

March 2022

Wales as a Global Tourist Destination

Introduction

- 1.1** UK Music is the collective voice of the UK’s world-leading music industry across each region and nation of the UK. UK Music represents all sectors of the music industry – bringing them together to collaborate, campaign and champion music. UK Music promotes the music industry as a key national asset to all levels of Government, Local Authority, devolved Parliaments and the UK Parliament and publishes research on the economic and social value of music.
- 1.2** Historically Wales has had a relatively small proportion of the UK live music market, however pre-pandemic it showed some of the strongest growth of any area of the UK. Wales is often branded as the “Land of Song” with stereotypical associations with male voice choirs, harps and the National Eisteddfod, but Welsh contemporary music scene is increasingly asserting itself with festivals like Swn in Cardiff and artists like Gweno and The Anchoress. Furthermore, global tourism is increasingly attached to experiences, as Ross Baker, Chief Commercial Officer, Heathrow plc, stated in a recent DCMS Select Committee evidence session: “When they [international tourists] choose to come to the UK, they are looking for that sense of place.”¹
- 1.3** This presents an opportunity to connect the *idea* of Wales as a country of music with the actual contemporary Welsh music scene to provide a compelling and unique reason for international tourists to visit Wales. The untapped potential for music tourism in Wales is starkly highlighted by the fact that in 2018 the Principality Stadium sold more tickets for Ed Sheeran gigs than the Six Nations.²
- 1.4** It is vital that the Committee takes a rounded view to supporting tourism in Wales. Looking at how existing strengths can be built on to create unique experiences.
- 1.5** If the UK and Welsh Governments can work together ensure that businesses are properly supported and engage with the vibrant contemporary music scene in Wales, music can play an important role in boosting tourism to Wales and

¹ Q126 <https://committees.parliament.uk/oralevidence/9843/pdf/>

² Econactive, 20 Years On the Importance of the Principality Stadium https://d2cx26qpfwuhvu.cloudfront.net/wru/wp-content/uploads/2019/06/25171654/WRU1570-PrincipalityStadium-economic-impact-report-V2_LR.pdf pg. 9

supporting the Levelling Up Agenda and making music part of “Brand Wales”.³
Two key pillars should be:

1.6 Supporting music professionals: Providing more support to musicians and music professional, particularly as they develop their careers to ensure everyone is given a chance at success. This should include more support for musicians, better support for music exports and addressing barriers to touring and working in the European Union (EU).

1.7 Supporting music spaces: Reducing the tax burden and ensuring that music spaces such as festivals and venues have the chance to recover from COVID-19 and return quickly to profitability. This should include addressing Business Rates and VAT on cultural tickets.

1. Make music part of “Brand Wales”.
2. Improving support for music professionals.
3. Better music export support.
4. Reducing barriers to Welsh music professionals working in the EU.
5. Reducing VAT on cultural tickets.
6. Addressing the pressure Business Rates put on music spaces.

Value of Music

2.1 Music has huge value to the UK economy, for the last year live music was fully operational (2019) it was worth £5.8 billion in GVA and employing almost 200,000 people, of that live music was worth £1.3 billion.⁴ Pre-pandemic it also consistently showed above average growth; in 2019, the 9% growth in music export value was almost double what the Government described as “record breaking” UK wide growth of 5%.

2.2 Music tourism is an important subset of the music market that has large spill over effects in the rest of the local economy. Music can provide a unique experience that visitors cannot get anywhere else, as well helping to build a place’s brand. It is also very valuable, we calculated that for the last year of full touring (2019) across the UK music tourist spend was £4.7 billion.⁵

³ You can find more of what UK Music has said on supporting the Levelling Up Agenda across the UK here: <https://www.ukmusic.org/wp-content/uploads/2022/02/UKM-Reimagining-Where-We-Live-Cultural-Placemaking-and-the-Levelling-Up-Agenda-FINAL-Website-Edit.pdf>

⁴ UK Music, *Music by Numbers 2020*, p. 9 <https://www.ukmusic.org/research-reports/music-by-numbers-2020/>

⁵ UK Music, *Music by Numbers 2020*, p. 28 <https://www.gov.uk/government/news/2019-was-record-breaking-year-for-uk-exports>

<https://www.ukmusic.org/research-reports/music-by-numbers-2020/>
<https://www.ukmusic.org/research-reports/music-by-numbers-2020/> p. 25

- 2.3** Pre-pandemic Wales attracted 440,000 music tourists (foreign and domestic), who spent £143 million and directly supported 1,843 jobs.⁶ While this was not especially high in comparison to other areas Wales saw some of the strongest percentage growth in music tourism with a 21.12% rise in music tourists between 2018 and 2019 and a 15.32% in rise in spend, some of the highest in the UK.⁷ This is a strong base that could be built upon to improve international tourism to Wales with the correct strategy.
- 2.4** Music heritage can be a vital source of international tourists, for instance the music components of the Eisteddfod are important to its appeal, and other places have shown how valuable music heritage can be. A study by Liverpool Council found that Beatles heritage was worth £82 million per year to Liverpool.⁸
- 2.5** Live music tourism is an especially valuable form of economic activity due to the broad network it engages. This network is both vertical from supply companies, to the venue, to companies involved in staging (like security companies, lighting companies, technical sole traders) and horizontally to the broader economy, visitors do not just spend at the gigs, they also spend on transport and local hospitality for example they might go to a pub before a gig, get a meal afterwards and then get a taxi home.
- 2.6** This holds for music events across the spectrum. Figures from the Principality Stadium suggest a £24.1 million spend in Cardiff by music fans visiting gigs at the stadium in 2017 – 2018.⁹ Our research has found that at the other end of the scale a small live music event is worth £50,000 to the economy in overspill spend, the Music Venue Trust (MVT) has calculated that on average that for every £10 spent in a music venue £17 is spent in the local economy.¹⁰

Pressures Facing the Industry

- 3.1** However, this industry in Wales faces a range of issues, these can be split into pressures on music professionals and pressure on music spaces. In the short term some of this is due to COVID-19 but in many ways the COVID-19 crisis has only exacerbated underlying long-term trends.

⁶ <https://www.ukmusic.org/wp-content/uploads/2020/11/Music-by-Numbers-2020.pdf>

⁷ UK Music, Music by Numbers 2020, pp. 25 – 26 <https://www.ukmusic.org/wp-content/uploads/2020/11/Music-by-Numbers-2020.pdf>

UK Music, Music by Number 2019, pp. 24 -25

https://www.ukmusic.org/wp-content/uploads/2020/08/Music_By_Numbers_2019_Report.pdf

⁸ <https://www.bbc.co.uk/news/uk-england-merseyside-35523070#:~:text=The%20legacy%20of%20The%20Beatles,commissioned%20by%20Liverpool%20City%20Council.>

⁹ Econactive, 20 Years On the Importance of the Principality Stadium

https://d2cx26qpfwuhvu.cloudfront.net/wru/wp-content/uploads/2019/06/25171654/WRU1570-Principality-Stadium-economic-impact-report-V2_LR.pdf p. 5

¹⁰ <https://www.ukmusic.org/research-reports/this-is-music-2021/>

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/digital-culture-media-and-sport-committee/live-music/oral/91709.pdf>

- 3.2** We do not have any sub national break down of statistics but we do know that as a whole across the UK music saw its economic contribution drop by almost half (46%) from £5.8 billion GVA in 2019 to £3.1 billion in 2020, and employment in the sector fall by 35% from 197,000 in 2019 to 128,000 in 2020.¹¹ We would expect this effect to be higher in Wales due to the extended nature of COVID-19 restrictions (e.g. the introduction of a 30 person limit on live music events in December 2021).¹²
- 3.3** Music professionals are the lifeblood of the music industry, creating, staging and performing the music that we love, both live and recorded. Therefore, to create a thriving music tourism sector in Wales that can attract more international tourism the pressures they face need to be understood and address. The precipitous decline in employment in the music sector highlights the precariousness of roles in the sector where 72% of workers are freelance.¹³
- 3.4** Under the Trade and Co-operation Agreement it is now much more expensive and complicated for music professionals to tour or work short term in the EU a market that UK performers used to “dominate” according to the European Commission.¹⁴ Evidence from the sector has been clear that these changes are denying music professionals in Wales opportunities for work, grow their fan bases and attract international tourists.
- 3.5** UK Music has written on these issues at length elsewhere but key barriers include very short visa allowances among the 27 different sets of restrictions for working in the EU (e.g. only 14 days in Sweden), new restrictions on UK trucks (additional costs of up to £16,000 per day for using a UK flagged truck in the EU), and new paperwork requirements such as carnets that costs over £300 plus VAT and a security bond per shipment.¹⁵
- 3.6** Music spaces are also facing a range of pressures. The decision by the UK Government to raise VAT on music tickets to 20% from 1st April 2022 is only adding to the pressure. This will take money out of the music industry just at the point venues and promoters need it the most to invest in performances and pay down debt.

¹¹ <https://www.ukmusic.org/research-reports/this-is-music-2021/>

¹² <https://www.nme.com/news/music/live-music-venues-suffer-wales-introduces-new-restrictions-social-distancing-rules-3125592>

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¹⁵ <https://www.ukmusic.org/wp-content/uploads/2021/11/Public-Accounts-Committee-EU-Exit-UK-Border-Pre-Panel-Northern-Ireland-Final.pdf>

<https://www.ukmusic.org/wp-content/uploads/2021/02/UK-Music-Submission-to-House-of-Lords-EU-Services-Sub-Committee.pdf>

<https://www.ukmusic.org/wp-content/uploads/2022/03/UKM-Response-Consultation-Extension-of-Cabotage-Rights-Consultation-.pdf>

<https://www.ukmusic.org/wp-content/uploads/2022/02/UKM-Response-Support-for-Specialist-Events-Hauliers-Working-on-Cross-Border-Tours-FINAL.pdf>

<https://www.migrationsverket.se/English/Private-individuals/Working-in-Sweden/Employed/Special-rules-for-certain-occupations-and-citizens-of-certain-countries/Performers.html>

<https://www.gov.uk/taking-goods-out-uk-temporarily/get-an-ata-carnet>

3.7 This could not have come at a worse time as music businesses in Wales struggle to recover from the damage of COVID-19 set out in this paper, they need time to pay down debts, recapitalise and return to profit and growth that can be leveraged to reinvest in the sector. This tax hike will stunt the recovery for the sector, take much needed money out of the sector and potentially lead to a rise in ticket prices.

3.8 Business Rates are also a specific pressure on music venues that can make them unprofitable, reducing opportunities for performers to play and build a profile and for music professionals to get job opportunities. Buffalo's in Cardiff specifically cited the spiralling costs of Business Rates as a key reason for their closure, and our analysis of Business Rates rises in the later half of the 2010s found that venues had seen rate rise of up to 800%.¹⁶

3.9 Music spaces are reliant on large spaces and are often positioned near good transport links in areas that are desirable, or become so (sometimes due to the venues success such as the Baltic Quarter in Liverpool), therefore Business Rates represent a tax that unfairly penalises music businesses in a way that is entirely unrelated to their potential capacity to meet that tax.

3.10 While we welcome the support brought in by the Welsh Government including Business Rate Relief, Hospitality, Tourism and Leisure Grants as well as UK Government support such as VAT relief, this simply has not been able to compensate for the sheer scale of the crisis, with venues on average 75% of their annual income in 2020 and technical support businesses 95%.¹⁷

The cumulative effect of these pressures can be seen in the loss of venues, particularly grassroots ones in recent years. For example in Cardiff alone in the last 20 years iconic venues like the Point, Gwdihw's, 10 ft Tall, Bub's and Buffalo's (that had been played by Stormzy and Adele) have all closed.¹⁸ Therefore, protecting and promoting Welsh music infrastructure should be a key priority to provide more opportunities for Welsh musicians to play.

3.11 It is also important to note the lack of purpose built entertainment arenas in Wales (only the Swansea Arena and the Motorpoint in Cardiff have a capacity

¹⁶ <https://www.walesonline.co.uk/whats-on/music-nightlife-news/cardiff-bar-buffalo-close-business-15626307>

<https://www.ukmusic.org/research-reports/securing-our-talent-pipeline/>

¹⁷ https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf p. 6

¹⁸ <https://www.nme.com/news/music/various-artists-4327-1303870#:~:text=Cardiff%20music%20venue%20The%20Point,Danger%20Mouse%20and%20The%20Bluetone>

s.

<https://www.walesonline.co.uk/news/wales-news/cardiff-gwdihw-guildford-crescent-plans-19675065>

<https://www.walesonline.co.uk/news/wales-news/10-feet-tall-closed-open-17814400>

<https://www.walesonline.co.uk/whats-on/whats-on-news/bubs-cardiff-announces-closure-trader-22158790>

<https://www.walesonline.co.uk/whats-on/music-nightlife-news/cardiff-bar-buffalo-close-business-15626307>

larger than 3,000), and therefore there is a reliance on sports stadia for medium to large events. Particularly the Principality Stadium for large scale gigs, but also smaller stadia like Parc Y Scartlets in Llanelli, Wrexham's Racecourse Ground and the Swansea.com Stadium in Swansea.¹⁹ This restricts performance opportunities for both Welsh performers and performers looking to play in Wales. This also leads to a lack of opportunities for backing musicians, stage hands and technical staff in Wales.

3.12 These issues are all particularly acute north of the Brecon Beacons, North Wales and Mid Wales are particularly poorly served due to the sparseness of the population combined with access to Liverpool to the areas of North Wales that are relatively densely populated (Wrexham, Flintshire and Denbighshire).

Building Welsh Music Tourism

4.1 To move Wales forward as an international tourist destination there needs to be consideration of the Welsh brand beyond its outstanding national beauty, in particular to encourage people to visit cities and towns. Music could play a role in helping to build a unique selling point and experience for visitors to Wales.

4.2 This has worked for other jurisdictions, for instance Nashville, Texas in the US announced it was a "Music City" in 2003 and leveraged that to build a music brand that now sees 5.5 million people visit Nashville per year.²⁰ This can only work if the Welsh Government and the UK Government work together to ensure that the economic, regulatory and tax environment is hospitable to music businesses.

As a cultural, tourism and economic development question it is up to the Welsh Government to take the lead on formulating a tourism strategy for Wales. However, there are a range of areas where the UK Government can work with the Welsh Government to help build a more positive environment for international music tourism to Wales.

- 1. Make music part of "Brand Wales".**
- 2. Improving support for music professionals.**
- 3. Better music export support.**
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- 6. Addressing the pressure Business Rates put on music spaces.**

4.3 The Liverpool example also shows how contemporary music history and heritage could be better utilised in Welsh music tourism. Wales should be looking to embed music in the "brand" of Wales exploring the journeys of contemporary

²⁰ <https://www.travelweekly.com/North-America-Travel/Sound-Trek-Music-growing-influence-tourism>

iconic Welsh artists such as the Manic Street Preachers and Tom Jones or specific music communities like artists who came from Tiger Bay could present another path for encouraging international tourism.

- 4.4** An exhibition in Hull exploring David Bowie's most famous on-stage persona Ziggy Stardust attracted 30,000 people in a single year.²¹ That kind of engagement with contemporary Welsh music history could be a useful place to start for embedding music in Welsh tourism. It is important to recognise though that ultimately this kind of decision is a matter for the Welsh Government. **Therefore, we are calling on Welsh and the UK Government to work to make music part of "Brand Wales".**
- 4.5** While heritage is important ensuring that Welsh music has a future to match its past and making sure the next Manic Streets Preachers or Super Furry Animals or Gwennie stay in the sector and break through is even more vital. While Welsh Government can consider a range of supportive measures for artists and improving music education there are also steps the UK Government could take in this regard to better support Welsh music professionals.
- 4.6** There also needs to be a consideration for how support systems can be better designed to ensure they match the lived reality of music professionals to allow them to stay in the industry. For example, at the height of the pandemic in autumn 2020 UK Music found that large number of musicians were ineligible for freelance support (for a range of reasons, including pay rate, mix of employment, time of entry into the sector etc) with 38% of musicians falling through the gaps in support.²² This simply is not good enough.
- 4.7** It is also critical that music is integrated into the support and promotion given to Welsh culture through bodies such as Creative Wales, whose focus is on developing the grassroots industry. But while a vibrant grassroots community is non-negotiable for music success, more thought should be given on how to help artists make the transition from grassroots to mainstream commercial performance making Welsh artists more internationally successful and thereby attract more music tourists.
- 4.8** Support could include music export support schemes for artists such as the Music Export Growth Scheme run by the BPI and the International Showcase Fund supported by PRS for Music have been very valuable to both artists and have represented a solid investment returning £12 and £15.20 for every £1 invested. This kind of funding can be hugely important in ensuring that marginal and riskier work gets a chance to make its case to the world, to reach new audiences and in the long term build artists international fan bases and attract those fans to Wales. **Therefore, we would recommend that the UK and Welsh Government work together to provide more export support for Welsh musicians.**

²¹ <https://www.ukmusic.org/news/imagine/>

²² <https://musiciansunion.org.uk/campaigns/invest-in-musicians>

4.9 This kind of support is needed now more than ever given the extra barriers and costs that leaving the EU has thrown up for emerging artists looking to build a following in Europe. It is also important that the UK Government negotiate with both individual Member States and the European Commission to create so far as possible a uniform and flexible situation for the movement of music professionals between the UK and the EU on a short-term basis, to rectify the mistake that was made in not including short term mobility between the UK and the EU for music professionals in the TCA. This will ensure that Welsh music professionals can continue to tour and build fanbases as easily as possible in the EU. **Therefore, we are calling on the UK Government reopen negotiations with the EU on reducing barriers to touring.**

4.10 Creating a supportive environment for music businesses is vital to building the kind of thriving music ecology that can attract international tourists, and is one where the UK Government can play a much more prominent role. On VAT the new UK rate for cultural tickets will be far in excess of many European countries, it will double what the rate is in France and Spain (10%) and almost triple what the Belgian and German Governments charge (6% and 7%).²³ In fact according to the European Commission the average EU VAT rate on cultural tickets in 2016 was 10.3%.²⁴ **Therefore, we are calling on the UK Government to reduce VAT. This will bolster the Welsh music scene that will in turn attract visitors.**

4.11 While Business Rate support is in theory devolved removing Welsh music venues from business rates entirely would potentially be too large for the current Welsh Government to carry out unless there was a consequential from a similar funding move in England. **We are therefore calling for cross Government working on whether it is suitable to continue taxing music spaces in this way in England and Wales going forward.**

4.12 More generally to build this strategy there also needs to be consideration by the Welsh and UK Government of how to improve the infrastructure around events in general in Wales, a lack of late running public transport between major urban areas in Wales and urban areas in England is an issue and a lack of hotel accommodation in many major Welsh urban areas is a further one (Cardiff ran out of hotel rooms for the Champions League Final in 2017).²⁵ These factors constrain the scale and form that events in Wales can take. However, offering a resolution is beyond the scope of this paper.

²³ <https://www.tmf-group.com/en/services/companies/accounting-tax/vat/country-profile/spain/>
<https://www.vatupdate.com/2021/04/21/vat-rates-in-france/>
<https://www.avalara.com/vatlive/en/country-guides/europe/belgium/belgian-vat-rates.html>
<https://www.tmf-group.com/en/services/companies/accounting-tax/vat/country-profile/germany/#:~:text=German%20VAT%20rates,and%20other%20goods%20and%20services.>

²⁴ https://ec.europa.eu/info/sites/default/files/file_import/eb015_en_2.pdf p. 6

²⁵ <https://www.bbc.co.uk/news/uk-wales-39926480>

Conclusion

5 Music has a strong role in Welsh heritage, Welsh life and ideas about Wales. More effective working by both the Welsh and UK Governments on this could build on the solid music base that Wales already has to turn it into a major and unique attraction for visitors. Wales already attracts 440,000 music tourists, who spent £143 million and directly supported 1,843 jobs.²⁶ However, more needs to be done to attract a more international tourist clientele. These tourists will also boost the rest of the economy through their broader spend.

5.1 To achieve this the music professionals who make this sector and the places in which they create, stage and perform their art need better support as part of a holistic strategy to improve the position of music in Wales and thereby attract global tourists.

5.2 Supporting music professionals: Providing more support to musicians and music professional, particularly as they develop their careers to ensure everyone is given a chance at success. This should include more support for musicians, better support for music exports and addressing barriers to touring and working in the EU.

5.3 Supporting music spaces: Reducing the tax burden and ensuring that music spaces such as festivals and venues have the chance to recover from COVID-19 and return quickly to profitability. This should include addressing Business Rates and VAT on cultural tickets.

- 1. Make music part of “Brand Wales”.**
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5.4 Music in Wales has untapped potential as a draw for international tourism that the UK and Welsh Governments should be more serious about unleashing, stepping away from cliches and investing in a vibrant economic network and the wonderful creators who sit at the heart of it.

²⁶ <https://www.ukmusic.org/wp-content/uploads/2020/11/Music-by-Numbers-2020.pdf>

Annex

UK Music's membership comprises: -

- AIM – The Association of Independent Music – AIM – The Association of Independent Music – the trade body for the independent music community, representing 1000+ independent record labels and associated businesses, from globally recognised brands to the next generation of British music entrepreneurs.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 400 independent record labels.
- FAC – The Featured Artists Coalition is the UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - The Ivors Academy is an independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 1000 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.
- PPL is the music licensing company which works on behalf of over 110,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK. PPL also collects royalties for members when their recorded music is played around the world through a network of international agreements with other collective management organisations (CMOs).
- PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.
- UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment), the voice of the UK's live music and entertainment business. LIVE members are a federation of 13 live music industry associations representing 3,150 businesses, over 4,000 artists and 2,000 backstage workers.