

Welsh Affairs Committee

Oral evidence: [Wales as a global tourist destination](#),
HC 220

Wednesday 15 June 2022

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Members present: Stephen Crabb (Chair); Ruth Jones; Ben Lake; Robin Millar; Beth Winter.

Questions 94 - 142

Witnesses

I: Stephen Davies, Chief Executive, Penderyn Distillery (via video link); Paul Lewin, General Manager, Ffestiniog and Welsh Highland Railways (via video link); Ian Roberts, Finance Director, Portmeirion Cymru; and Sean Taylor, Founder and President, Zip World (via video link).

Examination of witnesses

Witnesses: Stephen Davies, Paul Lewin, Ian Roberts and Sean Taylor.

[This evidence was taken by video conference]

Q94 **Chair:** Good morning and welcome to Committee room 5 in the House of Commons and a meeting of the Welsh Affairs Committee. We are continuing our investigation into Wales as a global tourism destination. We are delighted that we are joined this morning by four representatives of very well-known tourism businesses or organisations in Wales. We are joined in person in the Committee room by Ian Roberts, Finance Director of Portmeirion Cymru. We are joined virtually by Sean Taylor, Founder and President of Zip World, Stephen Davies, Chief Executive of Penderyn Distillery and Paul Lewin, General Manager of Ffestiniog and Welsh Highland Railways. Good morning to you all.

I will start the discussion this morning by asking a very broad and general question to each of you. Where do you see your own businesses and organisations fitting into the overall discussion about Welsh tourism? I will start by putting that question to Mr Roberts, who is with us in person.

Ian Roberts: Portmeirion Limited is a company in north-west Wales and it feels crucial to the tourism industry in Wales. It has over 280,000 day visitors per year and it has 72 accommodation outlets, of which there is 90% occupancy. We believe that we are well placed to give a view and to feed into the discussion about the Welsh tourism industry.

Sean Taylor: Bore da, good morning from a sunny Conwy Valley. My name is Sean Taylor from Zip World. Zip World is embedded in our local communities in north and south Wales and our newest site is in Tower Colliery in Rhondda Cynon Taf. We welcome over a million visitors a year to our sites. We employ 750 staff and, as I said, we are proud to say we are embedded in our communities and we welcome tourists from all over the world.

Paul Lewin: Good morning, Paul Lewin, General Manager and Director of the Ffestiniog and Welsh Highland Railways. We are the largest heritage railway in the UK and the longest at 40 miles long. We go right through the heart of Snowdonia. Our business welcomes 200,000 guests a year. It is quality tourism as opposed to quantity-type tourism. We have been in the business of sustainable access to the national park using our railway for over 60 years. We turn over about £6 million and that leads to a contribution to the local economy in excess of £20 million, when you look at all the additional spend that goes on. It is an anchor tourist attraction and has been in the business for a long time in north-west Wales and is an important part of the tourism scene there.

Stephen Davies: Stephen Davies, Chief Executive at the Welsh Whisky Company Limited, better known as Penderyn Distillery. We have been



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operating in the Brecon Beacons for 21 years, distilling premium spirits, including single malt Welsh whisky. We opened a distillery in the Brecon Beacons in 2008 for tourists and we have just celebrated the one-year anniversary of opening our new distillery in Llandudno in north Wales. Like Sean, we have coverage north and south. In January next year we will be opening a third distillery in Swansea on the site of the old Hafod-Morfa copperworks.

These are all working facilities but they are also visitor attractions. When they are fully open, we expect to attract about 150,000 visitors a year combined across the three. We have good coverage across Wales. In addition, we export our brand to over 50 countries. We feel that we are always representing Wales whether we are at home or abroad.

Q95 **Chair:** Can I ask a niche question? Do the different distilleries that you are opening, Mr Davies, distil different sub-brands of Penderyn?

Stephen Davies: It is a good question and, yes, it is all under the Penderyn brand name. It will mostly be single malt whisky but there is a different style of whisky in north Wales as opposed to south Wales—it is a slightly fruity and smoky style in north Wales. We will be able to produce various craft options in Swansea. It is all under the one brand name but with different nuanced styles of whisky.

Chair: Sounds great.

Q96 **Ben Lake:** Thank you, gentlemen. I will start with Mr Davies and we will do it in reverse order this time. I am interested to learn your thoughts about your relationship with VisitBritain and Visit Wales and how they work with you. Do you have any comments on the way in which they work with you and how to improve it?

Stephen Davies: We have a very close relationship with Visit Wales in particular. We have had a lot of great support with opening these new facilities. I feel that we work reasonably well with them. It is less so with VisitBritain; we do not engage with them as often. We would probably welcome more engagement with both on the tourism side.

We have had some great support and great help with doing different things to get the attractions open, but with tourism in general in Wales we would like to have a bit more engagement about the operating, once you are open, and trying to build more awareness and network a bit more, not just with us but with visitor attractions in general. There is probably some scope on both sides for us to do more work in that way.

Paul Lewin: Our connection with VisitBritain is quite weak. We could have better connections. That may be as much our problem as VisitBritain's problem. Our relations with Visit Wales have been particularly strong over the years. I feel that has been of necessity on a different basis over the last couple of years as we have been trying to get through the Covid crisis. There is a pressing need to get back on the front foot again. I certainly feel that as a destination for international visitors



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north Wales is not getting its share of the cake and I think we could do better.

Sean Taylor: We have had an extremely good relationship with Visit Wales all through from before Covid and during Covid, where the Covid taskforce was chaired by Lord Dafydd Elis-Thomas and it is the Minister for Economy currently. I feel that they do a good job considering their budget, compared to Northern Ireland and Scotland. I think that we need a dedicated tourism minister to represent Visit Wales and the industry more so now with all the challenges that are coming down the line with tourism tax and the lack of differentiation between holiday homes and self-catering accommodation. But on the whole we have a good relationship. We would probably like a little bit more support with new product launches.

As far as VisitBritain is concerned, it is a lot less. Maybe that is our fault as well but we do not have much of a relationship with VisitBritain.

Ian Roberts: We are the same. We have virtually no contact with VisitBritain but we find the relationship with Visit Wales good. We work quite closely with them but, as with everything, we would like to work closer and hopefully give our experience and guidance to try to guide them in their marketing campaigns.

We were using ExploreGB Virtual conference back in March. It would also be beneficial to us is if we could have more access to the statistics that Visit Wales has so that we can have a basis for our marketing by using solid statistics of demographics of people who come to north-west Wales, but that is another discussion.

Q97 **Ben Lake:** I will stay with you, Mr Roberts. The Committee is interested in understanding a bit more about what sort of international brand Wales should be promoting and what elements should be included in that brand. Do you have any thoughts on that? Is there anything in particular that you think Wales offers but it is not being sold to international visitors as well as it could be?

Ian Roberts: In Portmeirion we have always put a strong emphasis on the culture, the tradition and the language. Our Welsh language policy is strong. Over 90% of the people who work in Portmeirion speak Welsh and our meetings are through the medium of Welsh. We believe that the tourists who come to Portmeirion enjoy hearing the language and they enjoy also hearing that it is a vibrant, live language that is used every day. We believe that it could be used more and also more use of the term Cymru rather than Wales. As we have seen, the Welsh football team has developed the use of the Welsh language on and off the field and the use of Cymru instead of Wales has been a major factor in that.

Q98 **Ben Lake:** Mr Taylor, can I come back to you on that question? What sort of elements do you think the Welsh brand should have for international visitors and is there something that we are not selling



enough to international visitors?

Sean Taylor: Brand Wales is weak compared to the Irish brand and the Scottish brand in particular. We are fairly strong on the heritage side of things but collectively we need to concentrate on—it is probably for someone who is more of a marketer than I am—what we represent and push that out internationally. At the moment I think we get overshadowed quite a bit by the Royal family down in London, tartan and Loch Ness in Scotland and in Ireland you have Guinness, so they are all strong brands.

The challenge for us is how do we brand Wales. One of our real strengths is we are compact and we have a very vibrant language, which we do not push enough. We have the heritage with the castles and our industrial landscapes, and also now I am heavily involved in the adventure tourism side. Then we have our food and beverage and Stephen is doing a great job in Penderyn, and things like that.

Q99 **Ben Lake:** I fully agree with you. Mr Lewin, what are your thoughts?

Paul Lewin: I find that we do not have a crisp, clear proposition for Wales; it seems to change over time. In Wales we all know that there is a lot here, particularly with the natural environment and the adventure tourism that goes with that. Also the natural environment for our business is about access to that environment in a less energetic way.

Trying to sell that to the wider world can be quite a challenge and, as Sean was just saying, if you think about Ireland, you can say one or two things about the Guinness and things like that that stand out as being the selling points. I do not think it is quite as crisp and clear for Wales. It would do us well to try to sharpen that message. Easily said, not so easily done.

Stephen Davies: I agree with the last comment there, not so easily done, but it is a challenge to create a much more coherent brand Wales, which I think centres around adventure tourism, heritage and food and drink. Food and drink, which we are part of at Penderyn, has come through in the last 20 years. Fifteen, 20 years ago it was not there as an option. There is an opportunity to sell that a bit more as part of the brand.

There is the coherence of the brand online. When you come across the Severn Bridge you do not feel that you are in a country that is selling itself as a Welsh brand. There is a huge opportunity to improve communication to those visitors who come into Wales because they are the people who come here, they have made the effort, let's keep them here or let's bring them back. There is a lot of opportunities to do that for that kind of visitors and to sell a much more premium message to people who are thinking about coming to Wales but have not been here yet.

Sean mentioned budget. We are probably embarrassed if we benchmark ourselves on what we spend on tourism compared to other parts of the



UK. At Penderyn we built a brand on a budget in many ways. We have not spent lavish amounts of money but having more of a budget on tourism, which is well spent, would be a big advantage.

Q100 Ben Lake: I should have asked all of you, because each of you has alluded to the need to consolidate the brand and almost to distil it—if I can use that, Mr Davies—and to then sell it. At the moment as things stand, do you feel as though you have any input into the way that brand Wales is marketed? Is that discussion being held at all? If I can go to you again, Mr Davies, to begin with.

Stephen Davies: I think we would like more influence on that. I do not think we have much influence on how the brand is marketed, but we need to go back to fundamentals of getting the brand right. There is a lot of elements that make it up but it is not the finished article. I have been working with Penderyn now for 15 years, 16 years and it takes a long time to understand brand and to know what makes a rounded brand. I am not sure we have that. There will be a bit of work to do to make sure that we have a brand that we can push out there as something that could compete with the likes of Ireland or Scotland.

Q101 Ben Lake: Mr Lewin, at the moment do you know who we need to speak with or which group or organisation is in charge of trying to do this work of formulating the Welsh brand?

Paul Lewin: I did in the range of 10 to five years ago. We were much more actively involved with Visit Wales then. It would not take much for us to get reinvolved with Visit Wales. We have good contacts. I have to say it is always very positive support. If you make a call to the Visit Wales team it is always returned. They are always helpful, I have to say that.

In previous conversations about brand though, one of the things that we struggled to get was something that is common to all of us. Yet on a day like today it is shouting out at us that what is common to all of the tourist attractions in Wales is the setting. It is the wonderful environment, the wonderful scenery and how easily accessible it is compared to many other places for international visitors. It does not take that long to get to north Wales and to be immediately in this great environment. That is the common theme and a brand for a country needs to be built on a common theme. I suspect that this is the one that we can all agree on and work on.

Sean Taylor: I completely agree. One of our advantages is that we are very compact. Also the train, for example, from Euston to Holyhead is three hours; we have pushed for the last five years. There is a perception in London or the south-east, and also by international visitors, that we are right up in Scotland. We are not, we are very close.

From Zip World's point of view, we have concentrated for the last five years very strongly on Zip World, which is synonymous to Wales at the



moment even though two weeks ago we bought a business over the border in the Lake District and Manchester, However, while I am involved we will always be a Welsh brand.

As I said earlier, it is a complicated and a long-term strategy of where we brand Wales. We need to definitely get away from sheep, wet weather and even—as a president of my local rugby club—rugby as well because football has come to the fore now. We mentioned adventure tourism, heritage, food and drink; we have an amazing offering in our food and drink industry. There is the language as well. The language needs to be weaponised as an advantage not a threat. I feel that there are negative connotations a lot of the time about the language, and we need to push that. International and English visitors love the use of Welsh language. We get school groups from England and by the time they leave they can say “bore da”, “prynhawn da” and “croeso”. They love it, they embrace it. We need to push that more.

Ian Roberts: I completely agree. The culture, the heritage, the tradition is important and with Visit Wales we would love to have more of an input to try to steer things as well. For the last two years things have been on a little bit of a stop, but Portmeirion has rebranded and we are Portmeirion Cymru now. We have seen positive effects from that.

We also need to remember that clearly there is a Wales brand but, having said that, we have to remember that Wales is a country. That is different straightaway. We have a country, we have the food and drink, the heritage, the adventure tourism, and so on, but that in some way, shape or form needs to be brought all together and packaged to prove that Wales is a fast moving, vibrant country with all these things happening. That then would be easier to sell to the international tourists.

Q102 **Robin Millar:** I have a couple of questions for you about the profile of your international visitors and how they access your attractions. I will start with a simple question. You kindly gave us an indication of total visitors to your attractions at the start but how many of those are international visitors and could you expand on that? Is that a growing part of your business? Do they come because they have a niche interest in, for example, railways? Is it part of a wider package? If you could each unpack that a little for the moment.

Ian Roberts: Our international visitors are less than 5%. That has been decreasing over the last few years, clearly with Covid and so on, but it was on a relatively downward curve. We had a contract with a company about seven or eight years ago called Tauck Tours from America, and that was about 10% of our business. That contract stopped and we were worried when it stopped that that would be bad for our business, but the problem with corporate and large contracts is that there is always a discount element involved. People are always trying to knock something off the invoice or trying to pay less. There is always next time they need less. But our international visitors are relatively low.



Paul Lewin: Like Portmeirion—we are neighbours—our international visitors are in the 3% to 5% range. There was a notable event in 9/11. I know that is a long time ago now but before 9/11 we saw a lot of Americans or heard a lot of American voices. That just fell off a cliff and I don't think it has ever returned.

Now we tend to get mainly European visitors. I think the highest number are Dutch and we get quite a lot of visitors from Ireland as well, but the rest is spread fairly evenly, mainly European. Of course we have the niche market where some people travel from all over the world because they are interested in the great little trains of Wales. That makes up a small proportion but they do come from far and wide.

Robin Millar: I must say at this point that my father used to volunteer on the railway and one time we were stopped by a Japanese tourist who got on the train thinking it was going to take him to Bangor. Not quite what the attraction was intended for, I suspect.

Stephen Davies: It is in the region of between 5% and 7% a year. Mostly in the Brecon Beacons it is Europeans—French, Dutch, German. There are a lot of people walking in the Brecon Beacons. We get some visitors who come specifically to us from international places now who are interested in whisky. The good thing about the international visitors is that they tend to be good spenders. They tend to spend well, whether they come individually in cars or if they come on coaches. They are very welcome for that reason as well.

Our focus is more on bringing in the rest of the UK and more local visitors. We get a large number of Welsh people bringing relatives and friends who are visiting from other parts of the UK.

Sean Taylor: It is very similar, 3% to 5%. I will just give a shout out to North Wales Tourism, which does a fantastic job of bringing international visitors in. It has stagnated, probably due to Covid, but we found them stagnating just before Covid. For our international visitors, I was talking to a lady from Singapore last week, America is strong, Germany and Holland.

Q103 **Robin Millar:** In previous inquiries and previous sessions we have heard that the visitors to Wales—it was about 1 million, I believe, in 2019 before the pandemic—represented just 2% or 3% of the total visitors to the UK. With your own marketing efforts are you seeking to go direct to customers overseas or do you seek to leverage off other attractions in the rest of the UK, perhaps offering part of a package deal or a joined-up tour that includes different parts of the UK?

Sean Taylor: We do not directly. We generally support DMOs like North Wales Tourism but it is such a small part of our business, which we would like to expand. But for us at the moment there is low-hanging fruit, which is our market in England, Scotland and, to be fair, we get a lot of Irish visitors as well coming over on the ferry from Holyhead.



Q104 **Robin Millar:** Mr Roberts, is it a similar story for you?

Ian Roberts: Yes. Especially in the last two years our budgets have been tighter and our marketing budgets have been tighter and you go for the easy hits in that respect. The majority of our business comes from England, so we try to market as best we can to the biggest local, nearest market, which is England.

Paul Lewin: Perhaps I can add a little on the package tours, particularly overseas. I know working the opposite way, because we have a travel business as part of our railway, it helps people to travel overseas. There we tie up with ground handling agents in other countries that help put packages together. There is a bit of a gap when it comes to inbound tourism in trying to find somebody who can deal with the ground handling, all the transfers, just dealing with people once they have landed in Wales and how they get from place to place. There seems to be a gap in that area. When you go to overseas travel markets or when you court somebody online who is saying, "We are interested in bringing people over" yes, we can sell our particular attraction, possibly mention others, but then the tying it all together bit seems to be missing. I think the term that tends to be used is ground handling agents. I am not quite sure that is the right term, but there is a gap there that does not help us.

Q105 **Robin Millar:** That usefully brings me to my next question, which is about barriers and what barriers you have experienced. Clearly that is an important one. Mr Davies, is there anything that resonates with you on that?

Stephen Davies: Covering off a little bit on the last point as well, we have a lot of international discussions because we are exporting to a lot of different places. We have had the experience of being able to influence lifestyle journalists in the USA, for example, who come to write about Penderyn that they can write about the wider scene in Wales as well. I think there has been an opportunity there to showcase—we always feel that most of the export countries do not know Wales very well. We are not just selling our product but also selling the place we come from, which is a great opportunity. It is a great part of the brand story. You then have to widen the conversation.

I see it as an opportunity to bring more international visitors into Wales by just raising the general awareness of the country through the brand. We are in that fortunate position because malt whisky is an export brand. I think that there are a lot of barriers, mainly probably the lack of awareness of Wales and what Wales can offer compared to Scotland or Ireland as fellow Celtic countries. We often describe Wales as the undiscovered Celtic country to give people a bit of an idea of what they might be likely to find.

Q106 **Robin Millar:** Mr Roberts, you mentioned targeting England as the nearest and biggest. Are there any barriers particularly to bringing visitors in from England?



Ian Roberts: One of the barriers is the poor road and rail networks in north Wales, where Portmeirion is situated near Porthmadog. Porthmadog is almost an hour away from the main train station in Bangor so it is not an easy place to come to. We all know that the road network up and down Wales is not very good. The communication and the transport links are a barrier to bringing people in.

Q107 **Robin Millar:** You have pre-empted my next question beautifully, which is to do with transport infrastructure. I would like to look at this in two ways with my remaining questions. First, the national picture, how we connect internationally and across the UK, and then the local one because I think the local infrastructure is very much the case. On the point of national infrastructure, Mr Lewin, I think you mentioned ground handling. Where do your international travellers arrive into the UK and then how do they connect through to you?

Paul Lewin: This is purely subjective information based on talking to visitors, but generally it is Manchester and along the north Wales coast and down into Wales, or it is Heathrow and using the train to get to Bangor. There are many variations on the theme but those are the prime places. Obviously, you cannot get from hardly any international destination into the Welsh airport and, if you can, the onward links are impossible, so that does not happen.

Q108 **Robin Millar:** Sean, is there any different experience with you being across Wales and now up in England as well?

Sean Taylor: I do not want to sound controversial but Cardiff is our capital but our business capital is probably Manchester for north Wales. We all know the challenges with travelling between north and south Wales. It was fanciful to say we had an airlink from Cardiff to Anglesey—it was third world at best. It did not even operate on weekends, so it is a challenge.

It is not so bad—and I completely agree—up until Bangor I suppose you have the A55. Anything west of that is a real challenge. That is with transport and obviously you have connectivity issues as well.

Q109 **Robin Millar:** Mr Davies, a slightly different proposition and destination, but do your visitors report difficulties or particular satisfaction with transport?

Stephen Davies: In trying to attract visitors from London, I think there is a perception issue of it is a long way away, and obviously it is not. We have some messages to push out there in that respect. Obviously getting to Cardiff is not a problem, but then getting from Cardiff to the Brecon Beacons you cannot use public transport, you have to drive and who wants to drive to a distillery? There are some significant challenges there.

Within the country, one of the most disappointing things for me recently was when we set up the project in Llandudno in north Wales—and I do a lot of travelling north and south—we were using the flight that was put on



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between Cardiff and Anglesey. Then of course that was stopped with Covid and I do not think it has restarted. It is one of those things that makes life that little bit more difficult. It was very competitively priced and very easy to use. Once you get into the country there are difficulties getting around.

Q110 Robin Millar: I must ask this, gentlemen—it is a topical question. There is the promise now of strikes this summer on the rail network within the UK. What are your thoughts as business managers; what is your reaction to that news? What does it mean for your businesses, please?

Paul Lewin: I have the worst situation with that because my railway crosses the national network and is signalled from Machynlleth by some of the people who are going to go on strike. That may cause us quite a lot of chaos and we are trying to work now to avoid that. But if I put that to one side because that is a special situation, in more general terms I think 90% of our people will be arriving here by car. There will be some frustration that there is not, “Oh, we will travel by train” but that is about it. For the other 10%, the people who are arriving by train, yes, there will be problems, there is no doubt about it. It will not look good on us.

Ian Roberts: It is another little barrier for people to think about on coming, another reason for people not to travel somewhere. But where we are in north-west Wales most of the people arrive by car or by bus, so we do not think it is going to be a major issue for Portmeirion.

Stephen Davies: I do not think it is going to significantly affect our business, but all of the issues we have had in Cardiff recently where we have had major events and people complaining about not being able to get out of town are disappointing because people will not come back if they have that bad experience. They will think twice and there are plenty of other places they can go to see events and do things. The overall impression of communication and being able to manage that stuff better is important. I just worry about the wider scene.

Sean Taylor: For our four rural sites it will not make much of a difference. It may affect our new opening in Rhyl in July. But it is obviously not a good situation to be in.

Q111 Robin Millar: One quick question, and you have alluded to it, which follows on from this is the local integration of buses and railways. Do you have any additional comments you would like to make specifically about that?

Stephen Davies: If you drive on the M4 east to west, as a lot of our visitors do if they are going down to Pembrokeshire or visiting other beautiful parts of west Wales, you would not know that the Brecon Beacons or the Welsh valleys exist because there is no signage to give you a hint of the beauty that lies just north of the motorway. I feel that again communicating to people about it is not just—the more traditional parts of Wales are obviously better served with signage, and so on, but



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the areas that Sean and I are in, in Penderyn and Rhigos, need more awareness.

I know that road signs are not there necessarily to advertise your own business. I am not looking for that, but I think a steer to say to people the Brecon Beacons with these various attractions is just on the doorstep might give people an alternative next time they are travelling into Wales to explore other areas.

Paul Lewin: I have a very important point to make here, and that is there is a real difference between transport and tourist transport. If you need to get to London to go to work your main concern is how fast you get there, how cheaply you can do it and so on. That is completely different to what you do when you are on holiday. If you are taking some kind of transport to go somewhere when you are on holiday with your family the experience of travelling is important to you.

Obviously, we have a business that is all hinged around that but if you look at the national network of buses and trains in north Wales and say, "Would I take my family on these while I am on holiday?" I think you would think very carefully before doing so. Maybe in small chunks, maybe where you know that there is a certain quality of service, but largely speaking I think most people would be most reluctant to plan on using the transport networks that we have. They are built for transport, not necessarily for tourists. If we want to be a serious player in international tourism, we have to put that right.

Robin Millar: Thank you, gentlemen, that was fascinating.

Q112 **Chair:** A very good set of a questions and, Mr Davies, I completely agree with your comments about motorway signage. It is something that the French motorways do so much better in promoting the general culture, tourism, social offerings of different districts and regions. It is not about promoting specific businesses but it is something that we could certainly learn from in Wales.

I have a quick question to Mr Lewin and Mr Taylor. I understand that both your businesses featured on a recent episode of "The Apprentice" programme. Did you notice any discernible effect on visitor numbers as a result of appearing on national television?

Paul Lewin: You have to remember that the impression created lasts for a very short time. People are swamped with imagery and news stories and so on. I think it went out in about February, something like that, when we were closed for the winter. Yes, we did get an uptick in the number of people booking ahead so it had some effect but not a major effect, and it would have been so much better if it was in the summer.

One other point that I must make about things like "The Apprentice" is that they are there to entertain. They are ruthless and mercenary about the way they put their programme together. No matter what they say, they do not care what your tourist attraction looks like and how they



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present it. All they care about is the ratings numbers and entertainment. Yes, it was okay.

Chair: Welcome to our world.

Paul Lewin: I am very pleased to have had the cover but I will not put a lot of store by it.

Q113 **Chair:** Mr Taylor, your business is no stranger to national media coverage. Did "The Apprentice" have any effect at all?

Sean Taylor: It was very positive for our bookings, especially for Easter. I have some figures and we had about 3,500 bookings. It was over £100,000 in financial contribution. We got a location fee from the BBC, which they have never done before. They said, "We do not do that, we do not pay location fees with 'The Apprentice'" so I said, "Bugger off and go to another zip line". We have been so fortunate. We have had "Top Gear", Ant & Dec and this also goes out internationally. But I completely agree that you have to be forceful with them and you have to hold out because they will push you around if you are not careful.

Q114 **Chair:** Did Visit Wales or VisitBritain have any communication with either of you ahead of or around the production of that TV programme? Are they trying to be proactive in leveraging the opportunity that the media coverage creates? You are nodding your head, Mr Lewin.

Paul Lewin: Yes, they did. They tried their best with that. I cannot knock it. They did try to help us. I think we need to work together more often to get it right. This was the first time we had worked together like this in a long time, and so we did not really know each other and slightly strange conversations were going on. If we were doing it regularly it would flow more easily.

Sean Taylor: They were very helpful for us. It is all very well Zip World and the railway getting the benefits, but we need to concentrate on the destination after that as well so that the businesses can come up and they can do other things. We have potentially "The One Show" coming up for our underground golf launch next month. Also with Visit Wales we have a big HBO sequel of "Game of Thrones" potentially coming up, which could be absolutely massive. In general, Visit Wales did the introductory and then were very supportive.

Chair: Thank you, that is very helpful.

Q115 **Ruth Jones:** Can I ask Mr Lewin a fairly niche question? We have heard a lot about the issues you are having with coal at the moment and I am wondering how you are going forward with the business. With Ffos-y-Fran now closed, how are you going about sourcing your coal and what are you doing about alternatives for the future?

Paul Lewin: I am very happy to answer that. First and foremost, one thing that has to be understood is that our historic steam locomotives need to burn coal and there is no real credible alternative to that. It is all



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related to the energy density within coal. However, we have to remind ourselves that the amount of coal being used in heritage steam locomotives is very, very small compared to worldwide consumption. It is a fraction of a percent.

You then say how do we best deal with that as heritage railways? I work with the Heritage Railway Association and take a lead on this with them, and the plan that we are trying to promote with all heritage railways is what we are calling the green jacketing plan. There are many aspects of all heritage railway businesses that can do better from an environmental perspective, whether it is the works trains being run by electric locomotives, the machinery, the workshop is being powered by sustainable sources of electricity, looking at where we buy things from and what materials we use, and also thinking a lot about insulation and the like.

What we are trying to do is say, "Let's put a green jacket around our heritage railways". We accept that there is a very small amount of coal burning that is needed but the rest of it we can do. As one example, we have put 60 kilowatts worth of solar panels on our workshops, round the corner from Portmeirion, so we have basically wiped out much of our electricity bill during the day by taking these sorts of measures.

I think it needs a package, not just a simple answer. There are possibly other answers. There may be some biofuels that we are trying that might be usable in steam engines, but it is early days and there is a long way to go with that to find an alternative.

Q116 Ruth Jones: Thank you very much, that is helpful. It is good to know you are planning for the future. I will go to Mr Davies now and thinking about Penderyn for international markets, which international markets have you had the most success in and which are you looking to go to in the future?

Stephen Davies: France is probably the more sophisticated market for malt whisky and is one of our biggest export markets, but we do well in Europe generally. Post-Brexit that has not been diminished. We are still growing. There are a few issues with labelling and things, which have added a bit of friction in the process but that has not really disturbed us.

The USA is a big market and one that we have a good partner in, so we are finding that we are growing there. We are in about 38 to 40 states now for our products, but that is growing. Also in Asia, places like Taiwan are very good for our kind of product, where whisky is well understood, and China is coming up very quickly. We are looking at some serious partnerships in China for the future. There are half a dozen countries where we want to spend the time building the brand and then there is a load of second-tier countries that just from a resource point of view get a little bit less attention.

Ruth Jones: Thank you very much, that is helpful.



Q117 **Beth Winter:** Bore da, everybody. Another question for Stephen. As well as being located at Brecon Beacons, you are located in Cynon Valley. What distinctive features of Welsh culture and heritage do you use to market Penderyn abroad?

Stephen Davies: A good question. It is something that I think we have done very effectively. At the very highest level we started with the story of Welsh gold, which is not necessarily a local story but the rare and precious nature of Welsh gold compared to our single malts. Then after a number of years we built up maybe a bit of confidence to use the Welsh dragon and our version, a more animated version, of the Welsh dragon on some of our bestselling bottles. We had quite a lot of calls from places in Europe to say, "Can we have a bit more Welsh character in the product?" so that was driving us to use the dragon symbol.

Beyond that we use a lot of different Welsh stories as part of our icons of Wales series of whiskies. We have talked about Dic Penderyn, a very local historical story of course. We have celebrated Sir Bryn Terfel, Dylan Thomas, stories from the Mabinogion. At the moment we have a lovely edition of whisky that celebrates the Welsh word "hiraeth", which we feel post-pandemic, when people could not go home or they could not leave home, to celebrate this kind of wonderful Welsh feeling is quite good.

We have used stories across Wales. I think more locally the fact that we use local water as part of the process is very important to us. Of course pretty much everybody who is employed at the distillery—and there is about 80 people in total now—are either based in Hirwaun, Aberdare or are very locally based and they are all extremely passionate about the work that they do. That filters into the local community quite effectively.

Q118 **Beth Winter:** Do you think that there are lessons from your marketing strategy that could be applied to promote Wales as a tourist destination? Are you having conversations with Visit Wales and so on, so that they can learn from your experience?

Stephen Davies: I would like to think so. We have gone from almost zero credibility for the idea of Welsh whisky 15 years, 20 years ago to a brand that is recognised now as being truly world class. I say that because other people tell me, not just because I think it. We have won over 50 significant gold medal awards for the brand. We have built a premium Welsh brand and I am very interested in trying to contribute to building premiumness into the Welsh tourism business. We have learned a lot over the years. It has not all gone right, of course, you learn a lot of lessons along the way, but we are very interested in creating more interest, more credibility, more premiumness in the offering.

Q119 **Beth Winter:** Thank you. It is very nice whisky as well. I will move to Sean and Zip World. What do you feel that Wales has to offer as a sustainable adventure tourism destination?

Sean Taylor: I mentioned earlier that we are a compact country, even though we have challenges with our road infrastructure. We concentrate



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on our branding, we can advertise ourselves as a vibrant country with amazing landscapes, with world class experiences, whether it is having a whisky, going to a castle, going down the fastest zipline in the world, going underground. We have a great culture and, as I said, our language, so we need to concentrate on that.

Sustainably, we have just bought a business in the Lake District and they are concentrating massively now on their sustainable travel plans within Cumbria and the Lake District, whereas we are involved with three other sites right on the edge of our national parks. They have a sustainable transport plan but I feel that they are doing that in isolation. People still have to get to the park. They are concentrating on people once they get to the park. We need to concentrate on people when they are coming from Chester on the A55, how do we get them out of the cars and coming up on the A470. They are looking at it in a very minute way when they are not looking at the bigger picture.

Q120 Beth Winter: How effectively do you think Wales is promoting itself as a sustainable adventure tourist destination, Sean?

Sean Taylor: Pre-Covid, Visit Wales did a great job with the “Year of Adventure” on the limited budget they have—I do not think their budgets are big enough. We got a lot out of that in the adventure tourism/sustainable tourism sector and not just RibRide or it could be Adventure Parc Snowdonia and other places down in south-west Wales.

Q121 Beth Winter: I have one more general question for all of you. Some of you will be aware that we have done a lot of work in the south Wales valleys, looking at how we can generate and sustain the local economy and get companies to reinvest in the local economy. Rather than being looked at as a post-industrial valleys community, why can we not be a pre-something or other in a positive light? It is something you have all alluded to already. How do you see tourism contributing to sustainable economic development and also providing local, well-paid employment—we talked about real living wage with a couple of you—for local people so that we can generate the local economy and ensure that the wealth that is created is retained within our communities?

Ian Roberts: Portmeirion has 280 people on the payroll and they all live within very short range of Portmeirion. Most of those are full-time, permanent, all-year-round positions. I believe that sometimes we need to change the mindset of how we look at employment in the hospitality sector in Wales. It is not always seen as a career, it is seen as a stopgap between college and until you find another job. In somewhere like France a restaurant manager is held in high regard but in Wales it is not quite so. We need to change the mindset also that if we invest in and change how people think about employment in hospitality and then we improve the quality of the people we have in hospitality, the income and employment rates will increase. The better the quality of the people, the better they will be paid. If we can improve the mindset of how people see



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hospitality and tourism work, that will improve the quality of people in tourism and that would be better for the local economy.

Paul Lewin: We have to remember that the hospitality industry has a very heavy reliance on people as a resource. I often draw a parallel with the Shell petrol garage, which is just opposite our railway station in Porthmadog. We have about the same turnover of about £5 million to £6 million a year. The Shell petrol station employs four, possibly five, people and has a very limited impact on the local community. We employ about 85 to 90 people all year round in full-time permanent posts, so we have a much bigger impact on the local community.

Tourism offers great potential for sustainable employment, but built in here is the question of salary levels because many people in hospitality are at minimum wage level and we are feeling a lot of pain. As the minimum wage increases, the hospitality sector is one that is affected the most, which means ultimately that if we are to pay beyond minimum wage—and we all aspire to do more than that—the price of the tourist attraction has to go up. We cannot do cheap tourism. Cheap tourism is not sustainable tourism is what I am saying. If the ticket price goes up you have to make sure you have a very good quality attraction, otherwise you do not have a sustainable business.

You have asked quite a complicated question and it is not easy to give a very simple answer, but I do see tourism as an important part of sustaining rural communities.

Q122 **Beth Winter:** Sean, you mentioned about being embedded in the community.

Sean Taylor: We have had exemplary relationships with Rhondda Cynon Taf; it has been an absolute breath of fresh air working with Andrew Morgan, Chris Bradshaw and Simon Gale. I can honestly say I do not think Tower Colliery, the Zip World Tower would have been there without the support of RCT. We are in the very fortunate position where we pay the living wage and we are now trying to get up to the real living wage as well. We have been working with the Bevan Foundation on that. That is the positive.

The negatives within Tower Colliery and RCT is that at the moment we get day visitors coming from Bristol all the way up the M4-M5 corridor. However, there is such a lack of tourism accommodation that they are just day tripping. The local economy and the local community are not benefiting from that. Tourism has been embedded in Snowdonia for a long time. You have the infrastructure here, B&Bs and hotels—hotels in Llandudno, B&Bs in Betws-y-Coed.

We do want to go into this market but I feel that to make the valleys, which I think have massive potential for tourism—it has been looking in your face for such a long time. You have invested billions and billions of pounds in heavy industry when the answer was right in front of you with



your geography and your topography. We want to work with RCT and Welsh Government to promote that. I do not know if that answers your question?

Q123 **Beth Winter:** Yes, thanks. Finally, Stephen, very briefly please.

Stephen Davies: In our business we are working very hard on the sustainable agenda. We have solar panels on all our facilities in south Wales and we are driving our employees now to move to electric cars as quickly as we can, where it is possible to do that. We are working hard on reducing the amount of packaging in our products. With a premium product you have to move that very carefully but nevertheless it is absolutely the right thing to do.

On tourism locally in the Cynon Valley, Zip World is a mile away from Penderyn Distillery. It is perfect. We were delighted to see Sean set up an operation there, but we see the same thing. We are absolutely short of good quality local accommodation to bring people into the area and keep them there. It is great to have day-trippers but there is such a lot to explore in the local area. We are not doing ourselves proper service without having that accommodation.

If Government can do something to encourage people to set up, to refurbish, to offer better local services. We see the difference in Llandudno where we are, which is a much more traditional tourist destination and that is not such a problem there. Sean has raised a very important point.

Q124 **Ben Lake:** We have heard quite a bit today about the challenges that Wales's transport infrastructure poses to businesses such as yours. In a previous session it was discussed that putting on large-scale events is particularly difficult in light of the weakness in our transport infrastructure. I am interested to know whether that was a factor in the discontinuation of Festival No. 6. Is the fact that we do not have the transport infrastructure that we desire a limiting factor when you look at potentially holding future large-scale events?

Ian Roberts: There were several factors that led to Festival No. 6 ending. There were seven Festivals No. 6 from 2012 to 2018 and unfortunately it only made a profit in one year. The problem with Festival No. 6 was Portmeirion itself as a location was the strength of the festival but also the weakness. You could have only 15,000 people there and that is a limiting factor. Normally festivals are a numbers game. If you have 30,000 people paying X amount you will make more money than 15,000 people paying X amount.

Festival No. 6 was full of challenges. Looking for a space to park 4,000 cars in the Porthmadog area was a huge challenge as was having people coming in on the roads to Portmeirion where it is quite a narrow lane and then the buses and so on. We also had to think about the setting up of the festival. Portmeirion is a visitor attraction all the year round. On a day



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when we had Festival No. 6 we probably would have had 1,500 day visitors, so we were substituting income for relatively more expensive income from festival income.

Festival No. 6 itself was an excellent marketing tool and it brought us to a younger, more London-based crowd as well, which was good. We have seen the benefits from that but unfortunately, as with any festival, the festival was from a Thursday to a Sunday night but the festival did not just set up on the Thursday it set up about three or four weeks before that and it was two weeks after. It was a six-week block and that was affecting our normal day business. If a festival can set up in the middle of a field without anything else affecting it, that is fine.

It was a good experience and who knows if it might come back. It was a strange experience standing in a field in Penrhyndeudraeth on a Sunday night in September listening to the Pet Shop Boys. It was a good experience but also we realised with Festival No. 6 and working with festival promoters how up and down and how incredibly temperamental the festival market is. Normally there is a profit scale for festivals, you make a loss for the first three years, then you do okay in four, five and six years and then it tails off. Festival No. 6 did not quite work on that front because of the numbers. Then to make it viable the price that people would have to pay to get there would have had to be extremely high, which was not feasible.

Q125 **Ben Lake:** Diolch yn fawr, thank you. Mr Lewin, did you want to come in on this point? I saw your hand up.

Paul Lewin: If I may just very briefly. Festivals are an extreme case but events more generally are important to the tourism business. We all run events. At the moment we face a situation where we are all struggling for human resources. We all have lots and lots of vacancies. Events generally rely on a disproportionate amount of resource, usually human resource, being put into them to make them happen. Often, certainly for our organisation, doing some events brings a sense of purpose, a buzz, some excitement to the team that lifts us over and above the day-to-day activities. It can be quite exciting and positive for the business.

At the moment, I think our business and many others are very wary of running any kind of events because they fear not being able to resource it because of human resources and burnout with the staff that we still have in place. At the moment the thing that is perhaps the icing on the cake is not very easy to deliver.

Q126 **Ben Lake:** Thank you very much, that is very useful to know. Mr Roberts, we discussed earlier about "The Apprentice". Portmeirion clearly has featured in a number of television programmes and films. Is that something that features heavily in the way that you operate and try to market yourselves to both a home and international audience?



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Ian Roberts: Yes, we employ a location manager on site who is there to promote Portmeirion for filming and television work. Gordon Ramsay is there today filming a new programme that he has. We also had "The Village", which at the time was very exciting. It was a six-part ITV programme and it was going out at 8 pm on a Monday night between two "Coronation Streets", if I remember. Unfortunately it went out in April 2020 in the third week of the lockdown. We have still had excellent numbers from there. We have "The Prisoner" convention every year, "The Prisoner" festival. The No. 6 "The Prisoner" convention is held every year in March where they take over the village and re-enact some scenes.

What is quite good about these things is that they are stories to put out on Facebook and Twitter, "Look what is happening in Portmeirion today". It is a vibrant place and these people want to come. Even when "Bargain Hunt" were there, that is a story in a way. It is something to communicate to our customers and a lot of the people who come to Portmeirion like to keep in touch with Portmeirion. The Friends of Portmeirion, as they are called, like to see on Facebook what is happening and they like to check our webcams to see what the weather is like on those days. These things raise the profile and they keep the interest. It is something we value.

Q127 **Ben Lake:** Is it something that helps attract international attention and interest as well or is it primarily the home nations, domestic market?

Ian Roberts: Primarily the home nations but I think there is a relatively strong following for "The Prisoner" in America. You clearly get some people in various pockets of Europe who have an interest in these things. That is what was good about "The Village", 8 pm on a Monday night on mainstream television and ITV; that has a coverage that we could never pay for. In general it is the coverage that we would like to keep. The people who could travel there say, "I have just seen this on Facebook, that looks nice. How about going to Portmeirion this weekend?" It is those types of people who are keeping things interesting.

Q128 **Ruth Jones:** We have mentioned already about Covid and the impact it has had on your businesses. How did Covid affect your organisation and how did the assistance from the UK and Welsh Governments help or not help you in your businesses? Was it enough, basically?

Ian Roberts: You would always want more assistance. Our turnover in the Covid year of 2020-2021 came down £6 million and we had £300,000 of assistance from the Welsh Government. Clearly, we had furlough payments on top of that for our staff but it decimated our business. However, more importantly, it had an effect on our business prior to the lockdown because in January, February and March of 2020 we were seeing our forward business bookings for overnight stays just falling apart. People were cancelling left, right and centre, and that was before the lockdown.



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When the lockdown came it was almost that we knew what we were working with then. The Welsh Government did what they could and any funding was gratefully received, but it made us a more nimble organisation where our staff multitask more now and they are more used to multitasking. The problem we had with the lockdown and so on was our business was either closed or 100% occupied, there was nothing in the middle because when we reopened in July 2020 it was extremely busy. Trying to get staff off furlough was another issue, because people became a little bit comfortable on furlough.

We certainly learnt a lot from the pandemic, but we believe now that we have a stronger business in a way and a better, more focused business because of it.

Q129 Ruth Jones: You have probably come out of it more resilient?

Ian Roberts: Yes, considerably more resilient and considerably more aware of our business plan. Portmeirion's purpose from the company that runs Portmeirion is to keep it for future generations but also we need to make sure that we have a viable and profitmaking business plan that will enable that to happen financially. Not to just keep it but we need to make sure the business generates profit so we can reinvest, have a buffer and make sure that the business is protected if anything similar happens in the future.

Q130 Ruth Jones: Mr Taylor, how was Covid for you and your businesses?

Sean Taylor: I can quite honestly say that without the furlough payments we would have had mass resignations. It would have put the business back three or four years and we would not be growing anywhere like we are growing at the moment. That was a positive.

We feel we got disadvantaged a little bit in Wales; we missed Easter opening and half-term openings. I was lucky enough to be on the Covid taskforce with Welsh Government, which was quite invaluable where you have the input straight to Ministers. I am also the Welsh representative on Nigel Huddleston's—he is the tourism Minister for Westminster as well. I think everyone would agree that we need a four-nation approach if this ever happens again so that we are all doing the same things.

The company recovered very quickly. We changed how we work, as in from an HQ, where we are far more nimble now but we still have some legacy issues. It was a very emotional time, it was challenging but it has made the company stronger.

Q131 Ruth Jones: That is interesting, thank you. Mr Davies, from your perspective, please?

Stephen Davies: The only benefit we received for our tourism business was the furlough scheme. Beyond that we did not get any help for our tourism business at all. We were very fortunate that we have the manufacturing and branding side of the business where our key



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customers are people like Tesco, Sainsbury's and Waitrose who were obviously still open and we were still selling.

It was a bit frustrating because there was an offer of a rates rebate for tourism businesses but when we applied for it we were told that we were not a tourism business, we were a manufacturing business so we were not eligible. However, as I say, we were fortunate because without the furlough scheme we would have lost all of the staff and now getting them back.

The other problem we had was communication. On Sean's point about a co-ordinated approach across the UK, you could see it was never going to happen. People wanted to be different but sometimes I felt that was just for the sake of it. It did not help us at all and the communication about that was not great. Always recognising it was an awfully difficult situation for everyone, so I understand that, but we were getting very short notice when we had to close and very short notice when we were able to open.

It was a very challenging situation but, like everybody else, we came through and we managed with it. As I say, we were fortunate that the tourism business was an element of our total business and we just had to cope with it.

Q132 Ruth Jones: Your point about working across the four nations is well made. Mr Lewin?

Paul Lewin: I will pick up the point that was just made first, if I may, about all nations together. There are times when Wales needs to be different and there are times when we need to stand shoulder to shoulder with the other three nations. Goodness me, Covid was one of them. I was infuriated by the efforts that our business had to go through on top of everything else because there wasn't a joined-up approach across the four nations. That meant that because at a higher level the decision could not be made to work on the same basis, our people on the ground, facing our customers day in, day out, had to deal with it: what is the law here, what are the rules there? Arguing with customers who said, "But in England it is like this" and "in Scotland it is like that". It was infuriating and very unhelpful. As you can see, I have quite a strong feeling about that and I need to just say it.

Ruth Jones: Noted.

Paul Lewin: The question that you also asked was about the support that we received. I thought that the efforts with the furlough scheme were superb and saved our business. The volume of support—because we did get support from the Welsh Government, perhaps fairly so because we were closed and prevented from trading by rules imposed by the Welsh Government, therefore our support was appropriate and helpful. The only criticism I have is on timing. It took a long time for some of the support to come through and I think that we probably lost 30 or 40 people in redundancies, some of which may have been avoided had the



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support been forthcoming a little bit earlier. I absolutely appreciate that the benefit of hindsight is really helpful here and it was a difficult time.

Covid has had a positive effect in that it has given a mandate for change, wherein it seems we had a chance to do things differently and be more flexible. We certainly have. I think the events of the last two years have unmasked some underlying problems related to the cost of employing people, what it really takes to do business, especially with heritage railway. Had we tried to change pre-Covid we would have found all sorts of resistance to that. Covid gave us that mandate for change, so it has been quite helpful. As we come out of it, boy, are we seeing a challenge with the number of people that are available to us.

Q133 Ruth Jones: Absolutely. I think your point is well made again about the lack of staff. It is an issue.

The tourism industry has had a long-running campaign about a lower rate of VAT for the sector. That was dropped during Covid and it has gone back up to normal levels now. My final question to each of is: do you support a lower rate of VAT for the sector and for how long? It is quite a technical question.

Stephen Davies: I understand, talking to people in Llandudno about our new distillery, it is a challenge for us at the moment. We opened the distillery post-pandemic. We managed to complete it and open more or less on time, despite everything being closed down but still now, a year on, visitor numbers are 25% down in the town on where we would have expected them to be. In that circumstance and while visitor numbers are still suppressed and coming back, it would be useful to have that facility offered to us, because clearly things are not back to a level that is anything like pre-pandemic. While that situation lasts—that is the way I would look at it, until we get back to more normal levels of trading. It is a difficult question.

Q134 Ruth Jones: Absolutely. Mr Taylor, do you support it and, if so, for how long?

Sean Taylor: Definitely. Most countries opted to cut tourism tax as a strategy to stimulate the economies, boost employment. I have a list here: Luxembourg 3%, Belgium 6%, Netherlands 6%, Portugal 6%, Germany 7%, Ireland 9%, France 10%, Sweden 12%, and we are at 20%. I think a lot of businesses have not recovered from Covid and I suggest probably two years and relook at it then.

Q135 Ruth Jones: Thank you, that is very helpful. Mr Lewin?

Paul Lewin: My response will be slightly different. I am less worried about VAT and more worried about a tourism tax. I would rather that the income was gained through VAT than through a tourism tax. There is talk of a tourism tax and I dread it because I think of the bad PR that could create for us. It fills me with fear for our business and the reputation of our country. I would rather quietly have a slightly higher level of VAT, not



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more than 20%. I would rather see it dealt with through VAT than an obvious different tax, which would just turn away customers overnight.

Q136 **Ruth Jones:** Thank you. Mr Roberts, I am going to stick with VAT. Do you support a lower rate and, if so, for how long?

Ian Roberts: Yes, of course. Sean has listed the countries, showing that they clearly value the effect, impact and contribution that tourism makes to them. Reducing the VAT clearly reduces the price the customer pays.

To give you an example, last year at the rate of 5% our entrance price for Portmeirion was £15 so that meant the net price was £14.30. If we want to maintain £14.30 this year our entrance price has to be £17.25, which clearly makes it more expensive for the customer. That is something that we have done and we are now clearly banking on this hopefully being a good summer with lots of people. We just need to be a wary that the VAT has changed and if we do increase our prices to counteract that there will possibly be a negative effect from the customers, but we have to protect our company.

Ruth Jones: Thank you all, gentlemen, very much for your time and your contributions this morning.

Q137 **Chair:** We will be wrapping up shortly as we are coming to the end of our time. I will finish with a couple of supplementary questions.

Yesterday there was a bundle of very interesting economic data released by the Office for National Statistics. One part of it was pointing to the extraordinary record numbers of job vacancies, which some of you have already alluded to with the pressure on resourcing your businesses with human capital. Other parts of the data also pointed to quite an extraordinary drop in living standards in real terms because of inflation. This is not just something in the UK, it is happening all across Europe as well. How concerned are you about the cost of living crisis, rising prices and the effect that this may have on your visitor numbers? Is it something you are already starting to see or is it a risk that you see further down the road?

Ian Roberts: We are very concerned with the cost of living crisis and inflation racing away. Being in the hospitality and visitor attraction industry, we are not a necessity with spare expenditure, so any increase in inflation, decrease in take-home available, disposable income will have a negative effect on Portmeirion and similar industries. We are very concerned and we are now doing some scenario planning just in case to make sure that we can react quickly if we are not hitting our profile around budgets, numbers and so on. It is in the back of our minds that it could be an issue.

Q138 **Chair:** Mr Taylor, are you seeing the impact of this yet or are people still really keen to keep their bookings at Zip World this summer?

Sean Taylor: We are seeing a slight drop in forward bookings. I am incredibly worried. I am worried on two fronts. One is that I do not see



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any messaging from the UK Government about how you are going to stimulate the economy, whether it is through VAT, business investment. Also, as we have mentioned, this threat of a tourism tax from the Welsh Government could not have come at a worse time. 40% of our customers come from self-catering accommodation and the Welsh Government not differentiating between second homes and that industry is very worrying. Quite frankly, it is a political move rather than an economic move.

Sorry, a bit of a mouthful there but, yes, we are and we are looking at lots of measures. This is all coming in with the war in Ukraine and the skills deficit with people coming into doing our type of work in the leisure industry. It is all coming at the same time, which is really worrying.

Q139 **Chair:** Thank you, Mr Taylor. Mr Davies, you spoke earlier about Penderyn being a premium brand. Is there a risk to the business at all from cost of living pressures?

Stephen Davies: Absolutely there is. At the moment we are seeing increases in costs of things like barley, glass bottles, energy, all of the things that we need to make our product. We have a fairly stable workforce so we have not had to recruit particularly in the last few months. I am probably very concerned for the autumn. Through the summer, visitor numbers are holding up at the moment and sales of our products are holding up very well but as we get into the autumn, if the situation endures, I worry that as a premium brand—as has been previously said—we are not an essential so people might decide not to buy or to trade down. We have to keep a very close eye on that situation.

Q140 **Chair:** Thank you very much. Mr Lewin?

Paul Lewin: The first thing that you do not spend money on when you are squeezed is time spent at tourist attractions and going out to eat meals and things like this. It will undoubtedly have an impact on us. Of course, there will be some shift. Some of the people who would spend more on our premium products will buy our lower cost products instead, so there will tend to be a shift.

Interestingly, just at the moment the premium products that we sell are booked out. We are doing really well on premium products. It appears that the gap is widening where those who can afford to are still doing things and those who are struggling are dropping away from us. It is an unusual picture but I do expect it to have an impact on our business.

I am worried more about August, if I am honest, because that is when the family market is in north Wales and that is when we rely on having great volumes of people who can spend a little bit less. Volume is key and I think we are going to see a drop-off in the volume in the summer peak.

Q141 **Chair:** Thank you very much. I have one final question and I promise then we will wrap up. To come back to the subject of VisitBritain, right at the start of the session some of you spoke about the relatively low awareness or understanding internationally of what the Welsh brand is



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and what Wales has to offer. You also spoke about a relative lack of engagement with VisitBritain.

A question for you all. What could or should VisitBritain be doing more of, not just with respect to your own individual businesses but with Welsh tourism more generally and explaining the story of Wales as part of the UK tourism offer?

Sean Taylor: Probably more of a union-wide offer to spread people around the UK. We would welcome more of an engagement with VisitBritain. At the moment it is not there. It is a Union-wide, UK-wide offer where Wales is part of that.

Q142 **Chair:** Do you see them doing anything useful at all at the moment with respect to where you are sat?

Sean Taylor: No.

Paul Lewin: I would just love the opportunity to get some more representatives of VisitBritain over here in our area looking at our products and getting some more awareness of what we have on offer.

Ian Roberts: It would be good to know where the line is with Visit Wales and VisitBritain, who is doing what, to make sure we can engage a bit more with the relevant—maybe it is all Visit Wales but if it is VisitBritain as well, if they can help promote Wales, great, but it is to know what its remit is properly and how much of an input it can have with marketing. If it markets Wales, does that mean there is less in its budget to market other parts of the UK? Just a conversation with them.

Stephen Davies: We would welcome more engagement. There is a very low level of engagement with VisitBritain at the moment. I feel we should try to make it easy for them and give them a better brand offer in brand Wales or brand Cymru than we do now. Give them more of a premium and better packaged offer that they will feel more encouraged to sell. It is a two-way conversation but more engagement will help with that.

Chair: Thank you very much to you all. We will be hitting 11.30 in a moment so our session is coming to an end, perfectly timed. Thank you to my colleagues on the Committee for their excellent questions and to you, our witnesses today, for the time you have given us and your experience and expertise. It is greatly valued. I will bring the meeting to an end.