



**BWRDD CROESO CYMRU
WALES TOURIST BOARD**

Paul Davies
Economic Development and Transport
Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Our Ref: CJ/53

8 March 2004

Dear Mr Davies

Economic Inactivity in Wales

Thank you for providing the Wales Tourist Board with the opportunity to submit evidence in relation to the forthcoming Economic Development and Transport Committee's policy review into the high level of economic inactivity in Wales.

The following comments aim to address some of the issues relating to economic inactivity and the opportunities that exist for tourism to become part of any future developments in this field.

- The poor performance of the economy in Wales in comparison with other regions is a result of high inactivity rates and low labour productivity. Productivity levels are low in the tourism sector and the sector is dominated by low pay, low skill, seasonal and part time jobs. However, in theory, tourism could play a role in reducing inactivity rates by attracting those furthest from the labour market through lack of skills.
- Tourism makes an important contribution to the Welsh economy and is a key employer in Wales. It provides for 100,000 jobs and contributes 7% of Welsh GDP. Anecdotal evidence from tourism operators suggests that the industry is experiencing labour shortages and several businesses are filling these gaps with workers from overseas.
- Demographic trends and labour market forecasts indicate that the labour market will shrink over the next decade. This will have important implications for all economic sectors. Tourism related employment has traditionally been seen as a low paid, low skill option with minimal career prospects. Tourism in Wales remains seasonal, which contributes to the negative perceptions of the industry as an employer. This, combined with the shrinking labour market will make recruiting and retaining staff within tourism a continuous challenge for the industry.

- However, the tourism industry is increasingly making efforts to change its image as a career option by providing training opportunities and improving career structures for employees. One of the Wales Tourist Board's strategic objectives, identified in *Achieving Our Potential*, the national tourism strategy for Wales, is to increase the economic and social benefits resulting from tourism activity by reducing seasonality. Developing products in growth markets such as activity tourism, cultural tourism, business and conference tourism and the short break markets will enable the Wales Tourist Board to extend the tourism season. This will, in return ensure that the employment opportunities within tourism are of a higher quality, offering more structured career development and higher skilled jobs. However, this could result in an even greater shortage of lesser skilled workers, a gap which could potentially be filled by the previously economically inactive.
- Tourism can play a part in reducing economic inactivity and fighting social exclusion. Individuals who are economically inactive lack work experience and are often low skilled. Tourism provides opportunities for entry level jobs and the development of new skills for individuals with none.
- Despite the negative perceptions, tourism provides opportunities to develop and enhance a number of transferable skills that can be utilised in a number of service related roles. Thus, tourism provides a platform for individuals to foster important skills that can give them opportunities in other fields. Whilst causing a retention problem for tourism operators, this also provides valuable work experience opportunities for those seeking employment or returning to work, and for those who are experiencing difficulty re-engaging with the labour market. The shrinking of the workforce and the leakage of skills amongst young people will contribute to recruitment and retention issues for the tourism industry. Returners, therefore, could prove to be a valuable pool of labour for industries such as tourism which, in many cases, offers seasonal, part time work and often unsociable hours. It is important to note, however those who are economically inactive and furthest from the labour market are often culturally opposed to working and could therefore be lacking in the important attributes that the tourism industry is dependent upon- such as people skills.
- Physical distance from the labour market is a social exclusion problem that causes individuals to be unable to access employment opportunities. This problem is apparent in the tourism industry, as many of the job opportunities within tourism require that employees work unsociable. Many areas in Wales are poorly served by public transport. This presents significant difficulties and cost implications for potential employees without their own means of transport.
- Economic inactivity is a pan-Wales problem, but is most prevalent in the Valleys. The local authority areas that experience the highest levels of economic inactivity have

not traditionally experienced high levels of tourism activity. Nevertheless, there are important initiatives underway in some of these areas, which seek to change the role of tourism in the local economy. The Herian initiative, for example, is a community and economic regeneration initiative for South Wales. Herian consists of a partnership of some 11 South Wales local authorities, public bodies, voluntary organisations and the private sector. Herian uses tourism and heritage as a catalyst for Wales' economic and social regeneration objectives. The partnership is engaging with community groups to help generate a greater understanding and knowledge within the region and a wider appreciation outside of the region of the cultural heritage of industrial South Wales and its role in making Wales the first industrial nation. Significant investments in industrial heritage are underway in Swansea in the West and Blaenavon in the east. Herian intends to capitalise on these investments and spread the potential benefits across South Wales as a whole. This initiative will aim to provide employment opportunities in areas where economic inactivity levels are the highest in Wales.

If you wish to discuss any of the elements contained in this letter, please do not hesitate to contact me.

Yours sincerely

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