



The British Association Of Leisure Parks, Piers & Attractions

A Tourism Manifesto



Visitor Attractions
The Bedrock of UK Tourism





Introduction

This is a Manifesto for a stronger, wealth providing, job creating and increasingly successful visitor attractions industry in the UK.

Supporting visitor attractions – the bedrock of British tourism – will have huge benefit for UK plc.

BALPPA represents the interests of the private sector visitor attractions industry, a role it has played since its formation in 1936. Our 300 members include many household names such as the Alton Towers, Blackpool Pleasure Beach, Brighton Pier, London Eye, Thorpe Park and West Midland Safari Park.

Private sector attractions are responsible for approximately 75 million visitor experiences in every year, almost a third of the total number of visits to UK attractions.

These experiences provide family fun and happy memories and, equally important, early entry jobs for many thousands of people.

Unlike some other sectors of the attractions industry, the private sector gets no direct financial support and it has been denied access to Heritage Lottery Funding. An unlevel playing field has been created with public funded attractions.

Of the total number of U.K. visitor attractions, 41% now provide free (publicly funded) admission. However this accounts for 59% of total visits. A clear market distortion.

BALPPA's manifesto outlines four practical policies which would be a win, win for the tourism sector and for UK plc.

- Reducing VAT on attractions and accommodation to 5%
- Introducing a Three Year Daylight Saving Experiment
- Widening the scope of Heritage Lottery Funding
- Amending the Gambling Act 2005

Tourism is a primary vehicle for job creation and economic regeneration. All of our proposals would have a direct and positive impact on both, providing a stimulus to economic recovery.

Reducing VAT for attractions and accommodation to 5%

The policy of reducing VAT to stimulate growth in tourism has been utilised by a number of other Member States of the European Union.

Most recently, Germany has implemented a reduced VAT on hotel accommodation from 19% to 7%, and France reduced VAT on restaurant meals from 19% to 5%, with effect from 1st July 2009.

And as far back as the late 1980's, France reduced the level of VAT for visitor attractions to 5.5% when Disney opened in Paris and in recognition of the role attractions play in the success of tourism.

Fifteen Member States now operate a reduced level of VAT for admission to visitor attractions.

Many were sceptical about the ability of the Government's across the board 2.5% cut in VAT. The experience in France and Germany shows that a targeted cut in the order of 10% is required to encourage growth.

BALPPA Members have financed a study on the impact of a lower rate of VAT for UK Visitor Attractions and Accommodation, by two economists previously responsible for a report by Deloitte in the 1990's. Their findings provide compelling argument for a targeted reduction in the current level of VAT to 5%. Their findings are summarised as:

- The loss of VAT receipts to the Treasury would be more than made good by the wider economic benefits and would spark off a virtuous cycle of investment and growth, assisting the whole UK economy. A tax positive result.
- The reduction would assist in reducing the negative balance of tourism earnings, which now stands at over £20bn per annum. (1985 was the last year of positive balance)
- 24,000 new jobs would be created.

BALPPA Members have signed up to a pledge to utilise a VAT reduction to reduce prices, ensure capital investment, develop product, train staff, and create jobs.

Introducing daylight saving

BALPPA has led the tourism industry in calling for a change to the way in which we utilise available daylight. Our ask is for a three year experiment to put UK clocks forward one hour all year round.

Perhaps more commonly known as Double Summertime, this provides positive opportunities across a wide spectrum of everyday activity.

BALPPA, with finance from the Tourism Alliance, has commissioned an independent study by Prof Mayer Hillman of the Policy Studies Institute, to examine the impact on the tourism industry resulting from the introduction of Daylight Saving.

The study concluded that the extension of available daylight would increase tourism activity and result in:

- Tourism earnings growth of between £2.5bn and £3.5bn
- 60,000 to 80,000 more tourism jobs
- Government would benefit from additional taxation
- Contribution to UK balance of payments from taxes drawn from overseas visitors
- The case for tourism is extremely compelling but when added to the other benefits to be gained from the change, the argument is even stronger.
- Road accidents reduced resulting in 80 lives saved and 200 fewer major injuries (RoSPA & Transport Research Laboratory) with estimated savings for the NHS of around £200m per annum.
- Safer for school children to travel to and from school, as more accidents occur in late afternoon than in the morning. (National Association of Head Teachers)
- Electricity usage over the winter months reduced by 885 GWh, equivalent to 66% of the ANNUAL domestic electricity consumption for Glasgow. (Cambridge University)



- A reduction of 446,925 tonnes of carbon emissions over the winter months (Cambridge University)
- A reduction in peak demand for high cost electricity.
- Time zone matching the rest of Continental Europe. E.g. meetings in Paris or Brussels at 9.00 am become possible without an overnight stay. Start, finish and lunchtimes become more easily aligned with Continental Europe, increasing business efficiency.
- Less concern for the elderly to travel in late afternoon and early evening. (Age Concern)
- More time for exercise and sports requiring daylight. (Sport England)

Much has changed since the previous experiment in 1969-71. Technology has advanced; our reliance on service industries such as tourism has increased.

Scotland, in particular, has much to benefit – the last experiment produced a greater percentage reduction in road accidents (17%) than the rest of the UK.

The support for Daylight Saving across a large mix of organisations is continually increasing; lobbying is intensifying and the change is inevitable. UK plc would benefit from the change.

Widening the scope of heritage lottery funding

Previous mention has been made of the restricted availability of HLF funding for private enterprise, irrespective of the merits of the case.

This iniquity is most clear in the case of the nation's seaside piers – often a focal point in seaside tourism - which require substantial investment if they are to be preserved for decades to come. Public sector piers are allowed funding yet private sector ones are not. It should be the worth of a project that matters to the national heritage not whether the applicant comes from the public or private sector.

Furthermore, public sector projects have often been awarded money on the basis of poor feasibility studies which would not have passed the close scrutiny of an experienced attractions operator. These have resulted in the development of facilities that have required further financial support or have failed, whilst at the same time causing distortion in the local market.

BALPPA proposes:

- Widen the conditions of HLF to allow private sector access
- Use a small panel of experienced attraction operators to assess feasibility studies.



Reforming the Gambling Act

Following the publication of the Budd Report in 2001, BALPPA has continually expressed concern over the disproportionate effect of gambling reform on coastal family entertainment centres. Whilst we accept that much of this negative impact is unintentional, consequential damage is no less severe.

Business closures, boarded up seafronts and increasing job losses has become a common story in our coastal resorts.

Attempts to influence decisions have largely proved ineffective, the only exception being an admission by the Minister that action was required in order to prevent further catastrophic business closures. This resulted in a review of stakes and prizes for Category C & D machines with a much needed boost to both morale and earnings.

However, what is important is that this sector of tourism does not suffer more avoidable damage from future proposed changes. The current phantom is the introduction of Gross Profit Tax to replace Amusement Machine Licence Duty (AMLD) and VAT. At least that is what we believe is proposed; but in a HMRC Consultation Document, intended to invite objective comment, we were left with more questions than answers. Attempting to provide guidance on the impact of GPT, operators were left with trying to estimate the likely impact without knowing;

1. What would be the rate of GPT?
2. Would VAT also be payable?
3. Would Category D machines be included?
(They are not currently liable for AMLD).

Without answers to the questions above, responses were naturally restricted in their useful content. BALPPA has suggested that a two-stage Consultation would have been more effective; the first stage being similar to the existing, but with a second stage with answers provided to the questions above.



HMRC is prepared to admit that there will be winners and losers should GPT be introduced. If the losers include coastal Family Entertainment Centres, we can expect more damage to a business which is an important focus activity for many resorts.

BALPPA proposes that AMLD, which has served its purpose well, and VAT remain as the most effective and logical method of gaming machine taxation.

We continue to wait for a review of Category B machines, which was announced by DCMS some 12 months ago, and which we had hoped would tackle the unfair competition from Licensed Betting Offices. To date this has not happened and neither have we been given any assurances that the review will take place in the current session of Parliament. This needs to be completed as a matter of urgency.

Review of SWP machines; in particular the proposed liability of AMLD. Although low key, these machines provide valuable dividends due to their low maintenance, but relatively high popularity amongst consumers. The statement recently jointly released by The Gambling Commission and HMRC suggests these games, which have traditionally been categorised as skills with prize (SWP) machines – and which therefore have not historically been liable to pay AMLD – are to be reclassified as ‘games of chance’. This will render them liable to pay AMLD.

This change in status is due to come into effect as of 1st April 2010, a date which has already been extended, given the very serious concerns expressed regarding the impact that this would have on our industry.

Conclusion

The attractions sector has much to offer in promoting growth in the UK economy. The sector reacts swiftly to positive input, creates jobs instantly and provides a stimulant for growth in associated sectors. This Manifesto provides focus for such growth.

Tourism in the U.K. is an under-utilised asset, often ignored due to its diversity and perceived ability to look after its own affairs. The expectation that it will deliver results without the need of external support often provided for other sectors of our economy is misplaced. In recent years it has suffered from a continuing reduction in financial support for its principal promotional vehicle, VisitBritain. The tourism balance of payments currently stands at circa £15 billion, reduced in 2009 from £20 billion due to the “staycation” issue which provided opportunities quickly grasped. This reduction clearly illustrates Tourism’s rapid response to stimulus.

There could not be a better time to Take Tourism Seriously.

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