

# **ECONOMY, ENERGY AND TOURISM COMMITTEE**

Wednesday 5 September 2007

Session 3

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## ECONOMY, ENERGY AND TOURISM COMMITTEE

### 3<sup>rd</sup> Meeting 2007, Session 3

#### CONVENER

\*Tavish Scott (Shetland) (LD)

#### DEPUTY CONVENER

\*Brian Adam (Aberdeen North) (SNP)

#### COMMITTEE MEMBERS

\*Gavin Brown (Lothians) (Con)

\*Iain Gray (East Lothian) (Lab)

\*Christopher Harvie (Mid Scotland and Fife) (SNP)

\*Marilyn Livingstone (Kirkcaldy) (Lab)

\*Dave Thompson (Highlands and Islands) (SNP)

\*David Whittom (Strathkelvin and Bearsden) (Lab)

#### SUBSTITUTE MEMBERS

Nigel Don (North East Scotland) (SNP)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Eddie Brogan (Scottish Enterprise)

Paul Bush (EventScotland)

Bernard Donoghue (VisitBritain)

Iain Herbert (Scottish Tourism Forum)

Paul Jennings (Association of Scottish Visitor Attractions)

Philip Riddle (VisitScotland)

Willie Roe (Highlands and Islands Enterprise)

Carl Watt (Scottish Museums Council)

#### CLERK TO THE COMMITTEE

Stephen Imrie

#### SENIOR ASSISTANT CLERK

Katy Orr

#### ASSISTANT CLERK

Douglas Thornton

#### LOCATION

Committee Room 1



## Scottish Parliament

### Economy, Energy and Tourism Committee

*Wednesday 5 September 2007*

[THE CONVENER *opened the meeting at 10:01*]

#### Work Programme

**The Convener (Tavish Scott):** Good morning and welcome to the third meeting of the Economy, Energy and Tourism Committee, which I managed to completely misname in Aberdeen yesterday when Brian Adam and I were at the “Offshore Europe” conference. I am quite glad that the committee’s name is written down in front of me so that I cannot call it anything else.

I am pleased to welcome those who have come to the committee to represent different aspects of tourism. The committee is in the initial stages of looking at areas that it wishes to explore during the next year or so, after due consideration and discussion. One of the ways in which we wanted to develop our ideas about the most useful subjects to look into in detail was by having a series of round-table discussions. My objectives today are to ensure that the session is as informal as it possibly can be, given the constraints of a parliamentary committee and the *Official Report*, and that we have a full discussion.

It would be useful to go round the table to begin with so that everyone knows who everyone else is and what their respective organisations are.

This afternoon, Alex Salmond will make a speech on the legislative programme for the next year. Of course, every Government does that and it will be our equivalent of the Queen’s speech. So when you are saying who you are, if you have an idea about legislation or something that you would like to see happen, you should feel free to mention it. That invitation is not to the politicians; I am not going to allow them to respond to it because they will have plenty opportunity to do that later this afternoon. It is a request just to our good friends who have come in to give us their thoughts on the industry.

**Eddie Brogan (Scottish Enterprise):** As tourism director for Scottish Enterprise, my role is to lead and co-ordinate the Scottish Enterprise network’s support for the tourism industry.

**The Convener:** You are probably not allowed to say what legislation you would like. I think that we could all guess.

**Eddie Brogan:** No; I will pass on that question, thank you.

**Iain Gray (East Lothian) (Lab):** I am the member of the Scottish Parliament for East Lothian.

**Paul Bush (EventScotland):** As chief operating officer of EventScotland, I head up the major events strategy for Scotland. If I were making legislation for a day, I would like much more compulsory physical education in schools.

**Christopher Harvie (Mid Scotland and Fife) (SNP):** I am a list MSP for Mid Scotland and Fife. In an earlier existence, I was professor of regional studies at the University of Tübingen.

**Willie Roe (Highlands and Islands Enterprise):** I chair the board of Highlands and Islands Enterprise. I will also pass on the question about legislation.

**Dave Thompson (Highlands and Islands) (SNP):** I am an MSP for the Highlands and Islands.

**Bernard Donoghue (VisitBritain):** I am head of government and public affairs at VisitBritain. Along with VisitScotland, we promote Scotland in 40 countries around the world. I am not looking for a legislative change, but I would ask for UKvisas, the Home Office and the Treasury to reduce visa costs for those coming to the United Kingdom.

**David Whitton (Strathkelvin and Bearsden) (Lab):** I am the constituency MSP for Strathkelvin and Bearsden, the canal capital of Scotland.

**Iain Herbert (Scottish Tourism Forum):** I am chief executive of the Scottish Tourism Forum. I start in a week’s time and am interested in hearing what is said today. I was with British Waterways doing the Falkirk wheel, the royal yacht Britannia, the national museums and so on. I would like schools and their pupils to be much more engaged with tourism, so that they can think of it as a future business.

**Gavin Brown (Lothians) (Con):** I am an MSP for the Lothians.

**Philip Riddle (VisitScotland):** I am the chief executive of VisitScotland. I am not sure that it requires legislation, but one of the highest priorities that I am aware of is the need for something to be done to enable easier inward investment and investment in general in the industry. That is vital.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I am the MSP for Kirkcaldy.

**Carl Watt (Scottish Museums Council):** I am the head of external relations for the Scottish Museums Council and part of my role has been to do with creating opportunities and building

partnerships between tourism, museums and galleries.

**Brian Adam (Aberdeen North) (SNP):** And there is no legislation that you would like to be passed.

**Carl Watt:** Not at the moment.

**Brian Adam:** I am the MSP for Aberdeen North and the deputy convener of this committee. My constituency contains Scotland's fastest growing airport.

**The Convener:** My name is Tavish Scott and I convene this committee. Following on from David Whitton's comment, I will claim that my constituency, Shetland, is the nautical capital of the world or something. Perhaps Willie Roe can help me with that.

I am open to a discussion of any subjects that either committee members or our visitors might want to stimulate debate on. The committee has had initial thoughts on two areas. The first is the target for 50 per cent growth in the number of visitors, with which Philip Riddle will be familiar. We would like to talk about how attainable that is, whether that is the right number and the barriers that there are to that being achieved. The second area relates to skills and services in the tourism industry, about which we all have stories to tell. Indeed, when the committee met to discuss its work programme, we stayed in a hotel in a Scottish town and had reflections to share on that particular experience.

Could I have people's views on the 50 per cent target?

**Brian Adam:** I will kick off the discussion. Obviously, there is a general consensus that there should be a 50 per cent growth in the number of tourists by the date that has been suggested. How we will meet that target is a difficult question, particularly in light of the slight downturn in tourism figures this year. I would like our guests to talk about any barriers to meeting that target that they perceive, to tell us what action they think the Government should take to remove those barriers and to tell us about what this committee can do to identify those barriers and make progress in overcoming them. It is all very well to have a go at meeting a target, but we need to think about the steps that are involved in doing so.

The tourism industry is primarily a private sector industry. Obviously, there is a Government input in relation to VisitScotland, which deals with marketing, and Highlands and Islands Enterprise and Scottish Enterprise, which contribute in terms of infrastructure and support for visitor attractions, but it is primarily a private sector industry. With that in mind, are there particular sectors that we should focus on?

**Philip Riddle:** Thanks for inviting us to discuss those topics. This meeting is a great opportunity for us. I will give an overview of the situation from VisitScotland's point of view.

We often talk about the 50 per cent ambition, rather than target. That is because the genesis of the figure was less than scientific. The idea was to have something that would work as a rallying cry. We felt that the tourism industry had done well to recover from the ravages of 2001, people's confidence was high and the numbers of visitors were up after the nadir. The feeling was that we needed to have our eyes on our next step.

The figure came out of scenario planning. We postulated "what if" pictures for the future, and the ambition seemed reasonable. You are right that, when it started, the process was not bottom up. It was not a case of "Here are all the things that are coming together to get 50 per cent;" it was more a question of "Let's strike an ambition."

We have struck the ambition, so the questions are now about how we are going to fulfil it and whether it is the right number. It is probably not exactly the right number, but we all believe that it is possible. It is just a question of how much intervention is required to make it possible. What we need to do is put a business plan behind it. That is what we have been trying to work out. Having an ambition is great, but we need some quantification and a business plan.

We have been looking at doing that, as have many across the industry. Some of the main themes are relatively easy to identify, and they have already been identified in the tourism framework for change, which was published some time ago and set an agenda for the industry. It revolved around ideas such as increased marketing, innovation and product development and ease of purchase. Access was also particularly crucial, and infrastructure has been mentioned today. It also covered skills and training and motivation of young people. We have the themes, and there is probably reasonable consensus about them across the country.

The next question is how we translate those themes into something meaningful at a business level. Brian Adam is correct that we are primarily talking about the private sector and businesses, so we need to translate the themes into a plan that means businesses can see opportunities. It is not a question of expecting everybody to say suddenly, "I must do my bit for the overall economy." It is a question of people doing their bit because it will grow their business, which will then contribute to the overall economy.

We have centred on five levers that we believe will translate the themes into money in the tills—money coming in to improve the economy. One of

the biggest levers is expansion through capital investment, which is expanding existing businesses and inviting new businesses. If businesses expand, as long as their other components—such as quality and marketing—are in place, they will get more business.

The second lever is more marketing. Tourism is the most competitive industry in the world, and if we do not shout consistently and ever more loudly, we will lose out. We have massive competition. Some have much bigger budgets, and some have not so big budgets. Budgets are not necessarily the issue, but marketing certainly is important.

Those two levers are about expanding the industry. We also have to consider productivity within the industry, and there are some good wins in that. The third lever centres on market positioning and making us a high-quality and high-value destination—being Switzerland rather than Latvia for example. That can increase returns remarkably without necessarily increasing the number of visitors, which helps to minimise the strain on infrastructure.

The fourth lever is capacity utilisation. This country runs at roughly 50 per cent capacity utilisation, which is not a good way to run a business. There are challenges in that, involving filling the off-peak months.

The last lever is about better cross-selling. It is about ensuring that when people are here they find lots of things to do and to spend money on. For example, if every second person who visited Scotland spent an extra £9—which is not a lot, as you cannot even get a really good bottle of Scotch for that—that would mean an extra £450 million.

We are aiming for £2.1 billion, so if we put those components together, we can begin to see how there might be steps towards our ambition. However, they are not the only components. The key point is to try to keep drilling down for possibilities and opportunities for business to make more money and see what takes on. However, that needs significant intervention.

As was said, we are at a bit of a plateau at the moment. Last year, we saw a slight overall decline in volume and value. International business was excellent, which is great because we believe that we will increase the share of the international business side of Scottish tourism from 29 to 33 per cent, which is a good natural balance. We believe that we will increase business tourism from 22 to 25 per cent, because that is also high value. Even with those increases in high value, however, we saw an overall decline because of our core UK business shrinking. That is primarily because more and more UK residents are finding it attractive to go overseas.

10:15

We have to concentrate on what will lift us from that plateau. We are not in decline and we are not in a desperate situation by any means; the industry is still doing well, it is confident and lots of good things are happening. However, I ask for a push up: intervention is needed. We have suggested five starter areas that might require intervention. From the public sector point of view, the biggest need is probably to make it easier for people to invest in and expand businesses, although other areas would also benefit from intervention. If the aim is to push up quality and value, that links into the committee's second main theme of skills, motivation and training and how to achieve quality throughout the country. That was a whistle-stop tour.

**The Convener:** Thanks for that; we will return to the skills theme later in the morning. Gavin Brown wishes to speak, but I will come back to him. I heard Jan Bebbington of the Sustainable Development Commission on Radio Scotland this morning. She said that there should be no more route development fund and that we should cancel all road projects. There are some interesting balances in there—I suspect that we all have our views. I invite Bernard Donoghue to reflect on the wider VisitBritain perspective and what is happening internationally.

**Bernard Donoghue:** Thank you for the invitation to come along this morning. By way of background, VisitBritain used to be known as the British Tourist Authority. We are a marketing agency accountable to both the Westminster Parliament and the National Assembly for Wales. We promote Scotland alongside VisitScotland in 40 countries throughout the world. I echo Philip Riddle's point that among the three greatest challenges that we in Britain and Scotland face is greater international competitiveness. New, sexy, exotic destinations come up every day. For Britain and Scotland to place themselves at the forefront of international travellers' minds is, although not impossible, increasingly difficult.

The second great challenge, which is more domestic but has an international flavour, is sustainability—both sustainable tourism's contribution to local and regional economies and in the environmental and conservation context. How can we at the same time promote international travel to Scotland while talking about our responsibilities to reduce carbon emissions and our carbon footprint? Linked to that is a greater dependence, certainly for Scotland, on domestic tourism, particularly in the UK domestic market.

The third challenge is to do a quick analysis of who is doing what, where and with what budget. We at VisitBritain have the benefit of looking

throughout the UK and seeing who spends what and why and what the benefits are. It is undoubtedly the case and an objective fact that devolution has been fantastic for tourism in Scotland. The sheer amount of new marketing money that is being invested to promote Scotland around the world is inordinately impressive. For example, last year we saw a 14 per cent increase in the number of international visitors coming to Scotland. That outstripped the rest of the United Kingdom by several degrees. Part of the reason for that is the route development money, which is about improving access to Scotland. That has been a good thing for getting people to the United Kingdom, and Scotland specifically, and for regional spread in Scotland.

I will tell you where we are in the international market place. Although Philip Riddle is right that budgets are not always a panacea, it is inevitably the case that in the United States, which is still Britain's most important market—we currently receive something like 4 million American visitors who are important because of their numbers and spending—our marketing budget is outstripped and outspent by 40 countries or American states. We have to think more cleverly rather than spend more. That is the constant creative challenge to us all.

A second problem, which I mentioned at the beginning, is our international pricing policy. As a result of decisions made by the Treasury in London, UKvisas now has a cost-recovery base, which means that all the money that it spends on its infrastructure around the world—there are about 163 offices—has to be recovered from visa fees. That means that a family of four coming from India will spend £480 before they even get on the plane. It also means that there are only five places in India where that family can go to get their biometrics tested and their fingerprints taken. For people in emerging markets such as Russia, India and China, the cost of getting to Britain and the logistics of getting fingerprints taken and so on, mean that we are increasingly at an economic and financial disadvantage. We understand completely why visas, stringent immigration policies and biosecurity are necessary, but it is a fact that we are much more expensive as a destination than the vast majority of our overseas competitors—especially those in the Schengenland area of Europe.

My final point is about value for money. We, with VisitScotland, promote Scotland as a value-for-money destination. It can be seen as an expensive destination, but we do not ever want to promote it as a cheap destination. Offering value for money, and offering that little bit extra in terms of service, care and training, is absolutely the key to winning those extra markets. We do not want a slash-and-burn discount Scotland, just as we do not want a

slash-and-burn discount Britain. Our value added is the must-see architecture, experiences and people that we have in this country. It is not necessarily cheap and discount market tourism.

**Gavin Brown:** I would like to pick up on a couple of points that Philip Riddle made in relation to drilling down and marketing. I would like further and better particulars on where people are coming from. We heard the figures of 71 per cent for United Kingdom visitors and 29 per cent for international visitors, but, within that 71 per cent, are more people coming from the north of England, which is far closer to Scotland, or from the south of England, from which there may be more flights and within which, in places such as London, there may be greater wealth? As for the international visitors, which countries are they coming from, and is that likely to change? I think that Christopher Harvie said that only nine people left school in Scotland with the ability to speak any Russian. If Russia is one of the growing markets, will we have to make changes to accommodate that fact? Or do we have to consider other countries? Do we have breakdowns, or better particulars, of where people are coming from—both from within the UK and internationally?

**Philip Riddle:** Yes, we do. Roughly half the UK domestic figure is actually people from Scotland. Our definition is based on the overnight stay: anyone who stays for at least one night becomes a tourist. We would advocate that all the committee's meetings should involve overnight stays to boost the numbers—I can recommend some good hotels.

You are right to suggest that proximity to Scotland has an effect. Our key markets for promotion are really the north and the midlands. Those areas have less competition, so the money goes further, and they are more accessible. The sheer weight of population in the south means that the breakdown of visitors comes out at about 50:50, but our promotional effort goes more on the north and the midlands.

A factor that has hit us over the past year or so has been the growth in direct access flights in the north of England—although people in Scotland have benefited from direct access too, because they have more choice. It does not necessarily mean that Scotland is a lot worse off, but if people in the north of England have a lot more options, we have to fight harder for them. Such flights are part of the reason why UK visitors to Scotland have been declining a bit.

From overseas, as Bernard Donoghue said, our biggest source of visitors is certainly the United States. There are also the traditional markets such as Germany, France and the Benelux countries. Interesting growth areas, over the past few years in particular, have been Spain and Sweden, and



that has largely been on the back of direct access. Spain is a very interesting example. In most people's minds, Spain is an outbound destination for the UK, but we have noticed great opportunities in countries along the Mediterranean, especially for city dwellers who want to get away from the pressure of summer tourism. We do very well from people who come to Scotland for the freedom to get away from the sun and the beaches and all the things that we traditionally associate with holidays.

Looking further forward, China will be the world's biggest outbound destination and its biggest inbound destination in the not too distant future. It is a question of when, but it is a matter of a few years. We anticipate that, working with VisitBritain, we will get a good share of that market. It is a bit like throwing a pebble in the water: the first waves of Chinese tourism will involve people who have not really been anywhere and will tend to be closer to the Chinese mainland—we can already see quite a wave going down across Australia, New Zealand and south-east Asia—but the wave will hit us. As the Chinese become better travelled and their disposable income increases, we will be able to attract significant numbers from China.

We already do quite well in Russia. Again, it is a bit of a niche market because, as you know, the income differentials in Russia are quite severe. There is an affluent section of the population that considers Scotland to be a quality destination—they associate coming here, playing golf and drinking our great whisky with increased luxury in life—so Russia is becoming quite significant in value terms even though the numbers are not massive.

The same applies to other countries in eastern Europe. One should never underestimate the knock-on effect from immigrant labour, for example. Although many people settle in Scotland when they come here to work or study, they bring friends or relatives. As new routes open up to Poland, they might initially be dominated by people coming here to work, but they will develop an access that will prove beneficial to tourism.

**The Convener:** I ask Willie Roe to give us a far-north perspective on those matters.

**Willie Roe:** Thank you very much, Tavish. I am pleased to have a chance to join you for this discussion.

Tourism is hugely important to the economy of the Highlands and Islands and will remain so into the future, but it is also changing rapidly. I will highlight a few points.

The world mountain biking championships are being held in Lochaber this week. That is highly relevant to our changing tourism. As a result of the championships, there are 40,000 visitors in

Lochaber, which is three times the population. You know what happens in Edinburgh when the population increases by 100 per cent in August, but the increase is much more significant even than that in Lochaber's terms.

I use that as an illustration of a set of opportunities that are hugely positive, international and mainly focused on younger people. Scotland has been very clever at recognising mountain biking and organising itself to succeed. Indeed, some of the aficionados in that business reckon that Scotland is one of the very best places in the world for mountain biking. I also pay tribute to the Forestry Commission: most of us might not think that it has much to do with mountain biking, but it has been critical and immensely positive and creative in creating the conditions for the sport to flourish.

The lesson to take from that is that Scotland has some natural assets that we have not been exploiting until recently. Obviously, we exploit the scenery and vistas around the country, but we also have other natural assets that are now being exploited. The evidence from mountain biking is that it has a long way to go. One of the fantastic things about it is that it is not mainly about having a season. People can go mountain biking and find it appealing at every conceivable time of the year.

The combination of all those factors is why our approach to mountain biking is so clever. That tourism niche did not exist until a few years ago. If we examine where mountain biking is at its best in Scotland, we see that it is widely spread from the Borders to the north-east, the north Highlands and the west Highlands.

A lot of clever, creative innovation on an international scale is going on in tourism in Scotland. That has been immensely important.

I will touch next on seasonality. It is an issue but nothing like the issue that it used to be. I will quote one figure from the Highlands and Islands to illustrate that. If we look back through history at the graphs for seasonal employment, we see that the peaks for seasonal unemployment in the Highlands and Islands used to be enormous but have declined over the past 10 years and declined rapidly over the past three years.

Last winter, the unemployment peak in the Highlands and Islands was, for the first time in history, lower than the unemployment level for Scotland. In other words, the Highlands and Islands peak did not go above the Scottish average. The unemployment rate in the Highlands and Islands is now, at 1.8 per cent, the lowest that it has ever been. The figure for Scotland is 2.4 per cent and the figure for the UK is 2.7 per cent. The tourism industry has played a significant part in

reducing unemployment, although it is by no means the only industry that has done so.

10:30

Many tourism industry niches and angles in the Highlands and Islands are not as seasonal as they used to be. Clever businesses are finding ways of making their part of the industry appealing many more times in the year, which has many implications. It means that more people who choose to work in tourism have better and more sustainable jobs and that investment possibilities are gradually improving. People are finding that, as their facilities move up the stars and they have four-star and five-star facilities, work tends to be less seasonal. Among other things, I run a small five-star tourism business. I and others in that segment of the market have noticed that work in it is becoming less seasonal. The reduction of seasonality makes it possible to offer better jobs and more secure careers to more people. I hope that we will discuss that. I am not saying that offering such jobs and careers is easy, but the reduction of seasonality makes such things easier rather than harder.

I would like to jump to the issue of sustainability and the aim of a 50 per cent growth in tourism. We are interested in a 50 per cent growth in value rather than in numbers. I am sure that the number of tourists will grow and that their visits will be more spread out across the year, but we must focus on growth in value, because that is likely to lead to more sustainable tourism. Scotland and the Highlands and Islands come out well in international surveys on sustainable tourism and we do not want to damage that standing by anything that any of us do in the years ahead.

Transport, which is close to the convener's heart, is a related issue. Transport issues are the biggest economic and social issues for those of us from the Highlands. Two years ago, we conducted the biggest survey that we have ever conducted on life in the Highlands and Islands. Almost all businesses and communities said that transport issues were the biggest blockage to greater success. That finding is also true for the tourism industry. Therefore, I make no apology for focusing on transport enhancements as an important part of tourism development and building the economy as a whole.

I will give two brief examples. First, getting international flights between Inverness and a fantastic international airport such as Amsterdam—which is the one that we all have in mind—is important for the future. The aim is not necessarily to grow the number of visitors, although such flights will probably result in more visitors, including business visitors; rather, it is to make it easier for people to get from other

countries to the north of Scotland. Amsterdam would be by far the best international airport to be connected to Inverness, not only for tourists but for businesses—in fact, such a connection would be far better than a connection to many of the London airports. A lot of business in the Highlands and Islands is becoming increasingly international. The biggest private sector employer in the region is Johnson & Johnson, which is a global company. It is expanding its business in the Highlands, but the lack of international air links from Inverness is the key impediment to its expansion. Links to Amsterdam are important for it and for tourists. We hope that positive announcements will be made on that matter before the end of the year.

The second transport example relates to the costs of getting to the islands. Scotland has 90 islands—indeed, it has more islands than any other country in Europe, apart from Greece. Reaching Scotland's islands is very hard and is in general very expensive. The situation in the northern isles is much better than that in the Outer Hebrides and the Argyll islands, because of the investments that local government and other organisations have made in northern isles ferries over many years. Reaching Orkney and Shetland is much easier and often more cost effective than is reaching the Hebrides. I know that the Government has plans to tackle that further.

The islands are distinctive and those that have got their act together are turning out to be fantastic and sustainable visitor destinations. The Orkneys are probably the best group of islands to illustrate that but, over the years, and led by the business community more than anyone, Arran—a close-in island—has turned itself into a fantastic all-year-round visitor destination as well as a fantastic place for organic food and drink products. That is all doable, but a focus is needed. The public sector's role should not become too dominant, but there is a role for several public sector agencies, such as the Forestry Commission, which I mentioned is doing clever work, VisitScotland and the enterprise organisations.

Our job is about building up the capacity of businesses, which includes collaborative efforts by businesses. One of the most valuable and successful changes in recent years has been the recognition of the value that a locality can derive from creating a destination management organisation. The early signs are that the organisation that has been created around the Cairngorms, Aviemore, Badenoch and Strathspey is highly positive and is likely to have a big impact. That is what has happened in Arran—the organisation there is one reason for its success. I have no doubt that other organisations will be created. Previously, Loch Ness was thought of as just the piece of water, whereas now—for the first time—business communities all the way round the

loch have got their act together. What they plan to do is clever.

Many positive developments are happening. Some threats exist—we have heard about some—but countering the threats and seizing the opportunities are about promoting Scotland's distinctiveness and authenticity. Scotland is very distinctive and is authentic in many respects. Around those sustainable and value-adding components, we will build success.

**Dave Thompson:** I am not sure where to start, as many points have already been made. I will kick off with a question that all three previous speakers might want to answer and I will restrict myself to just a few points. On marketing, are we making the best use of the international offices of the likes of Scottish Development International? Do we link with them as much as we could?

Willie Roe talked about direct flights to the north and to Scotland in general. Flying is a problem for our carbon footprint but, if people fly directly into Scotland rather than via London hubs, less carbon will be emitted, because the leg of the journey from London to Scotland will not be required. Perhaps we can increase the number of international flights to Scotland, through the route development fund or other measures, so that the majority of businesspeople and tourists can come straight to Scotland rather than having to travel through Heathrow.

Willie Roe mentioned that the growth aspiration is about value, not numbers. I welcome that, because the Scottish Tourism Forum has said that one difficulty that holds us back is the low pay, long hours, seasonal nature and low status of employment in the tourism industry. If we increased the value, I hope that it would be reflected in staff wages and hours of work. That is hugely important. If we are to expect people to welcome visitors with a smile, they must be well rewarded for what they do, be well trained and not be exhausted because they are working 70, 80 or 90 hours a week. It is a serious problem in the tourism industry at the moment.

**The Convener:** Okay. As I said, we will come to that issue in the second half of the meeting. I am conscious that some people have not yet had the opportunity to pitch in.

I welcome Paul Jennings, who was not here at the start of the meeting. It is good to have you here. Thanks for coming. In this first cut at it, we want to look at the barriers to growth and the point that Dave Thompson just made about growth versus value and where the numbers should be. Would you like to add to that?

**Paul Jennings (Association of Scottish Visitor Attractions):** We have about 400 members throughout the country, including the

National Trust for Scotland and Historic Scotland. We very much represent the built attractions rather than the natural attractions that have been discussed this morning. The industry is now seeing better engagement, but growth has been quite slow given the importance of engaging the private sector.

The 50 per cent growth target has a mixture of value and volume associated with it. Achieving growth in value is the industry's role. I think that Brian Adam asked about the business plan for achieving the target and Philip Riddle touched on that. It is a key aspect. I believe that the majority of the tourism industry is not engaged and is probably not even aware of the growth target. Organisations such as ASVA, which represents tourist attractions, and others are very aware of the target, but the message has still to get through at the grass-roots level. Ultimately, what does 50 per cent growth mean for someone who is running a bed and breakfast? I am sure that if someone could tell such operators how they could grow their businesses by 50 per cent, they would welcome that.

**The Convener:** They would be in management consultancy.

**Paul Jennings:** Absolutely. I suspect that those businesses would be doing it already. So, there is a big challenge in terms of the value side.

VisitScotland has a difficult role to play. I support the growth target, but many people probably feel that the 50 per cent target is owned by VisitScotland and that it is up to VisitScotland to deliver it, which is obviously not the case. When I first arrived in Scotland six years ago, the role of VisitScotland was to market Scotland, but it is now involved in other things such as the tourist information centre network across the country. I have concerns about that. We want dynamic and powerful marketing—we have talked about the increased international competition. Rather than some of the more exotic places, it is new markets that have a geography similar to Scotland's but which are less expensive to travel to and are, in that sense, a high-value proposition that are the main competition for Scotland.

The focus of VisitScotland is critical to all this. We cannot necessarily expect individual operators to take ownership of the 50 per cent target, although we should encourage them to do that. We need to encourage individual operators along a quality agenda, as the value proposition is not quite right in Scotland at the moment. I think that Scotland is perceived as an expensive destination rather than a good-value destination. How do we tackle that?

Comments have been made about how we can demonstrate to young people who are thinking

about career choices that tourism is a good career choice. The individual attraction that I operate employs lots of students, and I hope that we give them a good experience. Increasingly, we are employing on personality and the sort of service skills that they bring. We need to encourage that at the grass-roots level. The issue probably goes wider than the tourism industry. How do we tackle such issues at a young age? How do we ensure that when people come to Scotland they get a welcoming smile and exceptional service? That is a huge challenge.

I am not sure that I have provided clarity, but a host of issues is involved. VisitScotland should be given the mandate to promote Scotland domestically. I know that VisitScotland is heavily focused on the domestic market, which is huge, but it is critical that we get people to move around the country. The potential exists for promoting not just the growing number of destination management companies, but the destination marketing companies that support the efforts that VisitScotland is making nationally and internationally. There is further opportunity in that area, particularly when it comes to regional product development. Why should the east of Scotland not promote itself to the west of Scotland, for example, given the overnight factor that applies with the domestic tourist?

A host of issues is involved and I do not necessarily have any solutions. There is a big problem with engagement, especially in getting the private sector engaged. That is not just about the public sector engaging with the private sector. There are a few representatives of the private sector around the table, but we need to get more widespread private sector engagement. The area tourism partnerships that VisitScotland is involved in are a good starting point, but more needs to be done, probably in the regions.

10:45

**The Convener:** We will ask Eddie Brogan about that after we have heard from Iain Gray.

**Iain Gray:** I suppose that our primary concern as a committee is to examine what the Government and the public sector should and should not be doing to support the industry. Two points emerged strongly from the discussions on tourism that we had at our away day, and they have come up again today. One is a barrier and the other is an opportunity. I would be interested to hear more from colleagues about them.

Philip Riddle said that the piece of legislation that he would introduce would be one that would make it easier to invest and expand. The speakers on tourism from whom we heard on our away day both spoke a great deal about the difficulty of

planning and how long it takes to get through the planning process. I suspect that that is part of what Philip Riddle was referring to.

I want to explore that issue a bit further. It is a difficult area for politicians, who either set the legal framework or get involved in local decisions, because there is a tension between making it easier to develop and allowing an ease of development that could destroy the very aspect that is being exploited or sold. I do not know how we get the balance right. If people have ideas about how we could do things differently, that would be helpful.

The positive point was about destination management and marketing, which both the speakers on tourism at our away day spoke about a great deal. They made a good case that destination management and marketing are an important way forward. When Willie Roe talked about destination management, it seemed from the examples that he gave that one of the advantages of such an approach is that it is quite business led. The project at Loch Ness, for example, essentially involved a group of businesses that had come together and put some money into it.

My question is about balance. Should we encourage the public sector bodies that are represented here to impose a strategy of destination management, or should we sit back and wait for businesses to realise that it represents an opportunity and something that they might want to get into. How do we avoid the situation in which Scotland becomes a plethora of destinations of dubious value and credibility all competing with one another? One of the speakers at our away day issued a challenge, which was to find a city anywhere in the world that did not have a jazz festival. The concept of a jazz festival has become devalued to the extent that no jazz festival is worth much because every city has one. How do destinations avoid arriving at such a position?

**The Convener:** We could ask Iain Herbert to have a crack at answering that from the perspective of the Scottish Tourism Forum but, before we do so, I ask Eddie Brogan to deal with Paul Jennings's point about the role of the public sector in involving business.

**Eddie Brogan:** Before I comment on the role of the public sector, I want to say a little about the 50 per cent growth target. We should not underestimate the value to the industry of a revenue sales target. Such a target is relatively new for the industry and engagement with it might have some way to go, but it has been tremendously valuable in providing a common focus for all partners in the industry. The target helps to discipline us in our approach to generating growth. We could do many things to

develop Scottish tourism, but the target provides a basis from which we can identify priorities and focus on what will deliver the most growth. The target is also valuable in that people can relate to it at business level, area destination level or Scottish level. The target is ambitious and stretching, but it has tremendous value for the industry and we should continue to promote it.

I agree with Philip Riddle that we have reached a stage at which the issue is less about the target and more about how we deliver it, which has much to do with how we develop and assess plans, particularly at destination level, to ascertain how we can deliver 50 per cent growth in practice. We must consider the supply side and acknowledge that if we are to grow the industry by 50 per cent, there are implications for accommodation stock and utilisation. We need more accommodation stock on the ground, so we must consider whether plans are in place and investment is happening. If we conclude that there is inadequate capacity to deliver the required growth, we must consider how we bridge the gap and encourage more investment.

The infrastructure that can support growth on such a scale also needs to be in place. That can mean different things in different places. For example, we need infrastructure for events, such as the new arena at the Scottish exhibition and conference centre in Glasgow, and infrastructure for countryside access, such as mountain biking facilities—we heard about that. The business community needs to invest in new visitor experiences and improved products and services that make the most of Scotland's distinctive assets.

On the demand side, the markets have to be there. The products and services that we provide need to be good enough to attract visitors. The delivery of a quality experience is fundamental. The tourism industry's reputation is closely related to the quality of people's experience on the ground.

Scottish Enterprise continues to take the 50 per cent target seriously. Through local enterprise companies, we work with the industry and partners to identify how the 50 per cent growth can be achieved, particularly in the main tourist destinations in the Scottish Enterprise area.

Areas will contribute towards the target to a different degree, depending on the strength and maturity of their product. Glasgow is growing rapidly and experiencing investment, for example in facilities such as the SECC or to do with the Mackintosh theme. The business tourism market is being strengthened and there is investment in hotels, so it is clear that Glasgow has a good prospect of delivering 50 per cent growth.

However, the target will be harder to reach for more mature destinations.

The role of the public sector is a big topic, which I will try to summarise. Scottish Enterprise's role is to support industry initiative, entrepreneurship and investment. Our aim is that the industry should be in the driving seat and should make demands of the public sector. The industry can come to us and say, "This is the market, here's where we are, and this is what we need you to do to help us." We want to build industry leadership in all areas of activity—through industry leadership groups at destination level, for example. The public sector has a strong facilitative role to play in helping businesses to work together and in providing process support and pump priming for initiatives that enable groups to develop.

**The Convener:** Will Iain Herbert respond to Iain Gray's important questions about destination management and the planning system?

**Iain Herbert:** A number of people have told me recently that they have come up against planning obstacles, which they regard as unfortunate. People have to assess their options about where to invest—they must ask how quick the process is and how easy it is for investors to examine planning issues—so we encourage members to consider the planning process and we give guidance on how quickly things can happen. In business, if an opportunity is seen, people want to make progress as quickly as possible.

To pick up on the comment about 50 per cent growth, word of mouth should not be underestimated. People come to a place, have a great experience, then go away and tell dozens of their friends about that great experience. They will tell them not just about the particular attraction that they have visited, but about the whole experience of a particular area: from the moment they stepped off the plane, to when they got into a taxi to their hotel and so on. It is about making sure that everyone appreciates that they are all in the tourism industry and that visitors should be welcomed into the local area, and how that approach should be taken.

I mentioned earlier the question whether schools see the tourism industry as being one people should want to go into, or as being all about long hours. Picking up on what Paul Jennings said, I think that some people go into the industry with the right attitude. We might find that quite a few of the current major players have worked their way up. They might have started with a seasonal job in a kitchen, really enjoyed it, and then started to work their way through the industry. There are opportunities, especially for small businesses. Many come from someone having had that early experience, seeing the opportunities and then moving forward.

Tourism is an exciting industry in terms of growth—50 per cent growth is possible and it is useful to have a marker for everyone to aim at. The industry contains a lot of lifestyle businesses in which people just want to run a bed and breakfast or a hotel for part of the time, but through working together and strengthening area activity, we can create real interest and bring people into those areas.

**The Convener:** Okay. Half an hour on tripadvisor.com would tell you quite a lot about how people see the product.

Before we move on to talk about skills, does anyone want to pitch in on the point about destination management that Iain Gray raised? As David Whitton pointed out, we talked about that a lot at the away day last week. I am conscious that there must be a tie between destination management and event management, but I will let David Whitton go first.

**David Whitton:** Willie Roe talked about 40,000 visitors descending on Fort William—the mountain bike event is a really good marketing ploy for the area. However, not all the 40,000 visitors will be staying in Fort William, so what has Fort William done to improve hotels and other accommodation in the area? How is that linked to where the 40,000 visitors are coming from? For example, were there any discussions about the weekend with First ScotRail, the bus companies or whoever? A lot of mountain bikers are youngsters who might want to go to the event but would have to rely on a parent or someone else to take them to the destination.

Willie Roe also commended the Forestry Commission for developing the site, but it removed a mountain bike track from the forest in my constituency because it was deemed to be too dangerous. The commission is now in negotiation with bikers, but that shows that sometimes actions do not get joined up. If we are the Mecca for mountain bikers—we could be because we have lots of great tracks—what are we doing to sell Scotland as that?

**Willie Roe:** To set the Lochaber story in context, the business community in Lochaber has taken the lead in designating Lochaber as the outdoor capital of the UK. That is a long-term and, they hope, sustainable status. They are gradually but quite aggressively building that reputation and image, and this year's mountain bike event is one important part of that. Lochaber is seeing itself in several dimensions as an exceptional place for outdoor activities and it is right to do so, although there are many miles to run yet.

It is interesting that the whole idea has been driven by private sector business in collaboration. Highlands and Islands Enterprise is a big

supporter, as are others, but it is brilliant that the private sector took the lead.

The event is exceptional—there will not often be 40,000 people in Lochaber at one time and there are without question accessibility issues. There was a lot of good planning with transport bodies, for example, but capacity limitations on the railway line are extreme, as is the case with some of the roads to Lochaber.

11:00

The business leadership is critical. A wide section of the community has got behind the outdoor capital status. Many aspects of that are at the sustainable end of tourism rather than the exploitative end—not all of them are, but the balance is in that direction. Outdoor capital status is changing the appeal of Lochaber and Scotland more widely to younger people. Mountain biking encompasses almost every age, but participation tends to be greater at the younger end. That is brilliant for Scotland, because one of the risks that faced Scotland some years ago was that it was getting a reputation as a destination for people of my age and older. To rebuild Scotland as a great destination for young people as well as people who are nearing retirement is superb.

There are lots of positive aspects to what is happening with Lochaber and mountain biking, but we are quite new at it because it is a new and rapidly growing industry. The spin-offs that we can get from it are really interesting. I refer not only to the special events, although they are obviously the high points, because the number of specialist businesses in bikes and cycling in different small communities is noticeable. If one wanted to stretch the point a little bit further—not much further—mountain biking is a significant contributor to the health and recreation agenda, which is really important to Scotland and the western world generally.

**The Convener:** I would have thought that the chairman of Highlands and Islands Enterprise would be first down the downhill on a mountain bike.

**Willie Roe:** On the blackest track.

**Paul Bush:** I think that it is now clearly recognised that events and tourism are inextricably linked. Sport and cultural event tourism is a relatively new business for Scotland and we are still pathfinders in that respect. We follow the Australian model, which is the events model that was set up in the late 1980s and early 1990s.

One of the critical factors about events is that, in most cases, the visitors that they bring in are unique visitors—new people coming to Scotland—

because their sole purpose in coming is events. One of the challenges for us is to extend not only their spend but their stay. We must consider that carefully. For example, we all consider the championships in Fort William this week to be an iconic event—they are certainly a world leader—but how many of the visitors will stay on in Scotland for another week or 10 days? When we bring people in for conferences and conventions, such as the one in Aberdeen yesterday, we must ask how many people were here for the previous week or the following one. We need a bit more joined-up thinking about that.

Despite some of the comments that have been made, seasonality and geography are important. We have been quite clever with some of the events that we have done, such as the surfing event in Thurso, which was a world-class event. We will have a European windsurfing event in Tiree this year, and Caledonian MacBrayne has put a special ferry on for people to get to that event, so we are beginning to get that sort of thinking in place.

However, our greatest challenge is competition in the events industry, as it will always be. The far east is becoming extremely competitive in that marketplace—China, believe it or not, is one of the biggest emerging markets—and the place that we all look to now for tourism and events is the middle east. Dubai, Qatar, Bahrain and Abu Dhabi all now see the benefits that could accrue from the events industry.

One of the good things is that, with Philip Riddle and his team, we have a joined-up delivery process so that the marketing of Scotland and of events sit together. Over the next few years, the challenge will be how we get to the people who come to events and ensure that they stay on and spend more money.

**The Convener:** How would you answer Iain Gray's point about demand management in localities, and some of the other reflections from other colleagues about there potentially being a plethora of such companies throughout Scotland?

**Paul Bush:** Do you mean tourism information management companies?

**The Convener:** Yes.

**Paul Bush:** I guess that it is too early to say. The one in Cairngorm is relatively new, so we need to give it time to find out about its impact, its relationship with tourist information centres and its relationship with VisitScotland's work.

**The Convener:** Carl, do you want to pitch in from the perspective of the museums and galleries?

**Carl Watt:** Yes, I have a few points to make regarding museums, galleries and heritage, which

I will support by referring to some of the work that we have been doing since 2005. We have carried out a study into the impact that museums and galleries have on tourism in Scotland. The study produced some pretty amazing figures and facts that we are now taking to a further stage.

We are looking into issues such as iconic objects and their power to attract, and we are asking whether such objects are underused in advertising and promotional opportunities. On collaboration or competition, we have discussed regional opportunities in marketing destinations, and we have discussed engaging museums and galleries with those opportunities. Skills issues have been identified in our report, especially issues to do with marketing, in which 50 per cent of the workforce are volunteers. We are trying to address those issues as best we can.

We have formed a museums and galleries tourism focus group. It includes representatives from Scottish Enterprise, Highlands and Islands Enterprise, VisitScotland and ourselves. We have taken up a few ideas, one of which is a weekend event that we have created called show Scotland. That was done to address the lack of capacity and the skills issues. It has been a great success—it included 144 events over a weekend. Museums and galleries are now drawing new visitors. We have done a full evaluation of that and I can circulate the information later.

The main point that I want us to address is whether we are underrepresenting the cultural heritage sector and the great opportunity that it offers to present Scotland's rich past and history in a very emotive way.

**The Convener:** I would like to move the discussion on to skills. Chris Harvie might want to start.

**Christopher Harvie:** I will make points apropos of what we have been discussing. The first concerns the definition of "destination". One wonders whether one considers physical destinations or destination in terms of a season of the year. We have problems with both, and I would like to hear responses and ideas.

The physical nature of Scotland, its towns in particular, does not seem on balance to have improved. We have outhousing to malls and supermarkets, leaving the centres of towns looking rather rundown. I have noticed during many elections that the condition of Scottish town centres has been remarked on. Also, of course, youths are hanging round with nothing much to do, and getting on people's nerves.

Do we have far too much going on in Edinburgh and not enough decanted to other areas of Scotland? Pitlochry, for example, seems to be a bit rundown in comparison with chock-a-block

Edinburgh.

My second point concerns seasonality. Everyone has been pointing out that seasonality is beginning to break up. However, it is still true that in December we have a saturnalia of office parties, which is extremely unpleasant for anyone who strays into it. That is then followed by a season of total catatonia, from about December 23, in which nothing is open and nothing happens.

We have been discussing the notion of a St Andrew's day holiday; this point slightly relates to that. Why cannot we think of the way in which the Germans handle their advent season, which is a long period of modest family-oriented festivity that goes on from the beginning of December to well beyond Christmas? Why not consider what I might call a Scottish yule, running from St Andrew's day through to Burns night? Why not close down the secular Christmas, which has really become a bloated nuisance, and have the place open? People ask why buildings and museums are not open in winter. We have to think about that, and we have to be much more open ourselves.

**The Convener:** That is why I like having Christopher on the committee—lots of thought-provoking ideas. We will have the Church of Scotland and the Catholic church in next week to deal with that.

I ask Philip Riddle not to deal with the secular point, which would be most unfair, but to deal with the important point that Chris made about Edinburgh and Pitlochry—although the point could have been made about anywhere you could name in Scotland.

**Philip Riddle:** We should never forget that Edinburgh is a fantastic asset. Edinburgh is the first thing that many people think of when they visit Scotland for the first time. We should in no way try to diminish tourism to Edinburgh because it is good for Scotland and a fantastic attraction. However, one of the areas into which we have directed effort is extending the Edinburgh effect—how can we get people who come to Edinburgh to go on somewhere else or, having experienced Scotland here, persuade them that there is much more to see beyond the city?

One of our recent campaigns promoted urban/rural and urban active tourism. One of Scotland's great assets is accessibility. Despite what we might say about infrastructure, it is still probably the only country in western Europe where you can go from a world-class city to the middle of nowhere on top of a Munro in about three hours, depending on how fast you climb. You can be on a world-class golf course, next to the links, by a loch or on an island and return to an urban centre relatively easily.

The big growth area for us is short breaks. We

are now able to sell short breaks that give you the best of both worlds—two experiences, the urban and the active life. The market is ready for that. It is even interesting to see the development of stag and hen parties, which is an area that one might not be particularly keen to encourage. Youngsters who go on such breaks are now looking for a balance to their overdoing it, such as white-water rafting, climbing and walking. We can work on those elements.

Iain Herbert spoke about destination management and articulated well the pluses and minuses. Destination management has to be grounded in product development. If a load of businesses simply put together a brochure, it will not go anywhere. Destination management is built around ensuring that the quality of the product on the ground is first class. That will benefit us and we can link it to other areas. I add that I quite like Pitlochry. When you have first-class product development, it is much easier to link in added value.

I do not know whether I am allowed to mention Ireland here, but there are pluses and minuses in Ireland. I noted in the latest Irish tourism budget—it is a seven-year budget of €800 million, which would be very nice here—that €315 million has been allocated to product development. Much of that is to address the fact that Irish tourism centres on Dublin. The growth in Irish tourism has been quite good from a low base, although it is not as good as ours. The Irish have noticed that their tourism has been a bit city-centric. Without wanting to kill any of that, they realise that the answer to achieving dispersal is product development, which is essentially the DM role.

**The Convener:** Perhaps Bernard Donoghue will speak about London in the same context. As the Olympic games are coming to London, part of VisitBritain's job will be to ask, when potentially hundreds of thousands of people will come to London, how it can ensure that the rest of the country, including Scotland, benefits.

**Bernard Donoghue:** We are funded by the Department for Culture, Media and Sport, which gives us a number of objectives to meet. Two of those relate specifically to regional and seasonal spread. For regional spread, we are given a target by the DCMS to get people into and then out of London as quickly as possible. We are delighted with that, although Ken Livingstone is less delighted and we have had robust discussions about it. Increasingly, London is not the place where people access the United Kingdom. For many reasons that members will understand, Heathrow accounts for only 26 per cent of inbound visitors to the United Kingdom. That percentage has been going down over the past three to four years. Our job is to achieve regional spread



throughout the UK.

We try to achieve seasonal spread as well. The key to seasonal spread is event-led tourism. From a Britain-wide perspective, Scotland does that better than anywhere else in the United Kingdom. Going back many years, the former Scottish Tourist Board's autumn gold initiatives set the scene and momentum for good seasonal spread over the shoulder months, which has been capitalised on in recent years.

11:15

On Scotland the brand, it may be helpful at this point to talk about how Scotland is perceived in the markets in which we operate. There is a publication called the Anholt Nation Brands Index, which is qualitative research into the attractiveness in economic, political, cultural, tourism and social terms of 35 countries around the world. In the index, Britain has been the number 1 nation brand over the past three years. In tourism, we have always been number 2 or 3, but where we fall down—this may lead into the second part of this session—is in the welcome aspect. The top two countries for welcome are, respectively, Canada and the United States. Britain comes in at number 16 out of 35, while China, Russia and Israel are down at the bottom.

Within the welcome rating for Britain, Scotland comes out as the best area in the United Kingdom. However, the welcome remains our biggest challenge. Many visitors say that we are guarded, aloof, cold and unresponsive, except when they actually get to talk to us, when they find us to be warm, welcoming, engaging and happy to help people. However, there is that big blockage.

My other point harks back to Paul Jennings's point and concerns the word "authentic". Scotland is seen around the world as an authentic, grounded and real destination that has heart, depth and vitality. Christopher Harvie made the point that people can get stuff in Scotland that they cannot get anywhere else in the world, which is an incredibly important aspect for the overseas visitor. They can get stuff here that cannot be replicated.

Equally, when domestic visitors from other parts of the UK go to a Scottish town, they do not want to see, for example, Harlow replicated in the Highlands or Milton Keynes replicated in the west of Scotland. Clinging on to the iconic, raw and authentic—whether towns, villages, landscapes, cityscapes or whatever—is key, coupled with event tourism, which brings people in throughout the year across the whole of Scotland.

**The Convener:** That provides a beautiful link to skills. It is an unfair line, but someone used the line the other day that you can tell an extrovert

Scot because when he speaks he looks at your shoes rather than at his own. Marilyn, do you want to kick off in this area, given your knowledge and experience?

**Marilyn Livingstone:** Yes. I take on board the issue of the welcome and that we desperately need to raise the quality of the tourism sector. We also need to increase the number of people who might be interested in becoming employed in the area. We also obviously need to improve ongoing learning and professional development for those who are employed in tourism.

The first point that I want to raise is the tourism sector's image as an employer, which is fundamental. For 18 years, I worked in a college of further and higher education, in which I was head of the business school, which included the tourism department. My experience was that many people were interested in becoming employed in the tourism sector but wanted to do so at the higher end.

We face a huge challenge regarding the image of employment in the sector because many people see it as poorly paid and seasonal, apart perhaps from those who go in at degree or postgraduate level. However, those who come into the sector straight from school regard the employment as poorly paid and seasonal. The tourism industry itself, working with us, must consider how to increase the sector's profile and how to get our young people to regard it as offering progress and real careers. I would like to hear views on that.

I have done quite a bit of work with the construction industry, which has looked at similar issues. One relevant issue is that of role models: good role models from the sector can give young people the benefits of their experience.

My first question, therefore, is how do we improve the sector's ability to provide a career for young people and, indeed, for adult returnees? Secondly, how can we ensure that lifelong learning continues when we get people into the sector? That is an important issue, because it has been seen as a barrier.

As the points that were made about the authenticity of the Scottish market and our cultural heritage make clear, the issue is not just about bringing people into the sector and telling them, for example, "You need to study languages"—it is about the whole experience. If we can show people that they can make careers out of that, we can begin to up the sector's image.

As far as training is concerned, colleges are very willing to take the agenda forward, but we need to work together. I would like to hear from the industry and, in particular, from the private sector about how public sector institutions such as colleges, universities and Scottish Enterprise—

which, through modern apprenticeships, obviously has a role to play—can get people in, and improve the image; how we can ensure continued lifelong learning and development; and how we can embed some of the aspects that Carl Watt, in particular, mentioned in the training and development of those who want to go into the sector.

**Paul Jennings:** There seems to be a kind of natural selection in the tourism industry that I think works to its benefit. Perhaps because of the hours that have to be worked and the fact that the pay scales are not that great, the industry contains many passionate people; after all, if they were not passionate, they would be doing something else.

I believe that there might be a strong parental influence with regard to careers in tourism. It is not that many young people do not find the prospect of working in the industry attractive—many probably do—but I wonder whether their parents see it as the right career choice. I am not sure how we address that major issue.

The idea of natural selection is quite important, and role models, who have been mentioned, can also be significant. About four years ago, in a talk that he gave—in Dundee, I believe—to an audience that included quite a number of students, Peter Lederer highlighted the need for role models and pretty much said that many people at senior level in the Scottish tourism industry are typically male, have grey hair and wear grey suits. In fact, he was painting a picture of himself.

Earlier, Eddie Brogan highlighted the significant issue of leadership training. The question is how we better promote our younger role models—by whom I mean the high flyers who are not dissimilar in age to the other young people coming into the industry, but who are coming through the ranks and are making a name for themselves. I do not have any answer to the question, but I think that there might be something in such an approach.

Women also play a major role in the tourism industry—indeed, 80 per cent of the employees in my business are women—but where are the female role models? Again, there are not so many women at senior level. That needs to be looked at.

Lifelong learning is a tricky issue, because much depends on the commitment of employers. For example, in my organisation, we have annual appraisals, we examine training needs and requirements, and we have made a commitment with regard to training because we feel that better trained staff will deliver a high-quality experience.

As I said earlier, the challenge in improving quality is in how to do it at grass-roots level. Willie Roe said that he was involved with a five-star tourism business, but the fact is that such businesses have already demonstrated their

commitment, or else they would not have five stars. The question is how we engage employers at the lower end in propositions of quality and value. I suspect that that is tied in not only with skills and training but with the equality agenda.

**The Convener:** Your points are very sound. All members will have noted that many of the staff in the Aviemore complex, for example, which has been used a lot for political conferences over the past couple of years, are very well trained and able, but do not actually come from Scotland.

**Paul Jennings:** You are absolutely right. I am told that being a waiter or waitress is considered a career in Poland in a way that it is not in the United Kingdom.

**The Convener:** Good point. I wonder whether Iain Herbert will give us a Scottish Tourism Forum perspective.

**Iain Herbert:** Given that everything in a business context has to be commercial, businesses will adopt a commercial approach to their activity. However, some of the major players in the industry have realised that their staff are their key asset. Although staff costs can represent a business's biggest overhead, the time that employers take and the substantial amount of money that they spend in training individuals at whatever level in an organisation go to ensure that those individuals can provide the welcome—and, subsequently, the word of mouth—that will boost their business. If you like, it is a circle that you jump off and on to.

Any employer who does not want to invest in their staff will fall behind. Indeed, it is becoming clear that employers should invest not only in training but in a career path for the individuals who will move forward in their organisation.

Many industry players have also realised that the workforce is very mobile—seasonality, for example, has been mentioned. People will consider their options and base their decisions about which industry to join on factors such as the training that is offered. They will jump on that basis, and go for the one that is moving forward.

As I have said, the industry has to invest in its staff. However, how do we get those who have been in the industry for some time to take up learning and training opportunities? Lifelong learning is a challenge but, that said, we have found that those who have not worked for 20 or 30 years can come back into the tourism industry and bring real energy to their positions. Schools are not the only feeder into the industry—people can come from right across the board—but, as far as education is concerned, we need role models to go into schools and to show young people that tourism is a very important career.

As Paul Jennings said, people seem to have the impression that jobs in the industry are low paid and so on. We have to change that perception, because the industry is key to Scotland's success. Of course, when people first come into the industry, they are usually in seasonal jobs, where the hours can be long. However, the industry can provide exceptional opportunities, and we only need to look at certain areas of innovation where people have turned an idea into something that has drawn more visitors into Scotland. Any employer who looks at such opportunities will realise that their key asset is the staff and that they need to reinvest in their teams.

**David Whitton:** During the question-and-answer session at our away day, someone asked whether Scotland should have a hotel school of international standing or a centre of excellence that people could go to. The clerks' private paper on our work programme also points out:

"FE colleges now shy away from the practical (too costly) and teach only theory".

I would welcome the industry's views on the question whether employees have been trained properly or are being relied on to carry out their own training. After all, that can be a cost to business. Surely students from hotel schools are ready-made employees who, one would hope, have many of the skills that you are looking for.

Secondly, we have all seen the reality TV programmes in which chefs shout and swear at their staff. Are such images an incentive or a disincentive to people going into the industry?

**The Convener:** So, celebrity chefs—discuss. David, are you a celebrity chef?

**Dave Thompson:** I would like to be. I think that I can manage to boil an egg.

Following on from what has been said, I think that training is probably okay for bigger organisations. However, many small businesses out there struggle to train staff who have not been sourced from elsewhere.

Just as a point of information, I can tell the committee that the tourism course at Inverness College this winter has been cancelled because it could not get enough students to fill it. It is worrying if, in the heart of the Highlands, we cannot get enough students to take a tourism course.

So, on my general point, how can smaller businesses be helped by the bigger ones? Could there be some kind of link through which bigger organisations with their own training programmes helped smaller local businesses to offer training to their staff? Are there any views on that?

11:30

**The Convener:** I do not want to stop other people, but do Paul Jennings and Iain Herbert want to come back on the questions raised by David Whitton and the latter point raised by Dave Thompson? Paul, do you want to have a crack at the idea of an international hotel school and the questions of practice versus theory? What are our people being taught in our educational institutions?

**Paul Jennings:** Unfortunately, I do not run a hotel, but I think that a school is probably a good idea. However, market demand would probably have to drive it, and Dave Thompson has perhaps demonstrated that there is not market demand. If hotel chains were saying that they would like such a facility to connect with as a feeder centre from which they would employ staff, that would be good.

There are few hotels in Scotland in which we would not encounter international rather than only Scottish staff. I know of hotels and restaurants that encourage an international staff because a cultural mix develops that is viewed as a positive. There is also a ready market of skills to tap into that does not require years to establish. There are challenges, and ultimately it would be a choice for major employers whether such a school was useful to them—and those major employers are the ones who currently run in-house programmes.

On the second point, in speaking to students in the past, I have encountered the expectation that if they take a tourism degree, their first job will be a management position. That is a challenge—students coming out of university and college with high expectations but starting with a job that is not particularly sexy or attractive. It typically takes time to reach management positions. Employers have a responsibility, but educators also have a responsibility to set expectations.

I can think of one university that runs tourism courses. I met representatives from it several years ago and asked why I did not see any of its students wanting to work in my visitor attraction during the summer. Its response was that it was more interested in the sociology. I went back to that university recently when it was seeking advice on developing its tourism courses. I said that a lot of courses these days include management because it is a general skill that benefits students—tourism and management are a useful skill set. Has it gone down that route? No, it has not.

It is not necessarily a question of students having to come out of colleges with tourism qualifications. My business employs for personality first. I run a science centre, and we do not typically employ science graduates. Some we do, but first

and foremost it is about how individuals can engage with members of the public. Ultimately in the tourism industry, we are operating in the experience economy and we are measured by the experience that we deliver. It is not necessarily about exhibits and objects. The interaction that visitors have in a museum, gallery or attraction with a member of staff is typically what makes the difference.

That takes us back to training and the responsibility of employers. In my experience, if someone steps over the threshold of a visitor attraction and they have a sense that it is not the experience that they were hoping for, it is not the fault or responsibility of the front-of-house member of staff. We get a flavour of the management of an organisation the second we step over the threshold of a visitor attraction. Again, that takes us back to leadership and whether there is strong leadership and management training. Good managers recognise the value of supporting a training agenda and having good staff.

**Iain Herbert:** I will echo some of those comments. Without wanting to sound like an accountant, I appreciate that, from a business perspective, working with colleges and universities can take up people's time and therefore have implications for the business, but that has not been my experience of working with several colleges and schools. We have brought in students for a day or a week so that they can learn what it is like to be at the front line of the tourism industry. We have had shy 16-year-old school students who, by the end of a week's programme, could give a talk to a group of 30 people, whereas that would have terrified them when they first came through the door. From the industry's perspective, it is invaluable to provide that sort of experience and training and to have that commitment to training. I think that we should encourage the industry to be involved in that side and to open doors in that way.

People will then understand that the tourism industry is hard work. It is not a 9-to-5 job. We tend to be at our busiest when everyone else is on holiday. If people want regular hours, they should not go in for the tourism industry. However, it provides very fulfilling jobs and jobs with a long-term future.

We need to strike a balance. Having worked with colleges and universities and having experience both of students on sandwich courses and of recent graduates, I think that people sometimes expect that they will walk straight into a kitchen and be a celebrity chef. It is more useful for people to gain experience of working within that environment. They can certainly then aspire to become a celebrity chef, but they need experience before they can reach that point. It is vital for

people to understand that by engaging with the industry. They will then also find out how much they can enjoy the job and how much they can get out of it.

**Gavin Brown:** My question has a slightly different slant from David Whitton's. His question about whether we should have a hotel school came out of our away day, during which we heard how a lot of hospitality and tourism training has moved from higher education to further education, but the practical side of things in further education has been downgraded. I want to ask whether there are any lessons that we can learn from south of the border. What do people there do? Is there anything that we can learn today and in the future from what they do?

**Carl Watt:** I was about to make a similar comment. The first part of the conversation was quite exciting because it was about the wonderful tourism product that we have in Scotland, but we have a difficulty in that we are not able to energise young people to become part of that and to take it forward. I would pose a similar question. Can we learn lessons from countries where young people are engaged and where tourism is up there as one of the lead career options? Should we perhaps look at the training that is offered in universities in those countries to see what their programmes have that ours do not have?

**The Convener:** That is a fundamental point that we will come back to.

**Willie Roe:** That problem is becoming a bigger rather than a smaller issue, partly because our country will be short of people in future. In fact, we are rapidly seeing that. It would be good for the committee to focus on that issue.

In this country, we tend to do things in this order: knowledge, skills and then attitude. However, we do not usually get round to the issue of attitude. We need to turn that on its head. I believe that we need to develop a culture in which attitude comes first. Skills and knowledge will then follow along. I agree strongly that the deficiency in our country concerns attitude and personality. Doing something about that is critical not just to the tourism industry but to many aspects of our country's culture and economy.

I will mention a couple of things that are worth considering. If you press me to give the hard numerical evidence, I cannot do that this morning, but we in the Highlands and Islands are finding that the growth of music making and music performance over a generation is having a highly positive impact on personality, attitude and personal self-confidence, which is wrapped up in a lot of the issues that we are discussing. Therefore, I warmly welcome Richard Holloway's initiative to import El Sistema from Venezuela into Scotland

gradually to give every young person in Scotland a music-making and music-performance experience not for the music but for the confidence, skills and outgoing personality that it creates.

I encourage people who are in that side of life to recognise music as one of the most powerful—and global, as it happens—tools for building personality, attitude and confidence. Those are at the heart of the engagement between people that is at the heart of our distinctive and authentic tourism.

**The Convener:** Absolutely. In our part of the world, if you do not have a fiddle festival, you are not alive.

**Eddie Brogan:** There is definitely a role for industry bodies and the public sector in raising awareness of employment and career opportunities in the industry and in helping potential recruits to understand the nature of work in it. Already, a number of organisations are active in that. For instance, Springboard Scotland does many of the things that we have mentioned. It seeks to build partnerships with schools. It also has a young ambassador programme, in which people go to schools and colleges to talk about their experience of working in the industry. It is also doing what it can to try to engage parents as key influencers.

Scottish Enterprise's experience of working with the industry in this area is that the industry's image as an employer is bound up with the reality of the work experience in businesses, as you would expect. That experience is mixed. We put a lot of effort into trying to promote best practice. There are a number of exemplars in Scotland and we bring some of the world's top companies in people development and service quality into Scotland.

I agree with Iain Herbert that a commercial decision needs to be taken. However, we are trying to encourage businesses to see the commercial benefits in a wider sense in that, if they recruit the right people with the right motivations and right attitudes, they will reduce staff turnover, reduce recruitment costs, provide a higher quality of service and achieve higher levels of repeat visitation and spend per head. It is about trying to see recruitment, training and development practices in a wider commercial context rather than just in terms of the hourly rate or other immediate incentives.

The service-quality and welcome agenda is moving on. Along with Highlands and Islands Enterprise, we have revamped our major service-quality programmes to reflect that and acknowledge the part that front-of-house staff in particular play in the wider visitor experience. They provide information not only about the business but about what is available in the local area and

they signpost and advise visitors so that they get the maximum benefit out of their stay. We have relatively recently launched our joint programme entitled 100k welcomes, which the Scottish Parliament and the establishment across the road have been through and which seeks to do what I am talking about. It is open to and targeted at small businesses as well as the larger companies. We try to organise delivery flexibly and to price it accessibly.

As has been said a number of times, many skills issues—I include the image of the industry—are founded on the leadership and management skills in individual businesses, and we put much of our effort into trying to address those.

**Dave Thompson:** I will follow up on Willie Roe's point about music. The skills and confidence that youngsters gain from being involved in music are particularly marked in Highland region. They are also marked in the fèisean—the Gaelic music festivals that have been developing over the past 20-odd years—and the Gaelic-medium units and schools, such as the new Gaelic school in Inverness, where the cultural and musical aspects of Gaelic are taught to youngsters. There is a very high music content in Gaelic-medium education, so the children come out of school singing and playing instruments with a lot of confidence. They are also bilingual in English and Gaelic. When they reach primary 6, they are taught a European language, such as French, in which they have a head start as they are already bilingual.

Gaelic is underplayed in Scotland, especially considering the authenticity that was talked about earlier. In the Highlands, even the street signs and so on can ensure that people know that they are coming somewhere different, but there is a lot of resistance from people when we want to put them in Gaelic. They say that people will start crashing their cars because there will be both Gaelic and English. I do not know how those folk get on when they go abroad—I do not know how they ever find their way to anywhere. However, the Gaelic thing is beneficial for confidence, skills and authenticity.

11:45

**The Convener:** I am keen to pull the discussion together, so I will ask our guests whether they have a view on the particular aspect of tourism on which the committee could best spend its time. If they could express that view this morning or write to or e-mail us through our clerks in the next couple of weeks, it would be extremely helpful. Philip, do you want to kick off? As I said, I am happy to take comments in writing if that would be easier.

**Philip Riddle:** I think that I would prefer to reflect and then come back to you with an e-mail.

**The Convener:** Sure. Carl, do you have anything in particular to say?

**Carl Watt:** On museums, galleries and heritage, I would like the committee to consider what we are doing with the cultural tourism product and how we can better promote the objects and collections that we have.

**The Convener:** A good and fundamental point was made on the skills side of the equation and why other countries appear to find it easier to encourage their younger folk in particular to be part of an industry. We would want to reflect on that.

**Iain Herbert:** I have enjoyed the debate, but we will reflect on it and come back to you.

**Bernard Donoghue:** All the challenges are in the context of a very positive start. Britain is the fifth most popular destination in the world, which is extraordinary given our size. The challenges that we have are in skills. We are losing market share, and the authentic sell is in danger of being eroded if we do not have the right skill and asset base to ensure a sustainable economy.

**Willie Roe:** Workforce issues are important. The committee's brief gives it a special opportunity to examine laterally things that are not tourism vertically but are tourism horizontally. For example, Scotland's reputation and image internationally are as important for inward investment as they are for tourism, and the committee could examine that aspect with profit. The word "authentic" has been used several times and, as others have said, the authentic, distinctive cultural assets of Scotland—what is ours and cannot be taken from us—will become more important in enabling us to distinguish ourselves from other countries. I would be delighted to put a short note to the committee as well.

**Paul Jennings:** I have been enthused by this morning's meeting. As individuals around the table, we are limited in what we can do, but collectively there is a lot of potential to address the issues that we have discussed. I hope that the meeting is a starting rather than end point.

**Paul Bush:** I echo those comments. The committee has the opportunity to see things in the round, which is important. I will reflect on the discussion and come back to you.

**Eddie Brogan:** The agencies could probably provide a lot more information about some of the topics that have been discussed today. All three of the main agencies—HIE and SE in particular—are heavily involved in destination development and management issues, and they would be happy to provide further information to the committee. I agree with Willie Roe that skills are a big issue, and either in that context or more generally it

would be useful to have further debate on the respective roles of the public and private sectors in driving the industry forward.

**The Convener:** Thank you very much. We appreciate your time this morning. It has been extremely helpful in allowing us to gain a better take of the issues that you would like us to have a look at, and we will now reflect on them. We will pause for a couple of minutes to let everyone clear before we deal with two small final items.

Before we knock through the last two agenda items, let me say just in passing that I thought that the discussion was useful. Once members have had a think about it, if there are areas that they think that we managed to draw out more substantially, they should let the clerk know and we can have a cut at them both formally and informally in the coming weeks, especially once we have had the energy and economy-themed days.

## Budget Process 2008-09

11:52

**The Convener:** A paper has been circulated on the appointment of an adviser. Members are asked whether they are content with the job description. If they have any candidates in mind, they should notify Stephen Imrie and the clerking team. Are there any comments on either issue?

**David Whitton:** I am probably asking a stupid question because I have not been a committee member before. Does the adviser tend to be an academic, or can they come from anywhere, including from within private industry?

**The Convener:** My view is that advisers could come from anywhere, but I might be slightly biased on that. I do not think that there are any constraints.

**Stephen Imrie (Clerk):** No, there are no constraints. The only thing to check is whether candidates are able to deliver, given their other commitments and potential conflicts of interest. Advisers tend to come from academia, but there is no restriction. The positions are open to all candidates, wherever they come from.

**The Convener:** Are colleagues happy with the remit and looking for some ideas on names?

**Members indicated agreement.**

## Witness Expenses

11:52

**The Convener:** This is a straightforward item to allow your convener to authorise the expenditure of payments to witnesses when they come to give evidence. Are members content with that?

**Members indicated agreement.**

*Meeting closed at 11:53.*





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