distinction needs to be made between the reality of temporary, *additional* employment during periods of high demand and core employment from which careers can be built. Tourism and hospitality provide so many young people with their first taste of the work place and being part of a team and we reject the lazy characterisation of that seasonal work.

It also needs to be recognised that **both** offer part time opportunities, which is a consideration for those who, at certain points in their lives, are unable to accept full time work. We, therefore, commend the work that is being done within the sphere of skills and education - with the familiar ask for understanding that micro and small business owners have less time to upskill themselves, their staff or their supply chains than larger businesses, not least in matters ESG and Welsh language.

The support for fair work here, then, needs to ask how such business owners can participate more positively, which enables their own individual development and well as helping staff prepare for full time work (if that’s what they want) and how to progress in a tourism career. Work on the status of the industry can be improved by asking schools to consider the industry as a *context* for designing their offer under the new curriculum as it accommodates so many aspects of cynefin, wellbeing, life skills, work-preparedness, risk taking and resilience etc.

We support the view that anyone working in tourism, in whatever role, should be clear about the obligations and rights of both employer and employee, fair pay and leave, clarity on redress without prejudice and, ideally, finds themselves in a place which increases their understanding of others as well as seeing future opportunities (be that through formal training or informed shared experience).

1. **What are the Cultural and Social Factors impacting the economy in Wales?** 
   * Are there cultural nuances that need to be considered?
   * How can we continue to embed Welsh Language into our Economy?
   * What will determine that our economy in Wales is more equal?
   * How can we consider groups in our communities who may be excluded or do not currently achieve equal opportunity in the Welsh economy?

By its very nature, tourism involves many people who are “not like me” and, generally, the UK as a whole is viewed as open-minded and welcoming to leisure and business visitors from all over the world. In practice, many providers remain unaware about *how* to look at their businesses from the point of view of accessibility and inclusion, or how to promote what they do in a way which is informative but sensitive to protected characteristics. While there is some research on why Wales doesn’t attract many ethnically diverse visitors, there are, unsurprisingly more than one reason, including communities’ own traditional holidaying habits.

Further, outside its cities and university towns, Wales is not notably ethnically diverse which means that visitors to non-metropolitan areas will not see much diversity in the tourism workforce they encounter, especially post-Brexit. It is a genuine challenge to attract people from different backgrounds into an industry where they see no reflection of themselves among their colleagues, customers or neighbours. This is likely to be true of other industries outside metropolitan areas, and a wider consideration for the economy as a whole.

We are starting to see more awareness of disability-confident employment, but, as with the rest of the economy, a mixed picture and a nervousness of “getting it wrong” or an individual being “too vulnerable” rather than a hostile prejudice. However, there are great examples of businesses who celebrate disability within their staff and customer base and we would encourage Welsh Government to highlight this business as exemplars within the economy - and the fact that it is a tourism business demonstrating what wellbeing can look like.

We reject all arguments that Wales should become an elite, Bhutan-like tourism destination. A sustainable economy has to be able to accommodate lower-income visitors, not least from within Wales itself. Apart from the intrinsic wellbeing benefits of a holiday, we want people from all backgrounds to see that they have opportunities in an industry which is all about well-being, social contact and resilience; from which you are not excluded by initially inadequate education, where you see your hard work make a difference, which can be flexible enough to accommodate recurring health issues and which can expand your horizons from low expectations.

1. **What is the Green/ Sustainability Focus? Are we meeting the imperative around climate change?**
   * How should Wales address/ prioritise sustainability and environmental concerns?
   * Are there green industries or initiatives that can be showcased in the economic mission?
   * How do we maintain momentum in our economy to reach Net Zero ambitions in Wales? How do we translate Net Zero ambitions across all sectors and to SMEs as well as key businesses in Wales?

Sustainability is, once again, presented solely as a green or environmental question, when it should be explicit about including social and economic sustainability too.

Tourism globally depends on us maintaining or improving both our built and natural environments with examples of carefully targeted deterrent action being taken to prevent the death of the golden goose (e.g., Venice), resetting the balance between visitor and resident (e.g., Barcelona - in which the accommodation sectors played a leading, pro-active role) or for preservation (e.g., Lascaux Caves).

The key word is “targeted”. The key factor is that destination management happened with tourism businesses in the room. This aspect of the economy matters as much to the visitor economy sectors as it does to climate change action and science innovation and their contribution and buy-in is essential to progress through balanced action. We note the Welsh Government’s own policy towards adapting heritage assets for environmental change –‘Historic Environment Climate Change Policy’.

There are tourism businesses and communities with a strong tourism economy who are good examples of achieving this balance on a relatable, human scale. Perhaps the role of government here is more about co-ordination, communication and resource safety net rather than attempting to scale up to national policies which can never fit all locations.

1. **What are the pathways to preparing the next generation of worker in Wales?** 
   * How do we prepare the next generation of school leavers for the jobs of the future?
   * How can businesses work more closely with education and learners to inspire and support young people in Wales to reach their potential and aspire to be business leaders of the future?
2. **What is the Innovation Landscape?**
   * How strong is the culture of innovation in Wales?
   * Are there research institutions, innovation hubs, or technology parks that serve as exemplars?
   * How do we unlock more innovation in business?
   * How do we support SMEs to innovate?

We have already indicated there is a role for everyone in tourism. It is ideal for honing those soft, people-facing skills as well as developing problem-solving, planning, resilience, persuasion, team-building, leadership, financial literacy, ESG and a whole range of life skills - for today.

It is also an enjoyable context for developing specialist skills like law, accountancy, destination management, health care, conservation, ethical business development - for today.

The economy will always need people-to-people skills but we’re seeing that young people in particular are losing them to screen-based interaction. Tourism will keep that need for human contact alive at the same time as providing opportunities for the work of the future: It relies already on its innovators. The whole online booking landscape, virtual visits, algorithm marketing, gaming (Assassin’s Creed tour of Florence or the Holy Land anyone?) show that the AI world is already hinting jobs of tomorrow.

However, they will mean nothing if we do not still have people to hand-pull invasive species or reassure an anxious child lost in a petting zoo.

1. **What is the Investment Climate? What are the barriers and opportunities for attracting inward investment into Wales?**
   * Is the focus on promoting sectors of the economy where we have international capability the right one e.g., compound semiconductors?
   * How attractive is Wales to both domestic and foreign investors?
   * Are there incentives or policies that can be highlighted during the economic mission?

A major reason why the visitor economy should be valued more highly than it has.

The visitor economy should be the welcome mat for both domestic and inward investment: “This is a great wellbeing environment with positive, can-do people who care about me feeling good and doing well. I could really like this place.”

We would say this is just as important as finding a sector and location where Wales can show a particular expertise.

As we’ve seen in the health service, the standard and style of living, and peer groups, has been just as much a factor in attracting and retaining top clinicians to a location as the work itself, so the tourism industry’s contribution to creating the positive picture is essential. While big events are an indication of the dynamism of a particular location, it is the sustained offer on welcoming, aspiring communities, quality retail, hospitality, arts and sports which helps keep that positive picture real. The Welsh language can be a positive angle for international investors who can see Wales as a part of the UK where languages other than English are an everyday issue (as we saw in Wylfa) - but never used as a weapon in the name of identity protection.

This is why negative messaging on tourism is deeply unhelpful on top of negative news around transport, health and education infrastructure. While business viability will always be the decider for investors, but interaction with the visitor economy should be a part of the assurance that it's worth the effort of staying.

1. **What are the Regional Distinctions?** 
   * Are there different economic priorities or opportunities in various regions of Wales?
   * How can the economic mission cater to the diverse needs of these regions?
   * How do we better utilise our foundation sectors to advance the Economic Mission for Wales.

TOURISM! Unless a Renewed Mission can achieve a long-sought after, better-mixed economy in most parts of non-conurbated Wales, which doesn’t shift reliance to the public sector, then there is space to develop a balanced, quality tourism offer which will help halt the drain of innovative, ethical entrepreneurs from rural areas.

1. **What are the Key Infrastructure and Resources?**
   * Are there any unique resources or assets that can be leveraged for economic development?
   * What assets in Wales provide Wales with an economic advantage?

Wales has an advantage in that it is small and has a long, porous border with access to main UK cities. While our digital infrastructure is much improved and less of a disadvantage, road and rail quality has never been more of a problem.

1. **What Metrics Will Determine Success and how do we measure our economy through a well-being lens?**
   * How will you measure the success of the economic mission? Is it in terms of investment, job creation, partnerships, net zero, skills and fair work etc.?
   * Do the National indicators for Wales serve as a way of measuring the impact of the Economic Mission?
   * Can economic growth be pursued in a way that supports wellbeing outcomes for Wales?

The effect of policies on the nature of the population of non-conurbation Wales. While not dismissing the second homes question (which has dragged in tourism providers, of course), this has become a totem for rural population displacement /Welsh language which distracts from other aspects of sustainability e.g., modern home building, diversification of the economy, which affect small semi-urban communities too.

Please feel free to provide a response based on individual questions, all of the questions or wider observation on the opportunities and challenges for the Welsh Economy. We would welcome evidence submitted in written or another format.

Wales Tourism Alliance

2nd October 2023