

# Tourism development, touristic local taxes and local human resources:

## A stable way to improve efficiency and effectiveness of local strategies of development

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### Abstract

Tourism represents an aggressive and growing industry which is gaining fast impact and importance in national and local economies. This new shape that the touristic product and touristic sector is gaining makes necessary a deep understanding of influencing factor and the range of impact this shape creates while trying to understand patterns, strategies and increased benefits. This not just referring to the touristic operators, public administrators and academic researcher. The big changes in the tourism concept affect actually more and more small businesses, families which actually have more chances to get in this industry as well as to have more tangible benefits from revenues of the sector. All this actors become more and more aware that the management of the sector, it's outcomes particularly referring to tourism tax at local level becomes the only way to create added value to the touristic chain and ensure touristic infrastructure set up and reinforcement, so much necessary for a sustainable local economic development.

Local resources are the key elements for this aim and human local resources quality becomes more affecting the whole sector as much as its main characteristics, management and direct benefit becomes more local.

Touristic local tax managed in a more efficient way when it comes to its collection, and distributed more effectively among different elements which constitute the backbone of local public services, underline the importance of qualitative and responsible local public administrations representing a strong item for the future of the touristic sector as well as for the development of communities.

**Keywords:** tourism industry, public administration, local human resources, local touristic tax, community development.

### 1. Main features of the tourism industry up to day

Tourism is considered today a global industry, perhaps the largest in the world. At the same time its impacts and benefits are becoming more and more local, as more local is becoming the management of the revenues from its operation

Up to day, other activities which previously used to be included to other sectors of the economy, actually are being integrated in the operational chain of the touristic products and services by changing the way they are managed by getting closer to the final consumer.

This creates a new local environment since it creates new perceptions and behaviors from both sides: operators and clients, local communities are more and more included in this chain in the role of providers, labor force and administrators.

They create a new local economy by playing a multiple role in it.

Communities learn not simply to evidence and use for they direct benefits local natural and historical resources but they learn to evidence and promote the way of living, thinking and feeling as unique touristic offers by enlarging and transforming the product and service more root-based.

At the same time they learn more about the negative consequences of touristic activities in the local environment and resources and become thus more conscientious and demanding of what benefits local communities desert even in form of compensation.

Since the level of negative social consequences increases and communities become more affected and aware for them, they understand and make more pressure to deal locally with these phenomena by asking for a greater share from the sector revenues. This also in order to set up and operate structures which may better deal with such negative effects.

## **2. Local development and Tourism in the perspective of local public administrations**

Since the tourism industry operates in a global scale, it becomes more and more evident the role of local public administration to be enough aggressive and aware of what they have to do in order to make their localities more and more involved in it and its revenues managed and invested in their local economies.

They must learn how to match better local needs, demands and resources with global interest in local areas and communities.

At the same time, is their responsibility to set up a stable infrastructure which in touristic terms is evidenced by public services offered which benefit not only to local communities but at the same time support and in many cases reinforce the decision to tour of different tour operators and tourists.

We can evidence more and more common initiatives of local governments involved in development projects and in partnerships with organizations operating in a global

scale by helping more local administration to gain competences necessary for the successful operation in supporting and managing the touristic sector.

Local public administration learn how to cooperate with local governments in order to gain more support in term of infrastructure investments while gaining more independence in the management of taxes from local touristic activities.

They can facilitate and support their communities, touristic operators, tourists themselves, local development by increasing chances to win the challenge these administration challenges they face due to this sector.

### **3. Three samples of setting and managing local touristic tax**

#### **3.1 Venice case**

Venice Municipal Council decided upon a new local touristic tax. It stands that visitors staying in five-star hotels will see 4.50 euros (£4) added to their bill from Aug 24 2011, while those staying in less luxurious accommodation will pay according to a sliding scale of fees as the city edges closer to the long-vaunted idea of an entrance fee.

They are trying to collect and manage the revenues from this local tax for the urgent maintenance of the city, which is slowly sinking into the mud and is threatened by rising sea levels and more frequent winter storms.

The enormous number of visitors in Venice represent an eminent threat for its environment taking in consideration the fact that its population is about 60,000 and in a day it can be doubled only from tourists presence.

Some tourism experts hold the opinion that the tax could increase the number of day-trippers because tourists will be reluctant to pay the extra cost of staying the night.

#### **3.2 Edinburgh's planned "tourist tax"**

Edinburgh's council plans to raise up to £10m a year by charging between £1 and £2 per hotel room each night.

But Tourism Ministry opposed this initiative as not corresponding to the power local authorities have in the application of this tax.

Touristic operators mostly them operation in accommodation sector are of the opinion that this gives to Edinburgh at a competitive disadvantage.

"There is a high risk that a visitor levy could damage the industry's competitiveness, especially in the current economic circumstances."

Differently from some other EU aggressive countries of the tourism industry, England has a high VAT for the sector and it goes beyond such a tax.

It was the Scottish Arts Council to suggest a “Bad tax” in order to rise funds in support of artistic international activities running in the area.

### **3.3 A tax for the development and promotion of tourism in Paris**

Since 1994, the Paris City Council introduced a tourist tax (“taxe de séjour”). The particularity of this tax is that it is applicable to all forms of paid accommodation: hotels and apartments, furnished accommodation, camp sites, etc.

During their stay in France, visitors are usually asked to pay a tourism tax which is fixed by the local authority and varies from € 0.15 to € 1.07 per person per day, according to the quality and standard of the accommodation.

The age of tourists is also part of the range of this tax. Its collection has been charged to the owners of the accommodating structures and it is officially included in the bill so tourists have information and guarantee for the fairness of their payments.

Other countries such as Italy, Germany, Switzerland, Austria and Greece apply the collection of this tax at a local level.

## **4. EU focus on taxation policy for tourism**

The European Commission’s tax policy strategy focuses in some main directions when it comes to set up the policy for these taxes.

They first must take in consideration concerns of individual and businesses who actually operate or inspire to do so in the touristic sector inside the EU area in order to facilitate as much as possible their cross border activities by eliminating obstacles from the taxation legislation. This by taking always in account the principles of subsidiarity and proportionality. At the same time this legislation and its application must take in account the way different practices between different EU administration are being applied in order to increase as much as possible the cases of misuse of the power these authorities have and the space legislation gives them in doing do.

At the same time, tax legislation in EU must contribute as much as possible to the fulfill of EU objectives in term of taxation and improving the market of touristic services in all EU space.

Citizen concerns is one of the major driving forces in setting up the taxation legislation for tourism activities in EU. This in order to facilitate citizens operations inside the area by avoiding cases of double taxation or discrimination, tax refunding, etc.

These intents changed the way decisions are made inside the EU Commission when it comes to taxation referring particularities of different member states while trying to accomplish as much as possible the above mentioned sensibilities.

At the same time the decision to analyze and publish the results of reviews of the Taxation systems of the Member states by increasing transparency to the public and awareness of all interested actors particularly for taxation of the touristic sector to which is given a lot of sensibility by citizens and operators of the industry as well.

Finally, but not of less importance, several measures are being taken against Member countries which taxation system does not comply with restriction on these issues posed by treaties signed by all member states on the frame of a common taxation legislation at a European level.

## **5. Local human resources and for the optimization of the performance of the touristic service**

Sustainable local development leveraged by the tourism sector, evidences the need to enhance the quality of our human resources as being of critical importance independently from the development model regions follow.

When we analyze general problems encountered by local human resources for the development of the touristic sector, probably under the influence of the globalization of the industry, they can be defined in similar ways, even if the touristic sector of a community is a consolidated one or if it is in the way to set up its infrastructure. This change in the chain of creation and provision of the touristic service creates from one side the increasing need for capabilities from international operators to deal with small localities features and from the other side the widening of origin countries of tourists makes necessary the immediate enlarge of capabilities of local operators to serve a multicultural client more demanding when it comes to the service standards.

These problems can generally be defined as lack of qualified staff both operational and managerial, failure in setting up and applying strategies of human development in a local level to support tourism development, lack of matching global needs from the touristic sector with the innovative capabilities of these localities.

Tourism studies curricula's often create general profiles of operators or managers in the field of tourism as well as in administrating revenues from local touristic taxes. This evidences once again the need to establish a clear definition of the need to acquire capabilities which are a faster answer to the demands of the industry and the long run capacity building for local human resources to support the sector and the area development which find a better solution in professional high schools and universities curricula.

Local communities in various aspects of their economic development and management of tourism businesses need skills to provide better opportunities of employment in the tourism and hospitality sector.

Under this optics, training institutions, professional center and universities must set up customer tailored study curricula to build up highly qualified and well trained human resources in the public and private sectors. This to provide qualified human resources to develop, manage and serve the industry in a sustainable and competitive manner in accordance with international standards.

All this attempt will contribute the spirit of solidarity and support between operators at a local level, facilitate a better integration of the local touristic activity in a global scale, provide a better utilization of the revenues from tourism to improve local infrastructure and improve the economic performance of the region.

In conclusion, I would like to evidence the fact that decision regarding the improvement of effectiveness and efficiency of the touristic sector by improving the collection and management of local touristic tax, does not depend simply in the goodwill of local governors.

The legal framework in different areas which in many cases in being restricted by agreements and geo-politics, the overall level of advancement in capacities and practices of local administrations, the level of integration of the touristic sector with the global industry, local features which imply specific behaviours and trends from operators and tourists in the area, interact and the outcome defines ways in which the sector can better serve as a real leverage to the sustainable local social and economic development.

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