



## BED TAX COULD CAUSE ORGANISERS SLEEPLESS NIGHTS

In the first regular GFG Magazine column, the AGTO's Chief Executive, *Mike Bugsgang*, looks at issues affecting the group travel market

During my tenure as Marketing Manager of the London Tourist Board, the subject of a bed tax on the capital's hotels regularly reared its head. Meetings with Ken Livingstone, then leader of the GLC, pointing out that such a move would have huge consequences on London's tourism economy at a time when the destination was topping polls as the most expensive city in the world, seemed to do the trick and the tax was not introduced.

So here we are many years later and guess what, the issue is live again. London's Mayor, Sadiq Khan, is suggesting that tourists should make a contribution to the various services they use and that a tax on hotel stays

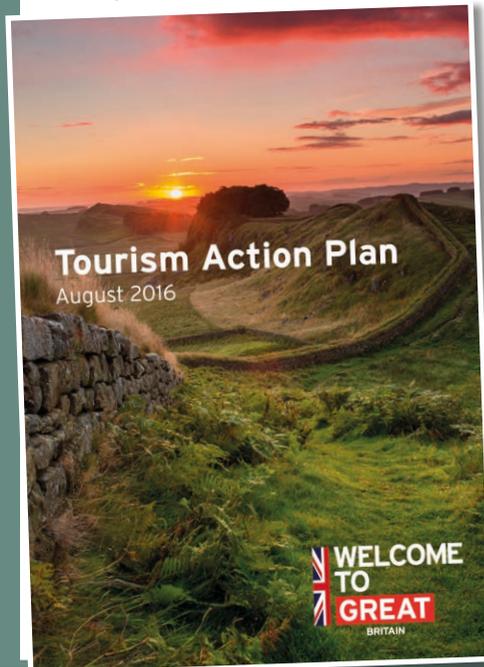


would be a neat way to accrue millions of pounds into the capital's coffers.

Without doubt, London remains the greatest city in the world with its incomparable number of options available for GTOs to take their groups. Art galleries, theatres, museums, festivals, visitor attractions, London has something for everyone. But Mayor Khan, a word to the wise - don't kill the goose that laid the golden egg.

Many of AGTO's GTO members attending the Association's AGM recently reported a decline in demand for London based trips owing to increased costs generally, coach parking and traffic congestion. Adding another layer of cost through a bedroom tax will inevitably deter group organisers even more from including London with an overnight stay in their programmes.

It is wrong for the Mayor to suggest that visitors do not pay their way during trips to the capital.



To celebrate the arrival of the new look Great for Groups Magazine and AGTO's 25th Anniversary, the magazine has negotiated a special discount for GTO readers to join AGTO for just £5. That's a £25 discount on the usual annual membership fee. Readers who are not already AGTO members interested in this special offer should complete the application form available at [www.agto.co.uk](http://www.agto.co.uk) and submit it with a covering letter quoting the code 'GforG Offer'

London consistently performs poorly in terms of competitiveness in surveys comparing destinations. Most European countries operate a reduced rate of VAT on tourist expenditure such as accommodation, restaurant meals and entry to attractions. In addition, the UK has one of the highest rates of fuel duty in the world and the highest rate of Air Passenger Duty in the world.

The Tourism Alliance estimates that visitors contribute around £21.5bn in VAT payments each



year alone. The problem is not, therefore, that visitors do not pay their way, but rather the tax that tourists pay is collected centrally by Government and not re-circulated to the destinations.

The worrying point in all this for GTOs is that if the bed tax at some future date becomes law, then other destinations will see it as a quick route to replace budget cuts by central government and follow suit. Bath has already muted that such a move is under consideration.

To date, the current Government has encouragingly displayed a positive stance towards tourism. Its Tourism Action Plan published last year included an introduction by the Prime Minister, Theresa May.

Mayor Khan's predecessor, Boris Johnson, tried to convince the Government that a bed tax for London would be a good thing but was unsuccessful. Let's hope the current moves meet the same fate and GTOs can sleep easily in their London beds without the nightmares of ever increasing rates.

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