CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

AGENDA

10th Meeting, 2020 (Session 5)

Thursday 14 May 2020

The Committee will meet at 10.00 am in a virtual meeting and be broadcast on www.scottishparliament.tv.

1. **Impact of COVID-19 on Scotland’s tourism sector:** The Committee will take evidence from—
   
   Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism, Bettina Sizeland, Deputy Director, Tourism and Major Events, and Duncan Mackay, Sponsorship Manager, Tourism and Major Events, Scottish Government.

2. **Consideration of evidence (in private):** The Committee will consider the evidence heard earlier in the meeting.

3. **Work programme (in private):** The Committee will consider its work programme.

Stephen Herbert
Clerk to the Culture, Tourism, Europe and External Affairs Committee
Room T3.40
The Scottish Parliament
Edinburgh
Tel: 0131 348 5234
Email: stephen.herbert@parliament.scot
The papers for this meeting are as follows—

**Agenda item 1**

Note by the Clerk

PRIVATE PAPER

**Agenda item 3**

PRIVATE PAPER
Introduction

1. On 28 April 2020, the Committee launched a call for views regarding the impact of COVID-19 on Scotland’s culture and tourism sectors. This evidence session provides an opportunity for the Committee to question the Cabinet Secretary for Rural Economy and Tourism on the measures taken by the Scottish Government to mitigate the impact of COVID-19 on the Scottish tourism sector.

Evidence session

2. The Committee will take evidence from:

   - Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism;
   - Bettina Sizeland, Deputy Director, Tourism and Major Events; and
   - Duncan Mackay, Sponsorship Manager, Tourism and Major Events, Scottish Government.

Supporting Information

3. The Committee has received a number of responses to the call for views which are attached in Annexe A. The responses received to the call for evidence are updated regularly on the Committee’s website and can be accessed at—


4. A SPICe paper providing context to the evidence session is provided in Annexe B.

Mark Johnson
Assistant Clerk
Culture, Tourism, Europe and External Affairs Committee
11 May 2020
VisitArran COVID-19 support for Arran Businesses - Survey Results w/b 20/4/20

Summary of results – 68 participants

Q1: Which Sector Does your Business Operate in:

4 x B&B, 4 x Hotel, 30 x S/c, 1 x Campsite, 7 x Activity, 1 x Attraction, 9 x Retail, 8 x Food & Drink, 1 x Service, 1 x Health, 2 x multiple sectors.

Q2: Were you able to apply for COVID-19 grant support?

Yes – 37 (56%); No – 29 (44%)

Q3: Have you sought any other Government or Bank Support, if so what?

Thirty businesses responded as follows: 4 x Self Employed Support (13.33%): 1 x Universal Credit (3.37%): 6 x CBILS (20%): 2 x Bank Loan (6.67%): 17 x JRS (56.7%).

Q4: If applicable, what date did you apply for COVID-19 grant Support?

33 businesses responded with a variety of dates – 20 between 22nd and 31st March, and the rest between 1st and 26th April.

Q5: When did you receive the grant support?

Of the 33 respondents who applied for grant support, sixteen had received grants already, although some were within a fortnight, others seemed to take up to 4 weeks. Several still hadn’t received funding, mainly from Self Catering Sector. There were also concerns at general lack of communication from NAC, especially when additional papers had been requested:

- Activity – out of four respondents, one had received funding, which had taken three weeks;
- Self Catering – out of 10 respondents, only two had received funding, one within 10 days;
- Retail – out of 6 respondents, five had received funding within two weeks, although one had only recently applied;
- B&B – only one respondent had applied, and received their grant within three weeks;
• Food & Drink – seven respondents; six had received support which in five cases had taken four weeks;
• Multiple Businesses – one respondent had received funding within three working weeks;
• Health – one business had applied and was still waiting for grant at the time of survey;
• Hotel – two hotels had applied, and one had received grant, though the other had applied earlier;
• Campsite – one campsite had applied and received grant within three working weeks.

Q6: For those that answered No to Q2 & 3, what support would help your business:

There were 28 respondents. Most of these (23) were self catering providers:

• Self Catering (23):
  o Lack of parity with England. Many ineligible for grants due to the criteria;
  o Rebate in Agency fees;
  o Support for loss of lets;
  o Rates reduction;
  o New model for changeovers, given COVID-19 spread;
  o Easier access to JRS.
• Bed & Breakfast (3):
  o Business support grants;
  o Recognition B&Bs pay council tax and not business rates;
  o Insurance is very unclear. May be good to find out how others are getting on.
• Hotels (1):
  o Grant needed to help recovery; Long term sustainability is threatened as debts are mounting; Staff retention a concern.
• Service Provider (1):
  o A business grant. Due to legal loophole delayed paperwork means business cannot apply at present.

Q7: We appreciate it is very difficult to determine, but would a potential continued COVID-19 lockdown totally jeopardise your business, and if so at end of which month?

There were 66 respondents, and 44 answered directly:

• No, my business would not be jeopardised: 11 (16.67%);
• May – 7 (10.61%);
• June – 6 (9.09%);
• July – 6 (9.09%);
Aug – 6 (9.09%);
Sept – 4 (6.06%);
Oct – 3 (4.55%);
Nov – 1 (1.52%);
Dec – 2 (3.04%)

Additional comments received:

- Not indefinitely;
- Start of Next Season;
- Self Catering needs to be opened up first;
- Too difficult to say (6 respondents);
- No income for 2020, but still have fixed costs (2 respondents);
- Difficult to operate, but equally difficult to get out;
- Relying on family to support me;
- Self catering support is for one property – given that additional properties require additional maintenance etc, this is grossly unfair;
- We need the summer to get through;
- Would rather a longer lockdown to ensure people’s health not put at risk;
- Staff retention a concern if this continues through to winter;
- Suppliers unable to be paid without support of additional funding.

Q8: Is there anything you feel VisitArran can offer in terms of support?

There were 39 responses, summarised below:

- VA has been very helpful, comms are great, etc etc (10);
- Keep lobbying (5);
- Keep sharing links online;
- Keep updating us;
- Keep Arran in the public eye;
- Follow up on grants;
- Circulate a template for grant and loan applications, to be returned to VA, and applied for en bloc;
- Direction/link for support for loss of income for Self Catering;
- Ensure ferry service is good and doesn’t slip off radar during current crisis (5);
- Share examples of businesses who have successfully found compensation (2);
- Support a fairer and consistent distribution of funding for small businesses;
- Highlight island issues which make businesses even more challenging. Short and long term financial help is needed for Arran’s tourism sector;
• Support within the island community when travel restrictions are lifted. Concerned that many retired people who do not depend on an income may want Arran to remain ‘closed’;
• It’s not appropriate to market the island this year. Would be nervous of opening up too soon.
I’ve been a freelance tour guide since 2016, working as a sole trader. It is hard to overstate the impact this has had on my business. I usually work a lot in the summer and then little in the winter, supplementing the money I’ve saved over the summer season with some part-time proofreading work. I would normally expect to have begun tour guiding again in mid-March, at almost exactly the time that the pandemic really kicked off in the UK. From early March, I was getting frequent cancellations. I have already lost thousands of pounds of earnings in the past six weeks, and I will lose thousands more over the coming months. This also has the potential to have a serious knock-on effect for later this year and into 2021, as no one knows when people will be able to resume travel. I would normally frequently be adding new bookings to my diary just now, and instead I am having to work on the assumption that all of the remaining bookings in my diary from July to October will also be cancelled.

People in tourism, culture and hospitality, especially those of us who are self-employed, are in a particularly tough situation right now. For many people in other fields, once lockdown is lifted they can begin working up to some semblance of normality again. This will not be possible in tourism, culture and hospitality. It is my understanding that the UK Government scheme to support the self-employed will essentially pay us three months “average” pay backdated from June (and no one really knows what this means - are they simply dividing our last three years’ earnings? Are they aiming to find a fair average, not a simple division that includes earnings from four years ago?). This is, of course, very welcome. However, I will not be able to continue earning anything even approaching my previous earnings (which were not enormous as it is - I have never earned more than £25k a year) for the rest of the year. I can try to ramp up the copyediting and proofreading work I normally do in the winter, but as this is normally part-time, supplementary work, it will never approach my normal earnings and it will take time to build a client base. This will be particularly challenging as more people compete for jobs they can do from home, and companies who would normally contract out copywriting look to save money.

I am not eligible for UC because my partner is still employed, and between us the money we have saved for a deposit on a flat exceeds £16k. As we’re in our early 30s and at the stage of our life where we’re looking to finally buy a flat in Edinburgh, our hometown, and consider having children, I am absolutely not prepared to spend all of our savings and our future security on just a few months. In a normal situation if tourism work dried up I would go and find a job in hospitality, the other field in which I have work experience, but I would not expect anywhere to be hiring new workers this year.

I am lucky, really. I will not end up homeless, and I will not have to go without food, and this is still potentially destroying my future at a point where I was just becoming settled in my “adult career”. There are many people who are not so lucky, who cannot easily wait months for the government to give them money from the self-employment support scheme. And all of us will find it difficult to begin making money again when the situation is so uncertain. We cannot be tour guides from home, and we can’t make money if people are unable or unwilling to travel. The same will surely be true for theatres and music and hospitality venues who will likely need to enforce social distancing and reduce capacity for at least several months after lockdown.
The Scottish tourism, culture and hospitality sector is going to need continued support for at least the rest of the year, not only for the next couple of months. There needs to be something in place to help workers and companies, as tourism will not be able to bounce back overnight. I understand a need for personal responsibility, but there are few self-employed people or small companies who could be prepared for an entire year without working, which would not be covered by any insurance in the circumstances.

On a more hopeful note, I feel like this situation has given us a glimpse of possible positive changes. I would love to see this be used as an opportunity to rethink Scottish tourism and its relationship to the places it operates in, particularly in Edinburgh. Seeing the city centre streets empty of people is sad, but seeing them empty of traffic and massive tour coaches is extremely welcome. Seeing Airbnbs turn back into housing is wonderful, and they should be prevented from going back to short-term lets to increase Edinburgh’s housing stock. The positive environmental impact will be large. I would like to see this situation allow us to move towards a more sustainable future for Scottish tourism, and I would caution against the idea of coming back bigger and harder next year. We cannot forget that before this happened there were serious and legitimate concerns in Edinburgh about the city being run for tourists rather than residents, and I think it would be a huge mistake to focus on large-scale, poor-quality tourism that contributes little to the city in a desperate attempt to bring tourists back. Tourism is important to Scotland, but Scotland is important to tourists, and they want to see a real country, not a Disneyland.
Written Submission from RJ and MJ Graves

1) We run a self catering holiday let, albeit a small letting.

2) Typically we have clients from all over the world including the US and Europe.

3) These clients contribute to the Scottish economy.

4) Without this income, we would likely not continue to provide this small business facility.

5) We are not clear how the Scottish Government decided to means test our income from the Holiday let.

6) The grant was designed to cover costs without clients, why should it be means tested?

7) Inevitably, we have costs to be incurred during the period we cannot let because of the pandemic.

8) It is another example of how the Scottish Government does not support small business.

9) We are very disappointed, and despair, at the mean-minded attitude of the Scottish Government.

10) Fiona Hyslop, letter dated the 24th April, does not indicate that any of the grants are means tested, just the usual bland assurance about the money available, but not how difficult it is to access it.

11) We are aware of others in this sector that are struggling to get support.
Written Submission from Stuart Cassie

As the owner of a Family-run Caravan Park, which is 100% touring trade based, the lockdown has completely wiped out 100% of my trade.

I have heard mention that after lockdown, tourism will be able to restart as long as the 2mt rule is adhered to. While the placement or Touring caravan and motorhomes will not be a problem due to fire distance regulations which far exceed 2mt, the issue facing myself and other Family run Caravan Parks would be the communal toilet facilities. Some site may have building which would convert to segregated cubicles for wash basins etc, but more sites will be unlikely to have facilities that would be able to convert at all.

Small sites who now have zero income, but still have outgoing maintenance costs and family living costs will not have any budgets for extensive modification or replacement of facilities. This would put the small independent sites at a great disadvantage to the larger corporate conglomerate sites which can receive funds from a central source. For the smaller sites the business loans are not an option due to the interest rates and short loan periods, we need grants to fund replacing or altering facilities to suit any lingering restrictions.
Written Submission from Sarah Webb and Steve Blair

Whilst being acutely aware that this is a tremendously difficult time for vast numbers of the population, I am writing to ask for your help with a situation which seems to be becoming more and more complex and increasingly unjust.

My husband and I bought McMurdoston House 8 years ago and put an enormous amount of hard, physical work and most of our life savings into converting it into a Bed and Breakfast with two holiday cottages on site. After a couple of years we began to build up a reasonable business – never with a view to making our fortune, rather as a way to help pay for the running of the place (which we love) and in order to encourage like-minded people to get to know this wonderful part of the world. Visit Scotland were proactive and helpful and Business Gateway gave financial assistance where possible. Even the RSPB have encouraged us to think this is a special place for both human and animal visitors.

Sadly, now the world is in the throes of the COVID epidemic and we have been forced to close both the B and B and self-catering accommodation on the orders of the government. We refunded all our customers who had paid in advance, cancelled all other future bookings and we are not taking any more bookings. Like everyone else we have no idea when this situation will change.

When we were told that a grant was available for people in a similar situation to ourselves we applied for it - we come under the Small Business Bonus Scheme and this is our sole income. However, we have now been turned down for the said £10,000 grant on the basis that we did not let out one of our self-catering properties for the required 140 days in the year leading up to this crisis.

This seems utterly unjust for the following reasons:

- We did let out our self-catering properties for more than 140 days if you allow both properties to be taken into account (in addition we had many nights of B and B but have never been asked so far to account for these). Our sole income comes from renting out two cottages in our own yard plus the many nights of B and B;
- England and Wales do not have the 140 day restriction;
- We fulfil all the criteria other than the 140 day restriction;
- We and many of our competitors also had a bad year leading up to 2020 (largely we believe due to Brexit and the negativity and rumour-mongering surrounding it), meaning our income was down by some 30% - now it seems we will be penalised further for earning too little over that period. Our accounts show that we were earning increasing amounts each year prior to this but this is not deemed relevant information for this grant application;
- In order to have even a ghost of a chance of re-opening successfully sometime in the future we are still having to pay council tax/insurances/public liability/all utilities/booking agents/advertisers etc.
It feels currently as if we are being driven rapidly over the edge of a financial cliff, with occasional offers of help being snatched away just as we begin to fall. The horror of having to close and go on benefits is becoming more and more of a reality.

Please would you consider our case and offer any advice you can. I cannot believe that we are the only ones in this position and am aware that organisations such as the Association of Scotland’s Self-Caterers are trying to fight on our behalf for the help we desperately need. If the entire Scottish tourist industry is going to survive in the aftermath of COVID I believe that small, rural businesses such as ours, where people can truly get away from other people and yet still have wonderfully fulfilling holidays, are going to be crucial.

I look forward to hearing from you in the near future. We need help as soon as possible.

Yours sincerely

Sarah Webb and Steve Blair
Written Submission from James E McNee Coach Hire Ltd

We are a family owned coach company based in Edinburgh which has been operating for over 20 years.

Our main business is with International Tour Operators and our main markets are with America, Spain, Italy and France.

To date we have lost over £500,000 worth of business and this is set to rise to just short of one million pounds in turnover due to COVID 19.

At present our staff are furloughed but we do not know how long the government will make their financial assistance available.

There is a strong possibility that our coach company will not be able to continue as the knock on effect from this virus will have devastating financial implications for us.

Coach Operators play a huge part in the tourism business for our country as tourists need coach travel to provide transportation and we are every bit as important as the airlines are.

The airlines look to be receiving financial assistance to assist them with their operating finances and I feel that the coach operators should also receive some sort of government funding to allow us to continue after travel resumes.
Written Submission from Dr Ken Grant

Summary

It will be difficult in many tourism situations to completely practice social distancing. The Majestic Line is exploring use of contract tracing apps and regular antigen testing for crew and pre-cruise home testing for passengers as way to allow safe small ship cruising on the West Coast of Scotland. We believe it offers a possible solution to allow the wider tourism industry to get going again in Scotland.

Background

The Majestic Line offers luxury cruising on the west coast of Scotland with four vessels, each with up to twelve passengers and crew. Since we started in 2004 a small ship cruise industry has built up based primarily in Oban which brings significant numbers of often ‘high end’ tourists to the mainland west coast and Inner and Outer Hebrides. The cruising season is usually April to October.

The Majestic Line is unusual in that Dr Ken Grant the current MD/founder is a public health doctor / epidemiologist and has brought his medical knowledge to our approach to dealing with Covid19.

Impact of Covid 19 on The Majestic Line

Cruises for April/May and early June have been cancelled. The majority of clients have rebooked, the rest have had their monies refunded. International clients (about 30%) have been rebooked for next year. Cruising later in the season is under review depending on government guidance on moving out of lockdown. However, clients are anxious to come and we are getting enquiries from those who had planned to go abroad. Bookings for 2021 onwards are strong and we are getting a significant number of enquiries from clients who have previously gone on larger cruise ships and now wish to move to smaller local ones.

Our normal staff complement is 13 central office staff and 35 seasonal staff. We have 4 of the central team on furlough the rest are all busy with rebooking clients selling 2021 and maintain our boats. We have not been able to take on our normal complement of 35 seasonal staff. They are not eligible for furlough. We have a CBIL. The process worked well.

Cruising July Onwards

While the easiest and most economical approach would be to cancel the 2020 season and focus on 2021 onwards, we do not think this is the right approach for the following reasons:

- The tourism industry will need to adjust to Covid if it wants to survive;
We need to provide employment for our seasonal staff;
The business we bring in is important to the local economy;
Our clients want to come;
We believe with the following mitigation strategy we can deliver safe cruises.

**Risk Mitigation Strategy**

This obviously will have to be adjusted as government guidelines for post lockdown come out.

We have based it on 5 key principles:

- No one will risk their life for a holiday;
- We must be able to offer a holiday where the risk of Covid 19 is the same or less than in their home circumstances;
- We must not increase the risk of bringing in Covid 19 to the area we cruise in
- We must not put our staff at increased risk;
- We must be able to offer the same experience and standards on board that we provided pre Covid.

Given our boats rely on fresh air not air conditioning and time ashore is often in uninhabited areas, we believe we offer a safe environment but not totally risk free. We recognise total social distancing or wearing masks will not be possible while on board. We therefore have looked at three solutions. All will be on our website and discussed individually with clients. We recognise all are evolving rapidly and we will stay abreast of all developments and adjust as necessary.

**Medical History**

As a principle we do not normally ask guests their medical history. However, in this case we will ask all guests to inform us if they or any contacts have had Covid symptoms during the previous 2 weeks via a short questionnaire and if so, we will ask them not to travel and rebook or reimburse them.

**Contact Tracing**

We will ask all passengers to sign up to the UK contact tracing app with blue tooth when released and if they are identified in the 14 days pre-cruising as having been in contact with a Covid 19 patient again ask them not to travel and again rebook them or reimburse them.

**Testing for Covid19 Antigen**

This shows whether people are incubating the disease/ae infection before symptoms arise. It has a proven track record including for home testing. Antigen testing is advancing rapidly and while currently relies on nasal and throat swabs, sputum and
finger prick blood testing should be available shortly. We can do it using private labs and will not interfere with NHS testing. We believe if we test crew weekly and clients shortly before travel, we will be able to dispense with social distancing or masks on board. We will also have minimised the risk of people incubating Covid coming to the west coast.

Social Groups / ’Bubbles’

Depending on government guidance we may be able to offer cruises to family groups (who are already socialising) through whole boat charters. We are being approached for this.

Minimising Local Contact

We can run a cruise without going to centres of population -including boarding and disembarking. Indeed, this is one of the main attractions of our cruises. However, we feel it is important to contribute to the local economy -passengers from one of our boats can spend up to £1000 in a morning in Oban, Tobermory or Portree. However, we will adjust this depending on government guidelines and local sensitivities.

Relevance for the Tourism in Scotland

We believe our approach could be adopted more widely within the tourism sector and we would be happy to help with this. There may be a case for working with the private laboratory sector to set up an antigen testing centre for the tourism industry in Scotland.

Dr Ken Grant
Managing Director
The Majestic Line
Written Submission from Jane Cook

I'm a qualified STGA Green Badge Tour Guide living and working in Orkney. We are usually the busiest Cruise destination in the U.K., with an average of 170 ship visits per annum. The season runs between late March and early October.

Tourism is the second most important part of the Orkney economy, just a little behind agriculture. Hundreds of Orcadians rely on Cruise Tourism for their livelihood, whether as Guides, Coach drivers, Welcomers, Port Security, Cafe and shop proprietors, Historic Environment Scotland staff, Taxi drivers, Custodians etc. In addition to this many more hundreds work in the wider field of tourism, as hoteliers, cooks, in hospitality, craftspeople, in transport provision and so on.

Due to our geographical position, with dark winters and risk of storms, our tourism season runs from late March to October. In these six to seven months Tourist Guides have to earn enough to last the entire year. Over the winter I eke out the money earned in the summer.

Therefore COVID 19 is an utter financial disaster for most of us who are self-employed in Tourism. It struck at the start of the tourist season when many of us were about to start earning and it destroyed every penny of our income.

The promised UK Government help for the self-employed barely addresses our predicament. The financial assistance assumes someone earning at a consistent rate throughout the year. Therefore, we will receive a monthly rate that seems to assume that when the lockdown ends we can immediately return to earning. No we can't. Cruise ships and visitors have cancelled for the season. We will have no possibility of earning until spring 2021.

Hundreds, if not thousands of people and families in Orkney are suffering extreme hardship right now. Many businesses will be unable to continue at all. Many folk in the Tourism sector have massive financial outlays which continue over the winter - e.g. servicing and maintaining vehicles, heating large bed and breakfast houses, rent on premises.

The situation here is grim just now. I would call upon the Scottish Government to be mindful of those parts of our nation where Tourism is overwhelmingly seasonal and help in any way that you can.

Jane Cook
Culture, Tourism, Europe and External Affairs Committee

Impact of COVID-19 on Tourism in Scotland

The Committee launched a call for views on the impact of COVID-19 on Scotland’s culture and tourism sectors on 28 April 2020.

This paper sets out a range of topics related to the impact of COVID-19 on people, organisations and businesses in Scotland’s tourism sector. It covers:

- Tourism sector context
- Scale of impact on the tourism sector
- Support available to tourism businesses
- Issues and gaps around support
- How exposed is Scotland’s sector and where will be impacted?
- Scottish Tourism Emergency Response Group (STERG) and National Action Plan
- Rebooting tourism and examples of policy responses elsewhere.

Tourism sector context

Tourism’s broad geographic spread makes it a vital source of jobs and income, particularly in rural Scotland, reaching into every nook and cranny of the country.

Scotland attracts around 16 million overnight visitors annually, generating £5 billion in visitor expenditure. Further to this 153 million day trips are taken with spend of £5.5 billion. Tourism cuts across every sector and touches every part of Scotland’s economy. Think of the locally produced food consumed by visitors, the transport they use, the additional retail consumption they drive, and all the services that support the industry – cleaners, accountants, IT workers, legal, domestic engineers – the list goes on.

The sector is a major economic enabler contributing to the business base and employment levels, across a wide range of geographies and demographics. Using the Scottish Government’s definition of tourism, there are 14,970 registered tourism related businesses (8.4% of all Scottish businesses) supporting around 218,000 jobs (8.3% of all Scottish employment) in Scotland. The sector contributes around 5% of Scotland’s total GDP. Each £100 spent by tourists in the economy supports around £65 of GDP in the wider economy. As is often said ‘tourism is everyone’s business’ and the importance of its economic footprint in Scotland cannot be denied.
With the launch of a new sector strategy, 2020 was supposed to be a new dawn for Scotland’s tourism sector. Hopes were high with a shift in strategic focus recognising that tourism is no longer just about tourist numbers (the focus of the previous strategy). Instead the focus was on people, looking at the enrichment and prosperity of both residents and visitors. The new strategy, Scotland Outlook 2030, was launched in early March 2020. At that stage, it still wasn’t clear the extent to which COVID-19 would shut down all facets of the industry at a scale never witnessed before. The new strategy has an ambition to move Scotland on a path to be the world leader in 21st century tourism. The vision has four priorities – passionate people, thriving places, diverse businesses, and memorable experiences.

**Scale of COVID-19 impact on tourism sector**

The international body for tourism, the World Tourism Organisation (UNWTO) has estimated that at a minimum about a third of the world value of tourism could be lost. UNWTO noted that the unparalleled and fast-evolving nature of crisis, makes it extremely challenging to estimate the impact of COVID-19 on international tourism.

The World Travel and Tourism Council (WTTC) estimated that 75 million tourism and travel jobs are at risk globally due to the COVID-19 pandemic, with at least 6.4 million losses across the EU, and one million of these in the UK.

The OECD has estimated declines of 45% to 70% in the international tourism economy in 2020, depending on the crisis’ duration and the speed with which tourism rebounds.

The Institute of Fiscal Studies (IFS) looked at how the impact varied across industries using data on share prices of firms listed on the London Stock Exchange. They noted that tourism and leisure (excluding air travel) stands out as being one of the hardest hit industries.

A blog by the Fraser of Allander Institute, trying to quantify the economic impact of COVID-19, highlighted that tourism/leisure type businesses are not just seeing a reduction in demand, but zero demand. They estimated that if the restrictions were to continue over a 3-month period, with the majority of the sector mothballed, that there could be a “very significant contraction” in “accommodation and food services”. Overall, they estimated around a 20-25% contraction in total Scottish economy GDP.

VisitScotland has been proactively tracking the effects of Coronavirus via industry surveys. Key findings include:

- 99% of businesses responding have experienced cancellations/decline in bookings/fewer visitors;
- 58% of respondents (with employees) stated they have had to reduce staff numbers to date (30 March) with a likelihood of further losses in the future;
- the majority of respondents claim to have lost up to £50,000, with some claiming losses of substantially more than this. In total, the survey results suggest £164 million in revenue has been lost to date by industry;
- average length for survival of business without support is 3 months.
The Scottish Tourism Alliance (STA) published results of an industry survey (4 May 2020) with the purpose of offering an ‘understanding of the true impact of the COVID-19 crisis on tourism businesses’. The survey (based on 280 responses) found that:

- 78% of tourism businesses said that the job retention scheme doesn’t work for their business;
- 48% of businesses won’t be able to retain any staff after end of furlough;
- 92% of businesses have inadequate or no relevant insurance;
- 88% of businesses said that their volume of business/income has disappeared;
- 82% of respondents said they were anxious, stressed or depressed;
- 31% of businesses said they only had enough reserves to last three months;
- 30% of businesses said they will have to reduce their workforce;
- 14% of businesses have now stopped trading.

With social distancing and some sort of restrictions on movement likely to last for the “foreseeable future” until a vaccine can be found, the peak summer season has effectively been cancelled for the industry. And we already know that a range of big-ticket events, such as the Edinburgh Festivals and the Scottish Open golf, have been cancelled or postponed. This means for many in the industry – such as annual events, business events and adventure tourism – given lead in cycles, it could be two years away before they have their next full season. This is devastating for many of Scotland’s towns and villages that rely on revenues from the peak tourism season.

Support available to tourism businesses

In response to COVID-19, a range of business support interventions have been announced by both the Scottish and UK governments.

The web portal findbusinesssupport.gov.scot is part of a joint response by Scotland’s Enterprise and Skills system (Agencies, Local Authorities, Scottish Government and business/industry organisations). The Scottish Government has also opened a support helpline. This helpline is to handle urgent issues and more detailed questions that can’t be answered on the above FBS site.

The Scottish Government has introduced Non-Domestic Rates Relief and a package of grants. In terms of relevance to the tourism sector:

- Retail, hospitality and leisure businesses will get 100% rates relief. To get this relief, a property has to be occupied. Properties that have closed temporarily due to the government’s coronavirus advice will be treated as occupied;
- Scottish airports are included in the 100% rates relief as are organisations providing handling services (e.g. baggage handlers) for flights at Scottish airports. The operator Loganair, which provides flights to the Highlands and Islands, will also receive the 100% relief;
- Retail, hospitality and leisure businesses with a rateable value between £18,001 and up to and including £51,000 will be able to apply for a one-off grant of £25,000. A one-off grant of £10,000 will also be available to small businesses who get Small Business Bonus Scheme relief or Rural Relief. Businesses will also get this grant if they applied for Nursery Relief, Business Growth...
Accelerator Relief, Disabled Relief or Fresh Start but are eligible for the Small Business Bonus Scheme;

- Self-catering accommodation and caravans are eligible for a grant if they: are a primary source of income for the ratepayer (one third or more) and were let out for 140 days or more in financial year 2019-20. Local Authorities may specify any additional evidence they require (e.g. records of bookings, a copy of public liability insurance cover or a website) in order to confirm eligibility.

Further details and analysis on the Non-Domestic Rates related support can be found in a recent SPICe blog exploring this topic.

The Scottish Government announced (15 April) a £100 million fund is being made available to protect self-employed people and viable micro and SME businesses in distress due to COVID-19. This fund is channelled through local authorities and enterprise agencies and is broken into three separate funds.

- £34 million Newly Self-Employed Hardship Fund, managed by Local Authorities, will be allocated to the newly self-employed facing hardship through £2,000 grants. Those facing hardship and excluded from UK Government schemes can apply;
- £20 million Creative, Tourism & Hospitality Enterprises Hardship Fund, managed by the Enterprise Agencies in partnership with Creative Scotland and VisitScotland for creative, tourism and hospitality companies not in receipt of business rates relief. Companies of up to 50 employees will have rapid access to £3,000 hardship grants. Larger grants up to £25,000 are available to those who can demonstrate that level of support is required;
- £45 million Pivotal Enterprise Resilience Fund, managed by the Enterprise Agencies for vulnerable SME firms who are vital to the local or national economic foundations of Scotland.

These funds went live on 30 April. Over the initial days of launch there have been a number of technical issues experienced by those submitting applications to the Pivotal Enterprise Resilience Fund and the Creative, Tourism and Hospitality Enterprises Hardship Fund. It was announced on May 4 that the Pivotal Enterprise Resilience Fund will pause for live applications from 5pm, Tuesday 5 May 2020. This is to allow partners to review applications received to date. SG hope to reopen the fund next week and will keep businesses informed on next steps.

UK Government schemes and support measures that can be accessed by the sector include:

- a Self-Employment Income Support Scheme that will pay self-employed individuals up to 80% of their profits for three months, up to a £2,500 per month cap. The scheme will not apply to those who operate under a company structure and take dividends;
- a Coronavirus Business Interruption Loan Scheme that will see banks offer loans of up to £5 million to support SMEs. The Government will cover the costs of interest on these loans for the first six months. The scheme was extended to larger businesses from 20 April;
The **Bounce Back Loan Scheme** helps small and medium-sized businesses to borrow between £2,000 and £50,000. UKG guarantees 100% of the loan and there won’t be any fees or interest to pay for the first 12 months. Loan terms will be up to 6 years. No repayments will be due during the first 12 months;

• a **Coronavirus Job Retention Scheme** that will see HMRC pay 80% of “furloughed” workers’ wages, up to a £2,500 per month, currently for up to 4 months starting from 1 March 2020, but it may be extended if necessary and employers can use this scheme anytime during this period;

• **Statutory Sick Pay (SSP)** costs for businesses with fewer than 250 employees will be met by the UK Government in full for up to 14 days per employee;

• a COVID-19 **Corporate Financing Facility (CCFF)** for large businesses;

• tax deferments are available on both self-assessment tax returns and VAT returns;

• up-scaling of **HMRC Time To Pay service**, allowing businesses and the self-employed to defer tax payments over an agreed period of time.

The Scottish Government has announced specific support schemes for **coastal businesses**, **third sector organisations**, and **creative industries**, which may be relevant for some tourism type enterprises.

Museums and Galleries Scotland has **opened two new funds** to support museums and galleries.

The national tourism agency, VisitScotland, has an **extensive web portal** providing industry data and feedback, advice and support. And both the **Scottish Tourism Alliance** and the **Association of Scottish Self Caterers** have regular updates and a range of resources on their websites.

**Uptake of business support**

There currently is not a lot of detailed data available on the uptake of the various support schemes, especially on a sector or geographic basis.

• Scottish Government has been **publishing weekly statistics on the uptake** of the grant schemes linked to non-domestic rates (NDR). At close 28th April 2020, local authorities reported over 74,000 applications have been received for the two NDR linked business grant schemes across Scotland. Of these applications, 45,387 grants valuing £526m have been awarded. The **data are available at a local authority level** showing much variation in the rate of process across different local authorities. There is no sector data available to provide insight on the scale of uptake by tourism businesses;

• We don’t yet have Scottish Government statistics on the three grant schemes linked to the £100m funding pot but we expect these to be available once the schemes have been operational for a longer period;

• UK Government has provided top-level figures on the scale of uptake across the UK for some of its schemes. However, as yet, there is no data available on a Scotland level or sector level.
Business support gaps and issues

While the industry has welcomed the support offered to date, the existing packages don’t reach everyone in tourism that needs support, so gaps and areas of clarification remain. Amongst the gaps and concerns in tourism are:

- specific types of businesses who have fallen through the cracks and are not able to access support, for example:
  - some bed and breakfasts who pay council tax instead of business rates which much of the support is linked to
  - those without an office or premises on which business rates would be paid, such as those who run outdoor activities e.g. marine day trips, coach operators, annual events like festivals, etc.
- furnished holiday lets (FHLs) which have a complicated tax status and where the impact of the different measures varies significantly from one business to another.

Here we discuss in more detail some of the support issues highlighted by the tourism sector.

Grants, cut-off threshold, and reluctance to look to loans

The Scottish Government’s grant schemes don’t extend to those with a rateable value of more than £51,000, so many tourism businesses have been excluded. For example, a small to medium size hotel in Fort William has a rateable value of £65,000. There’s an appeal from industry to be more flexible on this, rather than depend on bank loans. The Coronavirus Business Interruption Loan Scheme (CBILS) is not attractive to many businesses, debt is still debt whether coronavirus connected or not. Many businesses are of the view that it is always better to cut costs than debt finance them. In addition, if a business doesn’t bank with one of the main UK banks then accessing the CBILS may be difficult to achieve.

On the issue of the rateable value threshold, Tourism Cabinet Secretary Fergus Ewing MSP has indicated (8 April 2020) that he feels there is a case for a sliding scale – this would perhaps enable the Scottish Government to deal with the businesses who are falling between the gaps here in terms of rateable value and the number of properties. STA are very much pushing the case for support for the businesses that are currently sitting above the £51k rateable value threshold, stressing that the ‘hibernation costs’ are a significant sum and that support would be needed for a longer period to ensure that these businesses are able to survive for the lockdown and beyond. At a STA meeting with the Tourism Cabinet Secretary 28 April, it was highlighted that further discussions had taken place to address grant support for business >£51k RV. A summary paper with supporting data had been submitted to the Cabinet Secretary prior to the meeting for reference however a follow up meeting was requested to review the evidence gathered in more detail. The meeting minutes note:

Mr Ewing recognised the financial need of these businesses in hibernation with high fixed costs, irrecoverable costs with the only option of a loan and is keen to make a final plea to the UK Government with the data that is available to sort this injustice.
Furloughing in the tourism sector

With many workers in the tourism industry working on a seasonal basis, concerns have been raised over the support available for these workers. Employees furloughed through the UK Government’s Coronavirus Job Retention Scheme must have been on an employer’s PAYE payroll “on or before 19 March 2020”. The cut-off date was previously 28 February, but was extended from following calls by many industries. However, despite this change, some seasonal workers who had their contracts delayed or cancelled because of the pandemic (and so would not have been on the payroll on 19 March) will still not be able to be furloughed.

Many in the sector would like to see greater flexibility in the furlough scheme, such as some ability for furloughed workers to help their organisation prepare for re-opening. To be eligible for the grant, when on furlough, an employee cannot undertake work for, or on behalf, of the organisation or any linked or associated organisation. This includes providing services or generating revenue. Employers are free to consider allocating any critical business tasks to staff that are not furloughed.

Furthermore, many in the tourism sector would like to see the Job Retention Scheme tapered out, particularly for specific sectors, as not all businesses will be able to go back to full trading capability immediately nor will there be likely demand.

Concerns around restart, social distancing and need for alignment

The note of the STA meeting with the Cabinet Secretary on 28 April highlights concerns from industry that some business types in Scotland are going to be forced to remain shut for a longer period than their counterparts in England. STA members are calling for clarity of alignment between UK and Scottish Government plans for reopening. Or if this was not the case then there would need to be assurances that longer term support will be put in place.

Once Scotland progresses to the reopening phase, there is concern from tourism businesses about the longer-term challenge of maintaining revenue with less customers. How will hotels, restaurants, etc. operate while adhering to social distancing restrictions? Can they operate? Some tourism businesses will find it easier than others to adjust. On the this issue the STA meeting note highlighted that Mr Ewing explained that he and the Economy Cabinet Secretary would like to see reopening plans for every sector to demonstrate that businesses have thought things through.

Another issue raised around restart was the need to provide communities with reassurance and it was pointed out that in some parts of the country there were concerns of tourism returning, which could bring with it the virus – negative tourism messaging by locals is beginning to become apparent.

Self-catering concerns

The Scottish Government grants apply to caravans and self-catering accommodation that are the primary income for the ratepayer and are let out for 140 days or more in 2019-20. There is a call for greater flexibility on the 140 day threshold for self-catering
businesses, particularly as this may be impossible to meet in some rural / island locations that rely on a short season.

VisitArran’s submission reflected these self-catering concerns, as did another submission from owners of a small holiday let who were disappointed than the Scottish Government had applied an income means test to this funding. The submission noted:

Fiona Hyslop, letter dated the 24th April, does not indicate that any of the grants are means tested, just the usual bland assurance about the money available, but not how difficult it is to access it.

A submission from McMurdoston House tells the Committee that they have been declined funding on the basis that they did not let out one of their self-catering properties for the required 140 days in the year leading up to the crisis. They believe this to be ‘unjust’ for a number of reasons, including England and Wales do not have the 140 day restriction.

Other support issues

- National Outdoor Events Association (NOEA), an events industry association, highlight that outdoor events and suppliers have been acknowledged by the UK Government as a sector group but this has not happened in Scotland;
- Confusion around lockdown dates – a plea for greater clarity as potential customers and visitors are asking about bookings in the future. Is there a date that people can work to?
- Seasonal businesses, especially those in rural and coastal areas, need certainty of ongoing support particularly approaching autumn/winter;
- Sector organisations state there is a need for longer term support to be outlined for the industry.

Hannah a self-employed tour guide from Edinburgh, in written evidence to the Committee, highlighted her frustration of having to wait for payment from the UKG’s Self-Employment Income Support Scheme (which goes live from mid-May). She also highlighted the need for longer term support.

“The Scottish tourism, culture and hospitality sector is going to need continued support for at least the rest of the year, not only for the next couple of months. There needs to be something in place to help workers and companies, as tourism will not be able to bounce back overnight. I understand a need for personal responsibility, but there are few self-employed people or small companies who could be prepared for an entire year without working, which would not be covered by any insurance in the circumstances.”

How exposed is Scotland and where will be impacted?

How does the structure of Scotland’s tourism business base fair relative to the rest of the UK?
Using the international definition of tourism, as used by the Office for National Statistics’ Tourism Intelligence Unit, Scotland has 25,045 individual tourism workplace sites (local units).

- This is 8.2% of the UK tourism workplaces. Scotland has less micro tourism workplaces but a higher share of small and medium workplaces relative to the other UK nations;
- Scotland has 46 tourism workplaces per 10,000 population, which is in line with the UK average;
- Scottish tourism workplaces are 11.2% of all workplaces in the Scottish economy. This represents a higher total share than the other nations of the UK, for example the comparable English rate is 9.5%.

**Overview of tourism workplaces across the UK**

The total number of individual tourism workplace sites in the UK is 306,370

<table>
<thead>
<tr>
<th>Country</th>
<th>Tourism Workplace Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>260,280</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>6,910</td>
</tr>
<tr>
<td>Wales</td>
<td>14,135</td>
</tr>
<tr>
<td>Scotland</td>
<td>25,045</td>
</tr>
</tbody>
</table>

There are parts of Scotland that are much more dependent on tourism employment than others. Using the Scottish Government's definition of tourism, 13 local authority areas (out of 32) have an equal or greater concentration of tourism jobs than the Scottish national average. Argyll and Bute and Highland in particular have a high dependence on the sector. Other areas of high dependence include South Ayrshire, Stirling, Perth and Kinross, and West Dunbartonshire, as illustrated in the chart below.
Also, more generally, the chart shows the base level of tourism employment is relatively high across Scotland, even in some areas where you might not expect to have a tourism economy.

Scottish Tourism Emergency Response Group (STERG) and National Action Plan

The Scottish Tourism Emergency Response Group (STERG) has been re-established to help support industry. The STERG is chaired by VisitScotland and includes representatives of the industry, the Scottish Government Tourism Team, Scottish Tourism Alliance (STA), Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SoSE), COSLA, Skills Development Scotland (SDS), transport sector and tourism organisations.

The Scottish Tourism Emergency Response Group (STERG) has prepared a national action plan. This Plan has four phases – RESPOND, RESET, RESTART, RECOVER – in line with the Scottish Government’s economic recovery plans.

The Plan published 24 April only includes detail on stages one and two - Respond and Reset. Stages three and four – Restart and Recover will be published soon. These will focus on post lockdown and will outline marketing activity, how to respond to the responsible and community tourism agenda and how to continue supporting the ambitions of Scotland Outlook 2030 and the vision to be the world leader in 21st century tourism.
• **Respond:** Focused on delivering a package of measures to support businesses, most in need communities, stay home and social distancing guidance. (March 2020 – May 2020);

• **Reset:** Sectoral guidance to encourage workplace plans for the re-start. It will be essential for businesses to operate in a way that is compliant with social distancing and enable them to be more resilient to re-start safely within the new economic environment. (June 2020 – September 2020);

• **Restart:** Kick-starting the economy safely is essential. Industry will need to consider the impact of supply chains and measures that need to be in place to enable businesses to come back on-stream in a safe and orderly way. (June 2020 – February 2021);

• **Recovery:** Economic recovery is likely to take longer than originally anticipated. What emerges is likely to be a different economy characterised by new business models, markets and behaviours. (September 2020 – December 2022).

The year-long plan takes a phased approach and the STERG group is currently collaborating to deliver the first two phases around respond and reset. The Plan document will continue to evolve in line with the scientific evidence and government advice on the reopening of the tourism industry.

To respond most effectively, all work on Scotland Outlook 2030, the new national tourism strategy and the supporting action plan is temporarily on hold, as the entire focus has been shifted to supporting the STERG National Action Plan. The STERG National Action Plan will however look to align with Scotland Outlook 2030.

At the time of writing the most recent STERG note related to 30 April. Key points included:

• The eligibility of DMOs for either the Creative, Tourism & Hospitality Enterprises Hardship Fund or the Pivotal Enterprises Resilience Fund. It was suggested that they should be eligible to apply to either, however clarity was required. It was noted they wouldn’t be able to apply for both. Future sustainability of DMOs is a key issue to be addressed, there was a need to understand how the STERG will feed into this discussion.;

• Events industry identified as a potential gap - as it doesn’t have a SIC code - in Scottish Government business support grants - work ongoing to resolve this;

• A lot of work going on across a number of organisations to develop their own guidance for social distancing and for cleaning and hygiene. Concern that if it’s not coordinated, it will lead to overlap, duplication and confusion;

• New ‘Tune into Tourism’ podcasts from HIE will start on 8 May and run for 4 weeks - easily digestible platform for topical news and discussion, focusing on the recovery of the tourism industry across Scotland.

VisitScotland has highlighted its role developing these plans to help with the recovery of Scottish tourism. They hope that the sector will be able to go from lockdown to the return of international travel over an estimated six to nine month period. Working with partners, they will focus on the domestic market first – getting people to rediscover their own country through day trips and holidays.
It was agreed that VisitScotland would be the main channel for STERG communications with all partners sharing content.

VisitScotland is continuing to gather market intelligence and learn more about what audiences will travel and what they are looking for in a post-COVID market. They continue to firm up their thinking and intend to share a plan with industry soon to get input.

**Rebooting the industry and examples of policy elsewhere**

Rebooting the industry once restrictions begin to be lifted will be extremely challenging. Social distancing will continue to be a feature of life until a vaccine has been developed (if at all), we simply don’t know when air travel will resume, and people around the world will naturally be slow to travel abroad again for fear of putting themselves in the way of danger.

Industry believe that they’re looking at an 18-month recovery gap for many sectors within the industry such as events, marine, adventure tourism and visitor attractions. Scottish Tourism Alliance Chief Executive, Marc Crothall, believes it could be around three years before the tourism industry returns to 2019 trading conditions.

As the Fraser of Allander point out, whilst it might be relatively straightforward to force businesses to close and to lock-down workplaces, getting them back up and running is much more difficult. There will be a large dislocation of supply chains across the economy, from transport logistics through to day-to-day services.

The full scale of the fallout from COVID-19 for the tourism sector still lies ahead – it’s something of a destination unknown. However, we know there will be some harsh realities, as it’s likely some businesses will not reopen. The nature of support and leadership from the Government and relevant public bodies will be a key determinant in the recovery of the sector, along with a resilient and proactive attitude from businesses.

No matter what shape Scotland’s tourism recovery plan takes, the initial emphasis will be on domestic recovery first, as international markets returning will likely to be at the end of the recovery chain.

**Tourism policy and support measures – what’s happening outwith Scotland**

As yet the UK Government has not introduced any tourism specific support. However, there have been calls for the UK Government to introduce specific support for the tourism and hospitality sector. Specific elements include: extension of the business rates threshold up to £150,000, offer a VAT rebate, adapt the Job Retention Scheme to allow businesses to ‘flexi-furlough’ staff so as to ensure facilities can be maintained while they remain closed, and consideration of extending the furlough scheme beyond June. UKG has introduced in England additional funding for local business grant schemes, aimed at small businesses with ongoing fixed property-related costs such as bed and breakfasts that pay council tax rather than business rates, allocated at the discretion of local authorities.
In Wales, tourism business can apply to the wider COVID-19 business support open to all sectors, but there is no tourism specific sector support. Similarly, in Northern Ireland there would not seem to be any specific tourism policy measures just the wider business support schemes open to all sectors. The situation is similar in Ireland.

There have been calls for a common set of travel and tourism rules across the EU, recognising there will have to be new rules for airports, hotels, beaches, pools, new breakfast buffets, tour buses, etc. and commonality across standards will be important for competitive reasons, consumer confidence, and most of all public health.

The table below provides examples of Government measures across the EU in response to tourism COVID-19 challenges.

<table>
<thead>
<tr>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Spanish Government identified early on the impact the crisis was likely to have on the tourism sector, which represents 15 per cent of GDP, with the Secretary of State for Tourism addressing this at the beginning of March.</td>
</tr>
<tr>
<td>Since then, a raft of measures have been introduced at national level, including;</td>
</tr>
<tr>
<td>• A dedicated financing facility of €400 million to support SMEs and the self-employed with liquidity provision;</td>
</tr>
<tr>
<td>• A dedicated fund of €2m for tourism SMEs and professionals working in the tourism industry, providing €2,500 payments to ease liquidity constraints;</td>
</tr>
<tr>
<td>• The Ministry of Industry, Trade and Tourism published a list of good practices for businesses and workers in the tourism sector;</td>
</tr>
<tr>
<td>• Deferral of reimbursement of interest on loans received from the Ministry of Industry, Trade and Tourism.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Italian Government set out a series of measures in mid-March aimed at directly supporting the tourism and cultural sectors. The tourism sector is estimated to account for 13 per cent of Italy’s GDP.</td>
</tr>
<tr>
<td>The Italian Prime Minister has announced that Italians should go on holiday within Italy, but should not leave their region. The Tourism Secretary Lorenza Bonaccors has also stated his belief that it will be one or two years before Italy’s tourism sector returns to normal.</td>
</tr>
<tr>
<td>The key measures to support the tourism sector have included;</td>
</tr>
<tr>
<td>• A one-off compensation payment of €600 to seasonal workers in the tourism industry who lost their jobs;</td>
</tr>
<tr>
<td>• The suspension of withholding tax payments, social security and welfare contributions to owners of certain tourism-related businesses, such as restaurants, amusement parks and tourist guides;</td>
</tr>
<tr>
<td>• An extension of social safety nets to include seasonal workers in the tourism industry;</td>
</tr>
<tr>
<td>• A €200 million support fund for Alitalia and Air Italy.</td>
</tr>
</tbody>
</table>

| France |
President Macron announced a series of specific measures in mid-April to counter the impacts of the COVID-19 crisis on SMEs in the tourism, culture, hospitality and events sectors.

Key measures specifically targeting support to the tourism sector include:

- SMEs given flexibility to offer vouchers on a future service rather than full cancellations to avoid immediate cash flow problems. This measure applies to services such as accommodation, car rental and other tourism-specific services;
- Aid of €1,500 for SMEs in the sectors most affected, including tourism.

The French Government announced this week that it would be extending the health state of emergency until at least July 24. Within this state of emergency are measures requiring arrivals to the country to quarantine for 14 days – this however does not apply to Europeans arriving from the EU, Schengen or the UK.

**Portugal**

The Portuguese Government announced a €9.2 billion package of economic support measures, including a €900 million fund for hotels and accommodation and a further €200 million for travel agencies and recreational services.

A number of other measures specific to the tourism industry have been announced, including:

- The ‘Support Line for Tourism Microenterprises Liquidity – COVID-19’, which is a fund of €60 million financing SMEs in the tourism sector who face difficulties in light of reduced demand;
- Turismo de Portugal’s commitment to provide essential workers with free meals and accommodation in its hotel and tourism schools;
- A specialised online support service providing direct support to SMEs in the tourism sector;
- Government support with reimbursement of costs incurred by event organisers in Portugal whose events were subsequently postponed or cancelled.

**Croatia**

The Croatian Government has brought together a Task Force of public and private stakeholders to support with the economic response, with Croatia’s tourism industry estimated to be contributing around 20 per cent to its total GDP.

The initial set of measures announced by the Croatian Government in March – the Export Guarantee Fund – included:

- The postponement of payment of tourist taxes for private renters and financial support programmes to improve liquidity of vulnerable tourism SMEs;
- A voucher scheme to allow businesses to provide vouchers rather than refunds to those paying for tourism-related activities.

The Government granted further powers to the Ministry of Tourism, which has put forward a number of subsequent proposals including changing rates of the tourist tax, postponing mandatory re-classification of accommodation facilities and changing rules around the financing of tourist boards. Following the publishing of the EU’s coordinated roadmap, Croatia and Czech Republic have been in discussions around re-opening their borders to allow for a ‘tourist corridor’ between Croatia, Czech Republic and Slovenia, countries who have seen largely successful rates of deterring COVID-19. The Croatian Government also pitched a version of this as a possibility for an EU-wide tourism strategy in the recovery period.
Examples of other tourism policy measures internationally include:

- **Australia imposes mandatory COVID-19 hygiene training** for hospitality;
- Greece has not ruled out the use of selective tourism once it reopens: traditional markets in the UK, Germany and France, may be replaced by tourists from eastern and central Europe used to accessing the country by car if air links continue to be suspended;
- Sicily’s regional government is offering to subsidise holidays on the island for both domestic and international visitors in an effort to kickstart tourism. A financial pot of **€75m of regional government money** has been set aside to boost tourism following huge financial losses after the lockdown came into effect across Italy on 10 March. Current plans include subsidising visitors’ accommodation costs, offering one night of a three-night trip for free, or two nights of a six-day trip, as well as vouchers for cultural and heritage activities;
- Many regions and cities in **China have announced weekend extension measures** aimed at boosting consumption and tourism. The working week has been reduced to 4.5 days, which means Friday afternoon is included in the weekend which gives citizens more time to travel.

It’s likely a series of initiatives will be needed to help kick-start the industry again. In Ireland, Fáilte Ireland is scoping out the possibility of another version of the Gathering, similar to Scotland’s Homecoming. Both initiatives are to encourage the diaspora to return home to visit family or attend an event. Another option could be a reduced tourism and hospitality VAT rate, as used by some countries to kick-start their tourism sectors. The Scottish Government don’t have devolved powers over VAT, thus this would need to be a UK Government initiative.

There is a hope the staycation market will hopefully be strong latter this summer but needs to be spread across the year and across the country, consideration should be given to school holidays (e.g. October week) and the phasing of those holidays across the country.

**Alison O’Connor**
**Senior Analyst, Financial Scrutiny Unit**
6 May 2020

---

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP [www.parliament.scot](http://www.parliament.scot)