

## Tax increases pricing Brits out of their holiday

UK Travellers say tax increases are pricing them out of their previously sacrosanct holiday.

The news comes at a time when Jamaica's tourist industry has been experiencing effects of the financial downturn with stopover arrivals out of the UK down -1.8 per cent over the same period last year.

In a report released Monday at the World Travel Market (WTM), now on at Excel, London, that organisation said a holiday is no longer a necessity for UK consumers with tax increases pricing them out of travel.

According to the WTM 2011 Industry Report, almost four out of 10 (38 per cent) consumers did not go on a holiday this year. With only one month left before the year end, that figure is not about to change.

World Travel Market, the leading global event for the travel industry, said they surveyed more than 1,600 people to find 1,000 that holidayed - seven days overseas or in the UK - in 2011. The findings dispel the industry myth that UK consumers see holidaying as a necessity and not a discretionary purchase, said WTM.

Furthermore, almost six out of 10 (59 per cent) had only been on one holiday in 2011, indicating the impact the global financial downturn has had on the UK travel industry.

### Travelling on a lower budget

Almost one third of holidaymakers said they would travel less often due to the increased cost of travelling through taxes, such as air passenger duty (APD) which was increased last November and raised £2.1 billion in the 2010-11 financial year. More than a quarter (26 per cent) saw APD rises as a major issue, but would continue to travel but on a lower budget.

Interestingly, five per cent of the 1,000 holidaymakers polled said they did not go abroad on holiday for the first time this year, due to increased cost of flying, brought on by the increases in APD.

This is buttressed by fears the UK government will announce further APD increase - potentially twice the size of inflation - in its Autumn Forecast Statement on November 29, so the Treasury can hit its 2016 target of £3.6 billion.

For the rest of the Caribbean, there is evidence that market distortion caused by APD is resulting in the reduction of some air services from the UK.

"It is no coincidence that our reduction in the number of services to the Caribbean is accompanied by a rise in services to Florida - another desirable holiday destination for UK sun-seekers, and a destination that is taxed at a rate 20 per cent less than the Caribbean," British Airway's CEO, Keith Williams, told delegates at the State of the Industry Conference in St Martin in September.

Under the APD, it is cheaper to travel to any US territory, including Hawaii, because of the band in which the Caribbean falls. The tax has tripled in four years and the region has suffered disproportionately due to the anomalies of the banding structure.

Along with the tax is the global financial downturn, which has meant that UK consumers have had to justify every penny they spend, WTM chairman Fiona Jeffery said.

"This has had a real impact on the travel industry. Prior to the recession, many consumers went on a number of holidays, both home and abroad, a year.

However, many have now reduced their number of holidays or stopped going on holiday at all.

As if that was not enough, in order to sustain themselves, a number of destinations have introduced taxes of their own. But Jeffrey's said, "Government and local tourism taxes are compounding the current economic difficulties."

She said destinations have little control over the taxes imposed by visitors' own governments. However, they have control over local taxes and need to be aware of the dangers. More than two-thirds of the sample said that they would re-evaluate their choice of destination if local taxes were added to the costs.

Jeffery concluded: "World Travel Market will continue to provide research and intelligence so that governments and destinations know how detrimental taxation can be on their tourism industry. Short-term measures could have a longer-term impact."

She added that the increases in taxes have made it very difficult for the travel industry to entice consumers back to holidaying.

Source: jamaicagleaner