

## Tourism in Gwynedd and Eryri

Two cheers for the 2023 publication of the Gwynedd and Eryri Sustainable Visitor Economy 2035 Strategic Plan which offers a progressive vision of a different kind of tourism, more environmentally and culturally sensitive with increased benefits for communities BUT not three cheers because it lacks (a) clear analysis of what's wrong with the tourism we do have and (b) says nothing about the how we get to the vision of the tourism we should have.

### The challenge: limited community benefits

**Q What's wrong with the tourism we do have?**

**A. Tourism is a major industry which captures outside demand and earnings but generates limited community benefits.**

- Tourism and hospitality employs 19% in Anglesey and Gwynedd; but on low average wages of not much more than £10 per hour for work which is often part time + seasonal.
- Trade marketing by Go North Wales elides "outdoor adventure" with Zip World et al. directing tourists to a few large drive to corporate activity sites with Wales as incidental back drop.
- Self-catering (not hotels and B and Bs) dominates. So the largest tourist spend (and almost certainly the major source of profit from tourism) is rents which transfer income and wealth upwards to property owners, who are often outsiders.
- The rise of the Airbnb platform since the late 2010s has sharply increased pressure on the local housing stock. Airbnb short lets now account for nearly 1/3<sup>rd</sup> of Gwynedd's private rented housing stock.
- All this is obscured by the STEAM indicators about volume in numbers and value of total spend because these indicators falsely suggest bigger is better.

**Q. What drives the tourism we do have?**

**A. The availability of private finance with public policy in a reinforcing and reactive role.**

- Private finance (banks, bonds, private equity) funds the start-up and expansion of major sites because successful ones are highly cash generative. Buy to let mortgages finance house capitalists with conversion from long to short lets encouraged by the higher returns on short lets.
- Welsh Government and Westminster grants and loans reinforce the bias to major private projects like Zip World and Surf Snowdonia. Here public funds facilitate private investment which does not have to fund the whole cost of projects with public funding obtained by promises of job creation which are never checked.
- After things have gone wrong, Welsh Government policy is now reactively treating not causes but the symptoms of tourist pressure on the housing stock. It allows (not mandates) local authorities to increase charges on second homes and short lets and to set local planning limits on the number of such properties. If acted on, these measures will at best limit further damage.

- Public policy is complacent until the costs of tourism become obvious because it has assimilated the “bigger is better” assumptions underlying STEAM indicators of aggregates. More research is required here because evidence-based policy and relevant KPIs cannot be formulated when we do not know (a) on the demand side about the caravan and short let holiday maker’s pattern of spend on different objects and (b) on the supply side about who owns Airbnb short lets and the caravan parks and therefore whether and how rents redistribute upwards and/or extract out of region.

So, the question is how to move towards what the Gwynedd and Eryri Sustainable Visitor Economy 2035 Strategic Plan framework wants, i.e. a more responsible tourism engaged with our culture and history, distributing more community benefits and with a smaller ecological footprint.

### The opportunity: designing in more benefits.

#### Step 1: Rethink tourism development as an opportunity to build an eco-system of facilities across an area (not adding a single site development)

- The key is to focus not on one activity at a major site but on developments dispersed across a definite area. Area size and nature would vary e.g. (a) a right of way trail or circuit for walking or bikes or (b) a valley or a sea side bay naturally defined by topography or (c) a town area on and off the high street.
- The question is not what we can cram onto a single site attraction but how we can build supportive relations between different facilities used by (more) visitors and locals across an area? The area approach can be an ecological plus if it encourages car borne visitors to park up for the day, weekend or week. If we develop secondary areas, that usefully spreads tourist numbers which reduces pressure on tourist hot spots.
- Community benefits on the supply side come from many small family firms and social enterprises strung out along or around the area. “The pearls along the necklace” serving all income levels e.g. with accommodation from boutique hotels to bunk house with eco cabins in between. The benefits are dispersed between micro firms and SMEs but not captured by one corporate owner collecting tolls for usage at a major site.
- Community benefits on the demand side come from local users and the preventive health and wellbeing benefits of facilities especially outdoors. This is about more than social prescribing. The approach is not about making places attractive for tourists 4 months a year but making places attractive to live 12 months a year (which will attract tourists).
- Develop relevant key performance indicators which measure progress in shifting from single site attraction tourism as it is to eco system tourism as it should be. With demand side kpis related to capturing spend inside the eco system and supply side kpis related to increasing the number of responsible and capable small firms.

## Step 2: Construct an alliance for change of community benefitting organisations to scope and deliver a couple of ecosystems as proof of concept.

- Build a local alliance for change of community benefitting organisations to deliver each tourism ecosystem in dialogue with communities. Not just local authority and park authority, but health board, housing associations, community organisations. All sharing values, finance and management capability to progress a realisable plan through three overlapping tasks on one or two systems as proof of concept.
- Task 1 is to build a knowledge base about existing users and facilities in the area. Research into who uses existing facilities and how, which identifies gaps in infrastructure and facilities provision and allows realistic estimates of demand potential in various facilities.
- Task 2 produce an infrastructure development plan. Most ecosystems will need physical investment (e.g. signage, rights of way, path maintenance etc) and digital investment in on-line marketing. Plus add some basic management and governance arrangements.
- Task 3 is to produce a facilities development plan for tourist services available within an area or along a trail. Providing necessary facilities (e.g. luggage transfer on a trail) and discouraging competitive over provision of easy to enter businesses (e.g. cafes).
- On funding, the alliance would press for public grants and loans to be redirected from single major projects into topping up the funds which micro and SME family owned and social enterprises can put into start up or expansion of tourist facilities. A challenge fund would be a good way of kick starting a wave of capital investment in facilities projects.
- Offer tax concessions for small facilities business e.g. exempt small businesses from the upcoming overnight visitor levy. And direct the proceeds of the overnight visitor levy into capital grants and loans for facilities in a new tourist eco system.
- As for corporate operators of cash generative, single site attractions like Zip World, we would expect them to supplement the overnight visitor levy by tithing a proportion of their earnings. Using an ebitda<sup>1</sup> accounting measure of earnings not profit because profit is found after interest is paid and Zip World is heavily indebted.
- In the longer term encourage social ownership of short let properties i.e. almost certainly the high profit on large revenue part of the tourist business. The state could provide first loss capital on mortgaged purchases/ site developments by social enterprises when private lenders will not lend the full cost of the development.

We can have a different more socially and environmentally responsible tourism but only if we act together to build it.

Note. This briefing was produced *after* discussion amongst those engaged in the UKRI funded three slate valley community research project. For more information or discussion in the *first* instance contact:

either Cynan Jones [post@ogwen.org](mailto:post@ogwen.org) or Jo Quinney [joq@foundationaleconomy.wales](mailto:joq@foundationaleconomy.wales)

---

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation is a loose proxy for cash flow from operations y