

1. Introduction

The Welsh Tourism Alliance has made a thorough analysis of the Visitor Levy Bill and Explanatory Memorandum and details in this document, and a sister document sent to the LJC Committee, a number of significant, fundamental issues and questions relating to both documents and the supporting Impact Assessments.

That analysis has confirmed that the WTA and its members are right to oppose this policy, for the reasons set out in this document. It also has serious concerns about the Bill itself, which extends far beyond the original policy intent, and which also exposes a lack of policy development where detail would be necessary by Stage 2 of the Bill. We have raised this with the LJC Committee along with other drafting concerns.

We detail our questions, observations and concerns in Sections 3 to 11, our headline observations are

- that the WG’s own EM and IA suggest that this policy will not cover its own costs of administration,
- that the Bill extends well beyond tourism visits,
- that local authorities will have sole control of the net tax take and sufficiently wide interpretation of the Bill as drafted to spend it outside a tourism-led focus
- the data drawn on and assumptions made are unreliable to a concerning degree
- the research provided by the industry, including Wales own fora chairs, has not been given due weight
- Welsh tourism provision is more fragile than it has been for many years and the timing of this proposal is adding to the pressure rather than being a small part of relieving it
- that the inclusion of recreational vessels (other than those permanently situated in one place for the primary purpose of providing overnight accommodation on a commercial basis) and outdoor education establishments is counter to the WG’s objectives to promote sustainable tourism and health and well-being through recreational sport.

A summary of our key observations is below:

1. Baseline data for tourism has been taken from 2019 which represented an all-time high before a number of global, UK and Welsh changes that make that data almost irrelevant to assess today’s tourism market in Wales. These include:
 - a. 2020: The global coronavirus pandemic which has – and continues to – significantly influence patterns of domestic and international travel. As a result, trends in Wales are for last-minute, shorter-length, lower-spend stays, which are more expensive re promotion and cleaning/laundry schedules (accommodation)¹. Wales faces newly aggressive marketing campaigns promoting overseas holidays. Visit Wales also has significantly less to invest than its equivalent bodies within the UK to compete for domestic trade in this new environment.
 - b. 2022: The war in Ukraine which significantly increased energy costs and therefore the cost of delivering holiday accommodation in Wales.

¹ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-10/wales-tourism-business-barometer-2024-summer-wave-report.pdf>

- c. 2023: The introduction of the “182 day rule” under which “holiday let” properties must achieve occupancy for a minimum of 182 days a year or move from small business rates into paying council tax².
- d. 2023: The introduction of up to 300% council tax premiums on “second homes” which applies to those businesses unable to achieve 182 letting days.
- e. 2024: The cost-of-living crisis which has impacted consumer spending patterns.
- f. 2020-2025: The 40% increase that has been put on the national living wage, which has gone from £8.82 in April 2020 to £12.21 from April 2025. This does not just affect the lowest earners as business are forced to introduce incremental increases on all other pay bands.
- g. The increase in National Insurance being implemented from April 2025 will further impact the market, following a damaging period of high interest rates.

There is clear evidence already available that these changes have had negative impacts on the market and employment, and that legislative changes are not achieving the desired policy effects (e.g. increasing affordable housing where it is needed) but this is being ignored^{3 4}.

Welsh Government has not taken the opportunity to review the effect of existing policies affecting tourism, especially the 182-day rule and business rates/council tax changes, despite having received evidence of damage to tourism providers and secondary businesses without any corresponding gain on policy aim.

This is in marked contrast to the approach to tree-planting in farms and the 20mph policy, both of which are newer active policies, and, indeed, the approach to reform of the school year.

It has also deferred the policy of ‘weeding out’ unregulated opportunists operating in the self-catering market, something which needed to be achieved before asking professional self-catering businesses to charge and collect a levy. Without this, the self-catering section of the levy register will be both incomplete (as it is easy for the more unscrupulous to avoid) and no guarantee of safe and legal operators.

Welsh Government has been open in admitting the evidence for the creation of the 182-day rule was largely speculative and that there have been a number of unintended consequences. “Unintended” is not the same as “unforeseeable” and a greater willingness to believe representations from the industry would have prevented a number of those consequences without any damage to the policy intention.

We are concerned, then, that the same lack of regard will be given to the expertise and experience of the industry this time. Welsh Government is simply not in a position to accurately define the scope and impact of any proposed Visitor Levy, something which is clearly evident from the EM.

To place another significant stressor on the industry without proper assessment would be disastrous and have long term impacts on the Welsh economy and in particular the local

² <https://www.pascuk.co.uk/wales-182-days-reports/>

³ https://www.wta.org.uk/uploads/8/3/7/1/83716138/tourism_alliance_surveys_october_2024_-_wales_report_27th_november_2024.pdf

⁴ <https://www.wta.org.uk/news/second-homes-and-professional-holiday-lets-on-the-market-dont-make-affordable-homes-says-new-report>

economies of tourism-reliant areas of Wales.

2. Many of the assertions on which the Visitor Levy has been based, as outlined in the Explanatory Memorandum:
 - a. do not align with the findings of the Welsh Government’s own research and/or
 - b. have not been considered holistically in relation to each other and other research and/or
 - c. are based on flawed assumptions.

We cite the following examples, although there are many more in our detailed analysis:

- a. The ALMA data which has been used to determine the impact of a Visitor Levy on Wales is largely based on international tourist data. However international visitors make up less than 10% of Welsh tourism and so there is no certainty that the ALMA data is applicable to Wales⁵.
 - b. The Explanatory Memorandum claims that there is no evidence to suggest that a visitor levy would result in a negative impact on children and young people from lower socio-economic backgrounds. However, the Views of Consumers and
 - c. Residents clearly shows that a levy would deter those in poorer socio-economic groups from visiting Wales, which would inevitably have a negative impact on children and young people in those groups.
 - d. The Views of Consumers and Residents survey uses quantitative data from only 16 people (less than one person per local authority in Wales) and its findings are based on a description of the proposed Visitor Levy that does not align with that outlined in the Bill. A more comprehensive and updated survey should be carried out. This is not to say that there is not valuable information within the existing survey – which contains useful information about consumer views such as concerns about the impact on lower socio-economic groups and the need for revenues to support the tourist offering.
 - e. The omission of important information as the role of VAT including whether VAT would be charged on the levy inclusive figure and the impact of mitigating drop-in VAT rates on tourism and hospitality businesses in countries which charge a tax, ie those businesses pay a lower rate than other businesses in the economy
3. The Explanatory Memorandum frequently claims that the VL has been set up to be “simple and straightforward”. However, the VL has not been sufficiently well scoped as yet to make this claim. There are too many unknowns and poorly defined concepts (see sister document provided for the LJC Committee). We cite the following two examples of lack of scoping and potential for complexity:
 - a. The introduction of a council-determined “premium”, which was not discussed in any previous consultation, adds a level of complexity that is not discussed anywhere in the Explanatory Memorandum nor in any of the Impact Assessments. There is no scope around the premium, no definition of how it will operate and it is not included in the development or operational costs.
 - b. The proposed method of refunds does not appear to be assessed in terms of its impact on the development or operational costs or processes for either the WRA or

⁵ <https://www.gov.wales/sites/default/files/publications/2024-11/the-potential-economic-and-greenhouse-gas-impacts-of-a-visitor-levy-in-wales.pdf>

the VLB. For example, if a refund must be claimed within a month of staying but a return may not be made for a year after that, what process will be involved centrally and locally to check the validity of a claim?

4. Finally we do not believe that any Visitor Levy should be introduced where the Welsh Government’s own research shows that it will result in a net loss of jobs even in the best case scenario.

2. Abbreviations

The following abbreviations are used for documents and other frequently used terms and phrases:

- EIA = Economic Impact Assessment
- EM = Explanatory Memorandum
- IA = Impact Assessment
- LA = Local Authority
- VA = Visitor Accommodation
- VAP = Visitor Accommodation Provider
- VLB = Visitor Levy Bill
- WG = Welsh Government

3. Reliability of Data

Our primary concern is over the validity, consistency and reliability of the data on which the Bill has been based. The EM and IAs outline just how uncertain the data is. The following are examples of wording used:

“To model the impact on economic output and employment several assumptions had to be made that may not be valid in reality”

“This method is (again) imperfect.”

“We are ignoring here some issues around the application of a levy, in the mid-2020s on a sector that is constrained to supply and demand in 2019”

“The link between visitor levies and visitor numbers is complex and often inconclusive”

“Unknown operational requirements which will only become identifiable during implementation”

“No robust source of data for numbers and type of accommodation”.

The figures being used vary significantly giving little confidence in the validity of the costs and benefits being estimated. To give just two of many examples:

- a. VAPs are estimated at between 16,000-55,000 in number across Wales.
- b. One off aggregate costs for existing VAPs to register range from £40k - £815k.

Given this range the costs and benefits simply cannot be anywhere nearly accurately assessed.

We are deeply concerned that an industry which directly employs more than 20% of the population in some parts of Wales (and indirectly employs many more) is going to be subject to a tax for which the analysis is nowhere near robust enough to deliver any confidence in the impact nationally, regionally or locally.

We also draw your attention to a peer review⁶ of the Explanatory Memorandum and Impact Assessment document for the 182-day rule by (recently retired) Westminster civil servants, which was highly critical of the lack of detail and basis for assumptions. In their opinion, a document with so many holes would not have found its way to a Secretary of State's desk. We are concerned that the Cabinet Secretary is being asked to make a serious and impactful decision despite the same concerns as to the robustness of data in the documents supporting the Bill.

It would be better to put an accommodation register in place as a first stage and use that stage for the following:

- a. To ensure basic health and safety compliance which would be a beneficial baseline for visitors.
- b. To more accurately assess the costs and benefits of implementing a VL.
- c. To allow LA's to more accurately assess whether implementing a VL would make sense for their area.

Specifically, in respect of the data, we raise the following concerns

- 3.1. The data on the number of accommodation providers shows a massive possible range (16,000-55,000). This range is too great to accurately assess key information such as implementation costs, potential income, etc. This is evident in a number of statements in the EM.
- 3.2. ALMA data has been used to assess the potential impact of the VL. However, as the EIA states, "most [of the ALMA] studies...appear to concentrate on the behaviour and responses of tourists undertaking international trips." International visitors form less than 10% of Wales' overnight visitor trips.

With domestic tourists making up over 90% of our visitors the ALMA data could be almost irrelevant and is not a good basis on which to assess impact of a VL on the Welsh market which will be more price inelastic by its nature. Greater analysis of the international and domestic markets are necessary.

- 3.3. The lack of conclusive, consistent or even available data on the following basic inputs renders any cost/benefit analysis too weak to be a valid tool for assessing impacts:

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<https://business.senedd.wales/documents/s130831/Correspondence%20from%20the%20petitioner%2007%20October%202022.pdf>

- a. The number of overnight stays
- b. The number of VAPs
- c. The types of VAP
- d. The impact on domestic visitors
- e. The impact of VAT

Without more definitive and validated input data the costs and benefits cannot be accurately assessed. This is clear in the report where it is recognised that the VL may not even deliver sufficient income to cover the WRA costs. It is unrealistic to expect all 22 local authorities to introduce the levy as tourism is not a feature of their economy. Those that already look favourably upon the idea in principle, based on their own incomplete data, will get no comfort from the EM and IA as to the certainty of the scope, costs or income that they can expect from the levy programme.

How can Members approve the use of taxpayers' money for it? And how can an LA assess with any assurance whether or not to implement the VL?

- 3.4. The data used for some of the baselining is 2019, an all-time high. Specifically this year has been used as the baseline for visitor figures. However, since 2019 we have been through a global pandemic resulting in new patterns. Welsh tourist businesses have been/are being/will be impacted by the implementation of new legislation and other economic issues including:
- a. 182 day rule
 - b. Council tax premiums
 - c. Article 4 (Gwynedd)
 - d. National Insurance Tax increases
 - e. The 40% increase in the national living wage since 2020
 - f. The war in Ukraine (leading to rising fuel costs)
 - g. The cost of living crisis.

The above changes have rendered the tourism and hospitality industry in an entirely different position to that of 2019.

The Welsh Government has not assessed the impact of recent changes in particular the impact in particular of the combination of the 182 day rule – and council tax premiums. This has not been fully understood or analysed. We know that initial feedback and evidence from the housing market and surveys carried out by the WTA, PASC (see previous references) and others shows that this has had a significant impact on a range of factors from local employment to the mental health of VAPs.

To place another significant stressor on the industry without proper assessment could be disastrous and have long term impacts on the Welsh economy and in particular the local economies of tourism-reliant areas of Wales.

- 3.5. The Welsh Government relies on the argument that that some kind of tax has worked in other places and in particular in some cities. However the economy in a city is very different to that of a rural destination and does not make a good comparator. For example, it would not be relevant to say that a tourism tax in Manchester would be a valid comparison for introducing one in Wales, especially when that tax is a voluntary

BID arrangement led by the accommodation providers themselves - not what is being introduced in Wales. Looking at places like Anglesey and Pembrokeshire vs Cardiff:

	Anglesey/Pembrokeshire	Cardiff
Type of visitor	Holiday makers.	Tourists, working people, contractors.
Type of visits	Seasonal Domestic	Year-round International
Main type of accommodation	Microbusinesses	Hotels
Alternative employment (to tourism and hospitality)	Negligible	Plentiful

We would suggest therefore that the impact of introducing a VL will have a greater impact on the economy and people of more rural areas which are more dependent on leisure visitors

- 3.6. The Welsh Language IA assesses the impact on the Welsh Language as “negligible”. However the Economic IA states that between 250-750 jobs will be lost in tourism/hospitality as a result. There appears to have been little consideration of the strong correlation between areas in which the Welsh language is most widely spoken and areas that are most reliant on tourism, where local employees are best placed to demonstrate that Welsh is a living language, and where alternative employment is less available.

We believe that this area requires further analysis to better understand the impact on Welsh-speaking tourism-reliant communities to understand whether the VL will result in more Welsh speakers being forced out of their communities in search of work.

- 3.7. There is clearly a high degree of uncertainty over the behavioural response to a visitor levy. This has been clearly stated in the EM. The “Views of Consumers and Residents” (VCR) report was undertaken to assess the potential impact however:
- a. It includes a qualitative survey of just 16 people (less than one person per county).
 - b. It is based on a VL description (page 23) that does not reflect the proposed VL in the VLB.
 - c. Much of the feedback from the VCR has been ignored or discounted.
- 3.8. The Balearic Islands and Iceland have been highlighted as having projects that have used a Tourist Tax to benefit the visitor economy. It would be helpful to have more detail on:
- a. How those projects are chosen and assessed within those countries?
 - b. Whether the WG proposal mirrors this?

Our brief assessment of the schemes run by the Balearic Islands and Iceland versus that proposed by the WG indicates:

- a. According to the “Review of Impacts of Visitor Levies in Global Destinations”⁷ research both Iceland and the Balearics use a Grant making model, which WG is not proposing.
- b. Iceland’s levy is managed and distributed by an independent Tourism Board via a Tourist Site Protection Fund to ensure money is spent on tourism projects. This is not the model proposed by the WG where responsibility is designated to LA’s and there is no independent Tourism Board.
- c. Both Iceland and the Balearics have Ministries/Ministers which specifically include tourism in their title/remit – recognising the importance of the industry. This is not the case in Wales.
- d. Tourist Taxes are sometimes introduced to control visitor numbers and behaviours, not to raise money – how will WG ensure that it’s not seen as the former?
- e. Those countries have lower VAT rates for tourism and hospitality

3.9. Why have only two options been assessed: (1) Do nothing or (2) full implementation?
There are a number of other options that could and should be considered including implementing a register (including health and safety compliance) and then assessing the viability of a VL.

4. Register of Visitor Accommodation Providers

There are a number of areas in which words and phrases and concepts are provided with respect to the scope of the VAPs, but with no clear definition or explanation giving a great deal of scope for interpretation, debate and disagreement. Where scope is unclear or subject to debate, implementation/post implementation costs will inevitably rise. We would be grateful for consideration of the following:

- 4.1. VLB/Part 2: The VLB makes reference to the register of accommodation, the EM suggests that roll out of the register may be staggered by LA. Both also state that LAs can opt in or opt out of the VL. It would be helpful to confirm the following:
 - a. Is the register to be enforced and updated nationally or will it depend on the decision of the LA to opt in?
 - b. Over what period of time will the register be developed?
 - c. If the register will be staggered by LA who will decide the order of LAs for accommodation registration?
- 4.2. VLB/2(1)(e) and 2(2)(b): The Bill specifies different rules for “permanent/semi-permanent” accommodation (re mobile home, vessel, vehicle) but gives no definition of permanent/semi-permanent. “Semi-permanent” must be definitively clarified to remove debate and uncertainty. For example:
 - a. Is accommodation that can be moved (e.g. a shepherd’s hut) permanent, semi-permanent or neither?
 - b. Does accommodation need to be moved during an accounting period to be considered non-permanent? If so:
 - i. How often does it have to be moved?

⁷ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-11/review-of-impacts-of-visitor-levies-in-global-destinations-611.pdf>

- ii. How far does it have to be moved?
 - iii. For what period of time must it be away from its “usual” plot?
 - c. What evidence will be required to support whether accommodation is non-permanent, semi-permanent or permanent?
- 4.4. VLB/9(1)(a): An exchange is inherent in a contract) but there is no specification of financial or other consideration. In previous discussions the terminology included the word “commercial” in respect of the contract but this does not feature in the Bill – why is this? Without the specifics of consideration in terms of forming a contract it is impossible to ascertain what constitutes a chargeable visit. Would these examples constitute a contract? Would the provider need to register? Would a levy need to be paid? Examples:
- a. I own a property with a large garden and have relatives who camp in the summer in exchange for a meal out.
 - b. I own a farm property which people stay in at certain times of the year, but instead of making a financial charge, my visitors exchange accommodation for working on the farm.
 - c. I “house swap” with another family. There is no financial consideration but we use their house for a holiday at the same time as they use ours.
- 4.5. VLB/3(1)(a)]: The Bill states that the VAP is a person providing accommodation in the “course of trade or business” but this is not defined and is therefore subject to interpretation.
- 4.6. VLB/3(1)(c) (and other places): The Bill states that the VAP must be an “occupier”? This is not defined anywhere but the legislation applies only where the VAP is an “occupier” of the premises. This definition is fundamental to the Bill. This matter is further examined in the sister document sent to the LJC Committee.
- 4.7. The EM states that the register will be staggered between Local Authorities over multiple phases to manage costs, but there is no clarification of what this means. The following questions arise:
- a. What does this mean?
 - b. How will it work?
 - c. Will it prioritise some types of data?
 - d. Will it prioritise some types of accommodation?
 - e. Will it prioritise some local authorities? If so which ones if there is no clear indication of which will adopt a VL?
 - f. The figures provided in the EM also do not reflect a staggered or phased approach because all the development and onboarding costs are up-front.

5. Implementation and Costs

In many parts of the EM it states that the levy is “simple in design and burden will most likely be minimal”. However, we note that the VL has not been designed (merely outlined conceptually) and has already introduced complexities (e.g. the introduction of a potential premium, vagaries around what types of accommodation will be included, etc). We believe that without a detailed outline of the scope of the VL this statement cannot be valid and therefore the costs included are little more than a finger in the air.

In particular we cite the following:

- 5.1. The EM states that there are no costs included for communications, training, change, etc. This is an invalid assumption as there will inevitably be associated costs and these need to be identified and taken into account.
- 5.2. EM Section 8.5.15 states that there are some “unknown operational requirements which will only become identifiable during implementation”. This is deeply concerning and requires more explanation. It underlines the lack of robustness in the proposal.
- 5.3. The cost model is based on the assumption that people will comply (EM section 8.5.15). What evidence is there for this assumption given that there is no certainty (indeed a huge variation in estimates) of the number of VAPs and therefore no baseline on which to assess compliance?
- 5.4. EM Table 4 indicates that “infrastructure” cost will be £25k in year one and £60k in year 2. This is a total cost of £85k for infrastructure. Given that infrastructure is (we assume) for the WRA technical implementation of a system that has not yet been scoped and of which demand and complexity has not been modelled (because individual complexities are not yet understood), what exactly does the “infrastructure” figure cover and how has it been arrived at? Experience of other new bespoke technical projects would suggest a significantly higher infrastructure figure should be put in place. Is there any contingency for this?
- 5.5. EM Section 8.5.53 suggests 2.5FTE to cover “collection, compliance, remittance and enforcement”. However, there is no clear indication of how or what will be enforced. Are these FTE’s responsible for enforcing registration, carrying out audits to ensure that returns are accurate, collecting the levy, chasing up absent returns, enforcing payments where these are not forthcoming? If the top end of the estimate on VAPs (55,000) is correct then a team of 2.5FTE is going to struggle to ensure collection, compliance, remittance and enforcement, particularly given there is no figure for LA take up or premium levies.

It would appear It is also clear that no enforcement costs have been scoped because there is no enforcement provision in the Bill, merely powers to introduce them. At this stage, it is not even clear where those costs would fall.
- 5.6. EM Section 8.5.41 states “there are significant fixed costs that will not be covered to support the running of the system.” What does this mean? What fixed costs are not covered? Who will cover them? How significant are they?
- 5.7. EM Section 8.5.50 refers to “processing additional data from OTAs (online travel agents)” but there is no further detail about what additional data this will be or what part of the system it will engage with.
 - a. What will the engagement with OTAs look like?
 - b. Are there specific OTAs being considered?
 - c. What data will they be providing? How will GDPR be addressed?
 - d. Will OTAs have to include a VAP/accommodation registration number on their website or, at least, only accept registered clients?
- 5.8. EM Section 8.5.53 mentions “compliance techniques and tools for VL have been developed” but there is no other mention of what these are and where the costs for development are included. It would be helpful to understand what this is, what it will cost, whether it is in or

outside of the current scope/costs, and what element(s) of compliance it relates to?

- 5.9. EM Table 13:10 – there is little, if any, context around what this table means and how it fits into the figures already given. Does this mean that there’s an estimated cost to LA’s implementing the VL of £1-1.4m annually? Is this per LA or to be aggregated over LA’s that adopt the VL? – please can you explain this split in more detail? It does not seem to reflect the estimated annual costs for LAs seen elsewhere in the EM.
- 5.10. EM Table 14 suggests that the cost of producing guidance for LA’s will be £24k and will be incurred in 2025/26. This cost is based on staffing costs in 2023/24 so will be hiked for two years of pay awards. It is not clear how the time allowed for this work has been assessed nor how it fits into the 2025/26 timeframe only. Given that the VL solution is still unspecified, and its operation is still merely conceptual, how realistic is the timescale and time required for this exercise? It is also considered to be a one-off cost, however once implementation goes live there are likely to be changes to adapt to unknowns (particularly given the number of unknowns there seem to be). This which will mean that guidance produced in 2025/26 will need to be revised in subsequent years but there is no cost included for this.
- 5.11. The above also applies to the information campaign cost of £50-100k in EM section 8.5.64 and which only applies in 2025/26. It is unlikely that this will be a one year only cost, although it is likely to be lower in subsequent years.
- 5.12. All the costs in EM section 8 are flatlined (ie no account is taken of inflation) and it is not clear where they are baselined (for example the staff costs are baselined in 2023/24 but it is unclear where other costs have been derived from). EM Section 9 states that costs have been adjusted to take account of anticipated inflation which is the case in that section but not in EM section 8.
- 5.13. EM Section 8.5.52 states in the final sentence “this is expanded to include a compliance officer. It is unclear what this means. Does the EO 0.5 FTE include compliance officer responsibilities or is this a separate role and if so what FTE is it?
- 5.14. EM Section 8.5.53 states that 2 FTE to support compliance activity (or more) could be added once a better understanding of compliance has been ascertained. This should be part of the planning process once reliable data has been obtained and underlines just how fragile the figures being used are.
- 5.15. EM Section 8.5.57 states that a BA will “facilitate the sprints” – what are sprints?
- 5.16. EM Section 8.5.58 states that “These costs are not included in the estimates as it is not envisaged that there will be an increase in these costs, although this is currently unclear”. This again underlines just how poorly scoped the proposal is.
- 5.17. There is nothing in the staffing section of the EM to indicate which role will be responsible for managing/administering refunds, nor is there any indication of what the levels of refunds are likely to be.
- Has the number of likely refunds been assessed/estimated?
 - What will the refund process be?
 - Who will be responsible for administering refunds?
 - How much time has been allocated for administering refunds?

- e. Has information about refunding been taken into account in marketing/communication costs (eg letting visitors know that they can get a refund and how)?
- f. What will the validation/audit requirements be for refund applications?

Experience suggests that refunding is likely to be one of the more resource-heavy aspects of the process and one of the most difficult to quantify and model due to its potential complexity.

- 5.18. Where refunds are being managed, how will this be assessed against returns. For example, if someone applies for a refund they have a month to do so, but the return that applies to their stay may not be remitted for another 12-24 months.
- a. Will there be a requirement on the VAP to confirm a stay if a refund is requested?
 - b. Has this been taken into account within the estimated costs to VAPs?
- 5.19. EM Section 8.5.64 states that the campaign costs have been based on other campaigns run by the Welsh Government. It would be helpful to know:
- a. What campaigns the figures have been based on?
 - b. Whether those campaigns took account of the fact that not all VAPs live in Wales so this cannot be a Wales-only campaign if it is going to be fair and equitable? c. When were these campaigns run?
 - c. Whether inflation has been taken into account in the figures (given that we know the staffing baselines are 2023/4 and have not been adjusted for inflation)?
- 5.20. EM Section 8.5.69 assumes a budget of £30-50k for communications activities for LAs.
- a. Is this per Local Authority?
 - b. How does it fit with the £1-£1.4m pa cost from table 13?
 - c. How can you assess this if you don't know which LAs will take part or when they'll engage?
- 5.21. EM Section 8.5.71 states that “the associated costs for formal cost implementation review is difficult as it make take several years for LA’s to sign up for the scheme”. This does not seem to be properly nor effectively scoped. A cost of £20k pa has been included for an annual telephone survey but this will not cover many providers. Given that there will be a database of all VAPs there should be a cost included for regular surveys to all owners.
- 5.22. EM Table 15 – the communications and marketing activity will need to be rolled out beyond 2025/26 to capture VAPs who have not registered or are entering the market, but there is no cost included for this.
- 5.23. EM Section 8.5.78 states that two LAs that provided initial estimates for consultation and ongoing costs for administration. It would be helpful to know which LAs these were, what the costs are and how they were assessed. What work has been put in by WG to validate their estimates?
- 5.24. EM Table 16 - there seems to be no cost included for consultation beyond 2025/26. However, it has been emphasised that Councils are expected to consult with local people, tourism groups, etc about what the VL should be used to for. It is also clear from the Review of Consumers and Residents – and other data gathered – that it is very important to people

that the money is used on enhancing the tourism experience.

The visitor experience needs of an area cannot be a one-off consultation (at the start of the process). Councils will not know how much money they will receive and priorities/technologies/etc change. Therefore the Consultation and Decision Making costs for councils should be reiterated annually to take account of this process.

- 5.25. EM section 8.5.86 states that the VL could raise up to £33m per year in revenue, based on poor data and full buy-in. There are a number of fundamental matters that need to be fully quantified and full compliance with the levy cannot be assumed. This is a headline figure and needs to be approached with considerable caution.
- 5.26. There is nothing detailed in the Bill or the EM about annual levy increases. We ask the WG to commit to not to raise the figure for ten years which is the assessment period.
- 5.27. EM Section 8.5.107 states that estimated costs for providers in Scotland are likely to be higher because of additional complexities of the Scottish system. However, if LAs in Wales can add a premium this will add complexities to our system rendering the statement invalid.
- 5.28. EM Section 8.5.115 states that the cost to visitors as a whole could be up to £33m. However, there are implementation and ongoing operational costs to VAPs that will also inevitably be passed on to visitors. If the implementation costs to businesses provided in the EM are correct the cost to visitors may be double that figure (see Business Impact).
- 5.29. Section 10.1 states that “a formal post implementation review will be difficult to commit to”. Such a review should not be dependent on whether/which LAs adopt the VL. A review should be carried out even if no LAs adopt it and therefore this should be included in assumptions and costs.
- 5.30. EM Section 11.3 states that cash costs and cash releasing benefits in this assessment have been adjusted to reflect anticipated inflation during the appraisal period. But all of the costs prior to section 9 are flat lined and no account has been taken of inflation.
- 5.31. With regard to ongoing enforcement operations:
- a. Who is responsible for checking/verifying the number of people staying under a contract?
 - b. What happens when people come and go or have an overnight guest?

6. Operation of the Scheme:

We do not believe that the operational aspects of the scheme have been fully scoped. There is also much that is underpinned by inclusive/incomplete data. In particular we raise the following questions/concerns:

- 6.1. VLB/9(2)(a): The Bill states that the VL will not be charged on visits of <31 days and these days do not need to be consecutive.
- a. Is that 31 days per year? If so, do they have to be consecutive?
 - b. If booked by (for example) construction company, do the individuals staying in that period have to be the same people or would churn be permitted?
 - c. What happens if the 31 days falls between two years (eg if the accounting period runs in line with the financial year what happens to someone renting from, say, 15 March

- to 20 April)?
- d. Could a visitor rent single property for 5 separate weeks (e.g. 2 weeks at Christmas, 2 weeks at Easter and two weeks in the Summer) and not have to pay the levy. d. Could several individuals/families/groups rent a single property for >31 days under a single contract, with different individuals coming and going over that period, and not pay the VL because the total contract duration is >31 days?
- 6.2. VLB/10(1): The person required to pay the levy is the VAP. Does this mean that if the visitor(s) leaves without paying (for whatever reason) the VAP is still liable to pay the Visitor Levy?
- 6.3. VLB/10(2): The Levy is liable as soon as a person enters the visitor accommodation. Is the Levy still payable if the visitor(s) decide not to stay overnight – for example if the accommodation is not to their liking after they enter it?
- 6.4. VLB/13(1)(b): The Levy is liable at the lower rate for a dormitory/room “normally provided” on the basis that it “may be shared with other people...under a different contract”. There is no definition to “normally provided”. Does this mean that if a school or youth group rent a dormitory in a venue:
- a. If the venue sometimes rents its rooms out to individuals rather than groups (ie under different contracts) then the school/youth group will be charged the lower rate despite being under a single contract?
 - b. If so, how often would the room need to be available under different contracts to meet this criterion?
 - c. If the venue only rents its rooms to groups under a single contract, why should those groups have to pay the higher rate when the accommodation they are using is of a similar nature to accommodation rented under multiple contracts and therefore payable at a lower rate?
- 6.5. VLB/15(1)(c)(ii): How is “accompanied” defined? Is this person a carer? Or, if they could be staying under a different contract, could they just be anyone staying in the same premises at the same time?
- 6.6. VLB/15(5): There is no provision for refunds for those with disabilities outside of the UK. Does this mean that no-one with a disability visiting from overseas will be eligible for a refund?
- 6.7. Vessels that are permanently or semi-permanently moored for the use of holiday accommodation is within scope of the VLB and we have raised concerns previously in this document about the definitions of “permanent” and “semi-permanent” which apply to such vessels. VLB 1(4)(b) “grants the Welsh Ministers a power to extend this Act so that it applies in relation to berths and moorings provided for vessels”. Our understanding from the technical briefings was that berths and moorings were not included due to the complexities they present. We understand the complexities, for example there is a considerable difference between a visiting cruise ship containing thousands of passengers and a leisure boat which is largely self-contained and has minimal impact on local services. However the inclusion of this power to extend creates unnecessary uncertainty which will have negative impacts on the industry. The power to extend the Act to include berths and moorings should therefore be excluded from the VLB.

7. Use of Proceeds

There is limited definition in the Bill (VLB/23) concerning the consultation process for use of proceeds. There is no requirement at all for ongoing or iterative consultation. Given that the needs of an area will inevitably change over time this should be better defined so that principal councils are accountable. In particular we cite:

- 7.1. VLB/24(3): there is no definition around “as soon as reasonably practicable”. This could mean that a report could be published a year after the proceeds have been spent. There should be a defined date by which the report must be published and this should be no later than three months after the end of the financial year to which the report applies. The criteria for VAPs returning data is much more stringent than that for LAs.
- 7.2. VLB/25(7)(b): In addition to summarising representations received the report should also summarise the council’s response to those representations.
- 7.3. VLB/26(6) and 43(2)(a)(i): There should be a requirement to publish such a notice more widely. Given that the Council would have a register of VAPs it should go to them directly as well as to the mandatory consultees outlined in 25(4)(b-g).
- 7.4. There has been no expectation set concerning the introduction of the “premium” that councils can apply to the VL. It appears in the VLB but there is almost no detail or background to the decision to include a premium in the EM. To our understanding it was not mentioned in the VCR report and has not been raised in any of the consultations. The introduction of a potential premium has the following impacts:
 - a. It introduces unnecessary complexity and uncertainty into what is purported to be a “simple and straightforward” scheme.
 - b. It does not appear to be included within the scope of the programme design and implementation.
 - c. It has the potential to make the VL more unfair whereas the WG has always said that it wants the VL to be fair, for example:
 - a. The introduction of a premium will impact accommodation closest to the border with another county (where visitors are more likely to choose to stay in the lower price county and just visit the higher priced one).
 - b. The added costs related to the complexity of a premium will fall on the WRA not on the council. How will proceeds be correctly apportioned to those counties?
- 7.5. EM Section 4.2.7 states that many respondents to consultations wanted a levy to be consistent. The EM further states that 66% of respondents disagreed with local autonomy. These issues have been recognised in other countries which, for example, adopted a grant based system which can also access benefits of scale and cross-sector best practice/learning. It would be helpful to understand why the WG has chosen a model of distributions that does not reflect best practice and has been rejected by consumers and residents. The WTA firmly believes that a local/regional **partnership** spend model would be the most beneficial.

8. Business Impact

- 8.1. VLB/27(2): Details of the type of contract are relevant here (as highlighted in 1.3 above). If the contract is not defined then could it be with a third party provider (e.g. an online travel

agent) in which case if I sign a contract with an OTA to rent my property out for the next five years will I not be liable for the Visitor Levy because the contract is agreed before the levy is introduced?

- 8.2. VLB/120E(2): There is no definition as to a scale of penalties. A flat rate £100 will hit a micro-business much harder than a large business. This is not fair or equitable.
- 8.3. The impact of VAT has not been assessed, as has been confirmed by officials. This is material to the matter and we draw attention to the failure of WG to secure certainty on the position of HMRC in developing the Childcare Funding (Wales) Bill 2018 which resulted in last minute changes and additional burdens on LAs.
- 8.4. There is no real clarity on the number of VAPs or the extent of their business and whilst there is an estimate of the number currently subject to VAT there is no indication of how many others may be pushed into VAT registration by the VL. Entering VAT registration significantly changes a business' profitability and therefore viability and will put additional strain on the sector. Will there be a different lower VAT rate (as there is in some countries)?
- 8.5. EM Section 8.5.105 states that the costs for businesses to implement will need to be passed on to tourists making the impact greater. This does not align with the expected maximum cost to visitors of £33m. That figure does not take into account:
 - a. VAT
 - b. Share of the VAP's VL implementation and administration costs (including refund administration)
 - c. Share of the VAP's potential council tax (plus premium) if 182 days isn't achieved (a cost which is already being passed on to visitors but is not included in any of the impact assessments). If visitor numbers reduce (which is likely based on the Views of Consumers and Residents survey although stated as uncertain in some areas of the EM) this will increase the number of VAPs unable to achieve 182 days and therefore facing increased council tax liabilities which will need to be passed on to visitors.

It is estimated that this could double the cost passed on to visitors, raising the actual cost of VL implementation passed on to a family of 4 for a week from £35 to over £70. This would double the total cost to the visitor from an estimated £33m to £66m without improving the proceeds of the levy.

- 8.6. EM Sections 8.5.105 and 8.5.108 suggests that the higher implementation and running costs are higher for microbusinesses than for SMEs, but there is no explanation of where these figures have been derived from nor why the variance. Given that over 99% of businesses in Wales are SMEs and over 96% are microbusinesses why are these businesses expected to take more costs?
- 8.7. EM Section 8.5.110 states that that there are ~595 small-large businesses in the sector. The remainder are microbusinesses – this equates to around 35,000 microbusinesses (or between 15,500 and 54,500 taking into account the variances). The vast majority of these are Welsh people operating local businesses and paying into the Welsh and local circular economies. Assuming 35,000 businesses and £850 each to implement the tax and taking inflation into account the additional cost to businesses will be ~£30m – just under what the tax will bring in if it achieves its absolute best possible outcome. There is therefore little or no overall benefit to the economy.

9. Impact on local environment and businesses

- 9.1. Implementing the VL is likely to push campers/mobile home owners/others into fly camping/parking to avoid paying additional costs. This will create more localised tourism problems without providing any income. It will also reduce the numbers visiting registered camping/caravan sites and thus impact the viability of such sites. If this happens, sites will close leading to even more fly camping/parking. We are already seeing evidence of this on social media sites such as Vanlife which shares information on free carparks for people in mobile homes.
- 9.2. Even the most optimistic figures in the economic impact assessment are significant in terms of loss of jobs and does not take into account the potential cross-sector impact. By increasing costs and reducing tourist numbers (and therefore income) the amount of money available for the local economy reduces. VAPs will stop investing in their properties and may reduce their own local spend, thus other industries will be impacted. VAPs will spend on smaller scale projects that need local tradespeople. Evidence in the report presented to the Housing Minister by the WTA/PropertyMark in November 2024 (referenced previously) shows that 182 days and Article 4 are both impacting local construction and trades industries. However, the full effect has not yet had time to be assessed or quantified.
- 9.3. Whilst there is some offset in jobs created there is no assurance that these will offset evenly in affected areas. Jobs created may not be in Wales (e.g. software to manage VAP returns), are more likely to be in South Wales (where the WRA is based) and/or will be on contracts placed by LAs with larger construction firms which are more likely to bring in external consultants and workers. When looking at the jobs gained v jobs lost the WG is comparing apples and pears.
- 9.4. EM Sections 8.6.11 and table 21 show net job losses but it would be helpful to have the full losses and gains from the Economic Impact Assessment more fully outlined and explained here.

10. Tourism benefits

- 10.1. EM Section 8.5.60 states that “there is a risk that it may not be possible to recover sufficient levy receipts to cover the cost of administration”. Taking into account the fact that this is taxpayers’ money this statement clearly underlines that implementation should not go ahead without significant further work on gathering robust data and scoping the solution. This is a big risk and we do not feel that sufficient funds have been included for the ongoing operation of the scheme.
- 10.2. EM Section 3.2.3 states that “areas [with a higher workforce employed in the tourism industry] receive a much greater benefit from tourism in comparison to [other areas]”. This does not take account of the fact that more people are employed in tourism as a percentage because alternative employment does not exist. Other areas of Wales receive a much greater benefit from other industries like manufacturing or service industries but these industries are not being taxed.

Furthermore, the claim that these areas have a greater benefit from tourism is offset by the statements elsewhere that tourism has negative effects in some areas (tackling those effects is after all one of the points of the VL). The net benefit/negative is – as with most industries – extremely difficult to accurately assess and does not give a reason for tourism to be selected for specific taxation.

It also needs to be understood that, whilst it is accommodation which collects the levy and deals with the immediate cost and administration implications, the impact is also felt in secondary spend. Every penny spent on a levy is a penny not spent directly in the local economy. We are already observing behaviour change in how overnight visitors buy food (deliveries and bringing food with them) more cheaply, at the same time as hospitality prices have had to increase. For some businesses, every ice cream matters. Empty business premises are not tourism-based improvements to a destination.

- 10.3. EM Section 3.2.8 states that there is nothing in the taxation system to directly account for visitor use of public services. This, however, is not really an accurate reflection of the taxation system in the UK. Local people pay taxes even when they are elsewhere (working/on holiday/etc) and expect to use public services in those areas without paying into that local economy. This should offset the taxation demand. The data indicates that 90% of tourists to Wales are domestic which means that 90% of our visitors are paying taxes to central Government which is used to directly (or through the Barnett formula for devolved services) to pay for public services. We are sure that tourists would rather be supporting local wages than benefit payments.
- 10.4. EM Section 3.2.9 states that not all businesses (in tourism-heavy areas) are aligned to the tourism offer therefore local taxation doesn't take account of tourism negatives. This ignores the following:
- a. Local economies are complex, interdependent and holistic – they are not siloed.
 - b. If a local economy is heavily reliant on tourism then so are all other businesses (because people who make money from tourism buy other goods and services that are not tourism related).
 - c. There are negative impacts of other industries (e.g. industrial waste, over-building, etc) but the WG doesn't place industry-specific taxes on them.
- 10.5. The visitor levy concept that was surveyed in the VCR report was “Holiday destinations with Wales are considering charging a visitor levy to UK and overseas Tourists staying overnight in paid-for accommodation. This small charge would be used to support sustainable tourism through helping to fund local services and infrastructure used by visitors and residents. The actual fee has not yet been decided but it would be comparable to existing charged in European destinations representing a small percentage of a visitor's overall spend on accommodation. It would be set at a level relative to the cost of the accommodation”.
- This does not match up to the contents of the VLB as follows:
- a. The Bill makes no reference to “paid for” accommodation; the “commercial” element of this policy has been completely lost
 - b. The concept says that the charge would be set at a level relative to the cost of the accommodation, but this is not the case.
 - c. EM Section 8.5.117 states that “investments of this nature could be used to improve Wales' tourism offer”.
- 10.6. More importantly, the VCR is clear that this is a “tourist tax” but the VLB clearly does not apply to only tourists. The drafting of the Bill says that the tax applies to “business, leisure and education visits”, but then includes a specific list of exemptions (eg travellers, individuals on bail, refugees/asylum seekers, circus performers, live-in staff, some contract staff).

However other non-tourist “visits” (under 31 days) are not exempt (although some may or

may not have a right to refund) for example domestic violence escapes, people staying overnight before or after a hospital visit, families visiting elderly relatives in care homes, children going on educational visits, people working away from home, Welsh parents taking their own children to visit Welsh cultural heritage sites, etc

This does not, in our opinion, support the claim of a “fair” tax and does not align with the consultation carried out in the VCR report.

- 10.7. The concept outlined in the VCR specifies that the money will be used to support sustainable tourism and it is clear from the responses in this document that this is important to respondents. However, the rhetoric throughout the EM waters this commitment down stating that it “could” be used to improve the tourism offer and will be “broadly hypothecated” for the purposes of Destination Management and Improvement.

There is no requirement for *regular* consultation with stakeholders on the use of any proceeds from the VL by LAs. There is insufficient detail about how the VL will be used to improve the tourism offer and what expectations will be made about what constitutes good spend and good practice consultation. This whole area needs to be far more specific and detailed so that LAs are accountable to the industry and tax payers.

11. Other Impacts

- 11.1. EM Section 8.6.13 states that “based on evidence from other countries, a reasonable set of assumptions and what we know about the economy in Wales, the economic impact of the levy...is likely to be small relative to the size of the economy in Wales and small relative to the size of the tourism sector in Wales.” However, given the lack of confidence in the data (outlined above) the claim that the impact will be “small” cannot possibly be justified or quantified.

- 11.2. EM Section 9.2.4 states that “we did not identify any evidence that suggests a visitor levy would result in [a negative impact on children and young people from lower socio-economic backgrounds] occurring.” However, there is clear evidence in the VCR (page 35) that a levy would deter those in poorer socio-economic groups from visiting Wales. The potential impact on children is reiterated in the EM section 9.8.1.

- 11.3. Furthermore, the implementation of the levy in educational environments will also negatively impact on children and young people because it will make a difference to schools and youth groups ability to undertake overnight cultural/outdoor education visits in Wales. A glance at the geographical spread of National Museums of Wales, for example, will demonstrate that the cultural education opportunities for children in North Wales will be impacted in a significantly greater way than those of children in South Wales.

Because the levy takes no account of the reason for a visit there is a risk that families and young people particularly in lower socio-economic groups will be deterred from visiting relatives living in Wales, which would have a negative impact on families and communities.

There is also an impact on children and young people living in an area where tourism is hit, and jobs are lost (see the Economic IA of jobs lost).

Finally children are often involved in flight from domestic violence and abuse frequently

under circumstances where access to money is not readily available. The added complexity of being in a situation where tax has to be paid upfront, reducing the money available to feed them, is very much an impact on children.

11.4. Section 9.4 of the EM states that the revenue raised may offset or positively impact rural communities, and yet elsewhere the EM is clear that there is no certainty that implementing the VL will even pay for itself. We suggest therefore that the claim that rural communities will benefit should be treated as optimistic.

11.5. Section 9.5 of the EM discusses data protection and suggests that this will not be an issue. However there is no clarity about what data will be collected, what will be publicly available, to whom it will be made available and how it will be made available. There are also no obvious cybersecurity costs included in the specification.

11.6. Section 9.6 of the EM states that “there are no direct impacts...on the use of the Welsh Language or Welsh Language communities”. However there is a strong correlation between rural areas with strong Welsh Language communities and those most reliant on tourism. If – as the economic impact suggests – the legislation will lead to job losses in tourism, this will hit Welsh speaking areas hardest and therefore risks the loss of Welsh language where those areas have limited alternative employment options and local people will be forced to leave in search of work.

11.7. Question 5 of section 9.10.2 of the EM is arguably YES not NO. We say this on the basis that the EM estimates that 35,000 (or potentially up to 54,500) micro-businesses will be impacted, most of which have already been impacted by other recent legislation. Further stressors on this sector are likely to lead to more VAPs leaving the market which may significantly change it.

12. Summary

Given the lack of sound baseline data, the huge number of unsupported assumptions on which this is based, the wide variation in impact assessments (in terms of income/cost/impact on the market, etc) and the fact that previous changes have not been properly assessed, the Welsh Government’s time and resources would be better spent establishing good data and ensuring accurate projections than implementing a policy which has so many unknowns into an industry already reeling from change.

We would also point out that this policy was considered by Welsh Government in 2016 and dropped, even though tourism figures had started to rise towards the 2019 highpoint. This was before the higher costs, change in customer behaviours, world events, burdensome policies of the post-covid era (which included a temporary period of property demand, now in the process of reversal) and increasing digital influence on customer choice and lower investment in Visit Wales.

In response to the question “What has changed?” since 2016, the answer for tourism as part of the Wales foundation economy is that the picture is so very much worse. It is less able to face this change than in 2016. In recognising that local authorities are finding it tough, we also say that tourism is no golden goose. The recent policy changes are making it harder not easier to contribute to the economy, to adapt, invest and be part of making communities more attractive places to live and work, to upskill young people coming out of school in an environment which enhances resilience and people skills, to give them reasons to stay or come back.

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