

# **ECONOMY, ENERGY AND TOURISM COMMITTEE**

Wednesday 5 March 2008

Session 3

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## **ECONOMY, ENERGY AND TOURISM COMMITTEE** **4<sup>th</sup> Meeting 2008, Session 3**

### **CONVENER**

\*Tavish Scott (Shetland) (LD)

### **DEPUTY CONVENER**

\*Brian Adam (Aberdeen North) (SNP)

### **COMMITTEE MEMBERS**

\*Gavin Brown (Lothians) (Con)  
\*Christopher Harvie (Mid Scotland and Fife) (SNP)  
Marilyn Livingstone (Kirkcaldy) (Lab)  
\*Lewis Macdonald (Aberdeen Central) (Lab)  
\*Dave Thompson (Highlands and Islands) (SNP)  
\*David Whitton (Strathkelvin and Bearsden) (Lab)

### **COMMITTEE SUBSTITUTES**

Nigel Don (North East Scotland) (SNP)  
George Foulkes (Lothians) (Lab)  
Alex Johnstone (North East Scotland) (Con)  
Liam McArthur (Orkney) (LD)

\*attended

### **THE FOLLOWING ALSO ATTENDED:**

Jim Mather (Minister for Enterprise, Energy and Tourism)

### **THE FOLLOWING GAVE EVIDENCE:**

Kenneth Clark (Scottish Development International)  
Jerome Mayhew (Go Ape)  
Sandy Orr (City Inn Ltd)  
David T G Reid (Knight Frank LLP)  
Stewart Selbie (Starwood Hotels and Resorts)  
Dr Maurice Taylor (Chardon Leisure)

### **CLERK TO THE COMMITTEE**

Stephen Imrie

### **SENIOR ASSISTANT CLERK**

Katy Orr

### **ASSISTANT CLERK**

Gail Grant

### **LOCATION**

Committee Room 6



## Scottish Parliament

### Economy, Energy and Tourism Committee

Wednesday 5 March 2008

[THE CONVENER opened the meeting at 10:51]

### Tourism Inquiry

**The Convener (Tavish Scott):** Good morning and welcome to the fourth meeting in 2008 of the Economy, Energy and Tourism Committee. I have apologies from Marilyn Livingstone. Unfortunately, she cannot be with us today.

Under item 1, we continue our evidence taking as part of our inquiry into tourism: “Growing pains: can we achieve a 50% growth in tourist revenue by 2015?” Given that this week is Scottish tourism week, the subject is topical. Members and witnesses may have heard tourism providers on the radio this morning, including the Minister for Enterprise, Energy and Tourism. It seems a good moment to continue our discussion.

This morning, we are looking at the ease of investment for the industry in Scotland at the local and national level, and at any wider issues that witnesses wish to raise. We are joined by Sandy Orr, executive chairman, City Inn; Dr Maurice Taylor, chief executive, Chardon Leisure; Jerome Mayhew, director of business development and risk management, Go Ape; Kenneth Clark, head of tourism, Scottish Development International; Stewart Selbie, area manager, Westin Turnberry Resort; and David Reid, partner, Knight Frank LLP. I understand that you have to leave at 11:40, David. Please feel free to slip away.

We will go straight to questions, the first of which is from Lewis Macdonald.

**Lewis Macdonald (Aberdeen Central) (Lab):** Good morning. As I am in the starting position, I will put the obvious top-line questions.

First, in our evidence taking, including that with VisitScotland, we have discussed whether the right thing for Scotland to do would be to get ready to receive and support major inward investors or to identify the opportunities and investors and go out and get them. They are quite different approaches and we are interested in your views on them.

Secondly, the obvious major inward investment proposal that is on the table—clearly it remains on the table—is the Trump International investment in the north-east of Scotland. I have a major interest in the proposal, as the proposed development is

close to my constituency. The panel will know that, three months after the application was called in, it was assigned to public inquiry. What lessons should Scotland learn from the experience of this proposed development?

Thirdly, one item of controversy on this morning’s radio coverage of Scottish tourism week was whether the Government target of 50 per cent growth in tourism income to 2015 is realistic and achievable. Some voices suggested that the Government should scale down the level of ambition that was set by the previous Government; others said that it should press on.

The committee is interested in your views on those three top-line questions.

**The Convener:** Who would like to kick off?

**Sandy Orr (City Inn Ltd):** Scotland’s cities are choked at key times. I have brought with me figures that clearly illustrate that—I will share them if the convener thinks that that would help. In the normal course of events, we would expect inward investment to follow such figures.

The middle of the season is the key time for bringing people into Scotland because it is perceived worldwide that that is the good time to come, so we should cater for that. At that time, the main hotels in our key cities of Edinburgh, Aberdeen and Glasgow are, in practice, full. That is good for my industry, but if we take a wider view we see that it is against the national interest. We are not witnessing the normal response of commercial people to such a situation, because of the difficulty of getting appropriate sites on which to build hotels—Lewis Macdonald alluded to that. I am talking about occupation of hotels, because people who come to Scotland stay in hotels, rather than about internal circulation and Scottish people’s day trips to resorts. A key economic driver is the bringing in of people and money from outside Scotland.

The approach of Scottish cities has been slightly disappointing in contrast with that of other cities in the United Kingdom. Scottish cities have tended not to be proactive in helping to identify the necessary opportunities. It is easy enough to put aside a field near an airport, but that is not what inbound tourists want. Given that in Edinburgh there is 80 per cent hotel occupancy over the year and more than 90 per cent hotel occupancy in August—there is obviously the festival, but occupancy is high in the shoulder months, too—it is difficult to criticise VisitScotland for not boosting tourist numbers and income for Scotland. All that would happen if the number increased is that people would have to pay more to get access to hotels. That is an issue.

In Manchester, a more proactive stance was taken, perhaps because there was anxiety about

the city's position after the IRA attack. My organisation has investment planned for Edinburgh and is waiting for an opportunity to invest, but we cannot do so. That might be because of our shortcomings, but we are finding it difficult to get into Edinburgh. How much more difficult must it be for people who are viewing the situation from a distance, for example from the United States?

**The Convener:** Are you saying that availability of land in Edinburgh is an issue in the context of Lewis Macdonald's comments?

**Sandy Orr:** Yes. I am talking about the availability of sites and the need to be proactive. I know a little about Edinburgh. The Haymarket site has been lying undeveloped for ages while the process has gone backwards and forwards. Now we are hitting a credit crunch and there are all sorts of issues. If we wait too long, opportunities go by. It is important to have a proactive stance and high-quality, relevant leadership on initiatives in our cities.

Aberdeen is driven heavily by the oil industry, but the city is not all about oil. Hotel occupancy is more than 80 per cent, and the removal of constraints would bring major benefits. The attraction is that what is needed is in the ambit of our influence and control. It is about dialogue between the public and private sectors about what comprehensive development would fly in our city centres. There are big opportunities.

**The Convener:** Thank you. I invite other witnesses to have a crack at answering Lewis Macdonald's questions.

**Kenneth Clark (Scottish Development International):** I picked up two main questions: the first was about whether we should work outwards from the areas or decide what we want and then go and get the investors; the second was about what we can learn from the Trump application.

On the first question, we work with Scottish Enterprise and Highlands and Islands Enterprise and we take an economic development perspective. Ultimately, the situation will be market driven, but we are considering a huge number of areas throughout Scotland where there is potential for tourism real estate investment that would fit with the area's ethos and character. At the same time, we must be sure that what we do matches demand.

11:00

We are spending a huge amount of time looking at potential sites throughout Scotland, from Unst to the Borders, Ayrshire, Argyll and Bute and Perthshire. We identify sites, try to put in place

one piece of the jigsaw—the availability of sites that would be right for investment—and ensure that there is active interest, not only from the landowners but from players such as the local authorities, Scottish Natural Heritage and Historic Scotland. We do that to assemble a product that we can take out to the international market. We spend a lot of time on it.

We have taken out membership of organisations such as the American Resort Developers Association and the Organisation for Timeshare in Europe to get under the skin of that community and to find out what it is looking for, and try to match the demand with what we have in Scotland. There is a range of opportunities throughout Scotland: large-scale resorts, city-centre hotels, boutique hotels and spa or marina-type developments. We are trying to harness all that and are finding that, if we do our work carefully enough, there is a market for it. It is not a case of one size fitting all, either for Scotland or for the international market. That is our thrust on the matter.

We have spent a lot of time speaking to senior planners and economic development directors in local authorities, as well as our colleagues in Scottish Enterprise and Highlands and Islands Enterprise. The reception that we have had from bodies such as Scottish Natural Heritage and Historic Scotland has been very positive. We are encouraged by that.

Does that answer your question, or at least the first part of it?

**Lewis Macdonald:** I think so. You are telling the committee that you are already identifying specific opportunities for development and then talking to potential developers.

**Kenneth Clark:** Exactly. We are doing that on rural and city-centre sites. Each site has its particular challenges.

**The Convener:** The committee will come back to the connection between different agencies. We do not want to discuss it now. Let us try to stay focused on the specific questions that Lewis Macdonald asked.

**Jerome Mayhew (Go Ape):** I have a bit of first-hand experience of the first question, because I spent yesterday with Scottish Enterprise officials in the Borders. We are an England-based company but we have already dipped our toe into investing in Scotland with one site at Aberfoyle and what can only be described as a work in progress in Glasgow. Scottish Enterprise has pursued us pretty actively and fairly impressively, although we were pretty open to it. We had been snooping around sites in Scotland off our own bat when Scottish Enterprise in two different areas contacted me.

We fixed up a meeting and spent yesterday with two or three of its personnel going round potential sites in the Borders. They did not get it quite right, but why should they? They did not really know our fairly specialist requirements, as what we do is fairly unusual, but during the day they learned what we need. They are already giving us aerial photographs and doing a lot of work to encourage us to go to their area, which happens to be the Borders, but could be elsewhere in Scotland.

I am pretty impressed by the level of public appetite; our difficulties are with the planning process. That comes back to what Mr Orr said. Not all leisure activities, regardless of whether they are situated where people stay or are something that people go somewhere else to do, will be on brownfield sites or in areas where everyone thinks it is wonderful to have the inward investment. On occasion, there will be some controversy. That is dealt with by the planning process.

I have no intention of talking about specifics on planning but, in general terms, there appears to be a risk that the planning process will be politicised—a risk of planning by media and politicians. There are two arguments about that. Is it local democracy and is it to be encouraged, or does it act as a disincentive for the appropriate level of consultation and the appropriate process for coming to a reasoned decision based on facts rather than some of the fairly outlandish ideas that can have currency in the media, especially if there is a campaign that is putting out a certain line? I would not put it any stronger than that.

It might be interesting to look at the situation from the point of view of external investors. Investors who have people on the ground can deal much more easily with a media-led or politics-led planning process because they have media-savvy local personnel who can develop relationships with local press and organisations. However, things are harder for external investors because they do not have people on the ground the whole time. That has certainly been an issue for us. External investors therefore face an added level of complexity and uncertainty. Businesses want predictability in so far as that is achievable and a planning process that can be understood and complied with. We want a process that says yes or no for the proper reasons. Where possible, businesses want to avoid situations in which people just chuck all the cards up in the air and see where they land.

**The Convener:** Do other witnesses want to have a go at answering Lewis Macdonald's question?

**David T G Reid (Knight Frank LLP):** Other people here are probably more expert on the nitty-gritty of developing big hotels; I have expertise in

selling hotels when they are up and running. Lewis Macdonald mentioned the Donald Trump development. I have done quite a lot of deals in the Aberdeen area—I have sold up-and-running hotels. In recent years, some quite big, quality hotels—the Amatola, the Earls Court and the Prince Regent—have been sold for alternative use, so I think that there is a demand for more hotels that offer better facilities.

An interesting point about the market in which I deal—I cannot talk much about planning as I leave that to my other partners—is that people who have never been in the hotel trade before now have an appetite to enter the market. As Maurice Taylor will confirm, some decent hotels in Glasgow—including Bewley's, which went for in excess of £10 million—have been sold to people who have no experience in running hotels, although they are successful businessmen. Many people are beginning to get an appetite for moving into the hotel and tourism market. There is a general appetite for people to buy hotels as going concerns.

**The Convener:** Mr Selbie runs a notable resort in the west of Scotland. What is his perspective on the wider question about attracting investment into the country?

**Stewart Selbie (Westin Turnberry Resort):** I think that we need to be careful about the message that we send out to the rest of the world. A good example of that is the decision on the Trump development, which sent out a message to the United States and other parts of the world that Scotland is not open to business. That is not the right message. When planning consent for a development at the Fairmont hotel in St Andrews was turned down recently, that sent out a similar message. We need to be ready for inward investors and we need to be out there encouraging such investment—both are required—but we also need to ensure that we can deliver when people show an interest.

At Turnberry, we are working with an investment partner to try to develop the resort. Fortunately, we have received very good support from our local authority. We have not yet gone through the planning process, so it is difficult to say how far we will get, but the early signs are certainly encouraging. As it is an American firm, the company that I work for—Starwood Hotels and Resorts—faces similar issues. It will not invest in Scotland unless we make it reasonably easy for it to do so. The company is currently considering projects in Aberdeen and Glasgow. It will need good support if those investments are to be made.

**The Convener:** To be open for business, do we need a process whereby some bit of the Scottish state sorts out the pre-approval issues and deals at an earlier stage with the issues that Mr Mayhew

mentioned? Would that be attractive to inward investors?

**Stewart Selbie:** Yes. Making the process less cumbersome and a bit shorter would definitely encourage people who are considering whether to invest in Scotland or in other places.

**The Convener:** Does Dr Taylor want to have a go at this question?

**Dr Maurice Taylor (Chardon Leisure):** I have no particular brief for Donald Trump. I could postulate the argument that he has made other investments from which he has later walked away. Developers can take out all the profits and leave the development with its throat cut. All those points could be made.

I will make one plea. Of course we want inward investment—we have spent half the morning talking about it—but there are people in Scotland who are investing serious amounts of money, which can amount to hundreds of millions of pounds. For example, companies such as Sandy Orr's and my company are perfectly capable of investing and growing our own developments.

Does Mr Salmond, for example, have faith in the Scottish entrepreneur? I certainly do, because I happen to be one. The planning process in Scotland needs serious tender, loving care. It is a tragic joke. I have built two successful hotels in Glasgow city centre. A pimply girl gave me an exceedingly hard time when I was sticking on another 30 bedrooms. For what? I was building exactly what the planners had previously approved. There seems to be a penny-wise, pound-foolish or jobsworth-type approach in some areas. We should be fixing Scotland. Guys would then come from the United States and England even—there would be no problem with that. The system in Scotland is third rate.

**The Convener:** Will you give us a couple of examples of what you would do about the planning system to make the improvements that you would like?

**Dr Taylor:** I am not trying to ride roughshod over planning processes, as I believe in planning. I have travelled extensively. We should consider the various things that happened in Berlin after the war. I like east Berlin, because it has some beautiful buildings. I do not wish to ride roughshod over planning processes, but I would not mind if planners could actually read drawings. That would be helpful. I do not know whether more investment in that is needed.

It might help some of the overseas boys or inward investors if we took a proper commercial and political stance, welcomed people and said that outline proposals are all right in principle. If investors knew that there would be a result, that

would allow them to invest money in professional fees and other things. It would be a bit like a legal thing—people would agree to agree. However, Scotland seems to have a self-destruct mechanism.

We need to consider the big picture. Do we want to rip Alex Salmond, Ian Paisley or whoever apart for taking a stance on something? I am not interested in doing that. We want people to come to our country and invest in it, and we need to fix our cities' and towns' planning departments to make the process more friendly. We should get a level that would give people outline planning permission. The SDI is pioneering in areas, and it must know—I hope that it does—that its investment in time, effort and professional fees will bear fruit. That is what the inward investor needs to know. I am not talking about overriding planning processes, although those processes need to be fixed.

**The Convener:** Thank you. That was very forthright.

**Lewis Macdonald:** Kenneth Clark talked about the work that Scottish Development International is doing. Should it, or could it, go out to do that work better equipped with outline planning permission or agreed drafts of potential development from local authorities? The emphasis on cities in most of the answers that have been given is telling. Is there more of a role for cities in informing SDI about what is possible before it talks to potential inward investors?

**Kenneth Clark:** That has been the reason behind our strategy of engaging with planning authorities fairly early to identify areas that are likely to be zoned for leisure development. At the moment, it is a buyers' market on the leisure investment side—internationally. We have had quite blunt conversations with developers, who have said, for example, "I go in every day and have a pile of potentials. I look, and they will say: 'Planning permission: No'; 'Master plan: Okay. I may look at that one'; 'No planning permission'; or 'That could be interesting. It's an iconic location. It's not there yet, but that's probably worth waiting for.'" The next day, there will be another pile. We must be as well prepared as we can to ensure that all the bits are in place.

We have commissioned what are in essence market perspective pre-feasibility studies for a number of sites that we have identified. We have tried to develop with the international investment community an honest-broker role, to get away from people saying, "You would say that, because you're promoting Scotland." We must be careful that, if a project does not work in one area of Scotland, we can still deal with that investor in another area that is more suitable. We have established pre-feasibility studies that show us

and—to be honest—the site owner what the market will think of a project. That also gives us confidence that we are not wasting the time of extremely influential international investors. We are doing a huge amount of work to allay such fears.

Lewis Macdonald asked what investors have learned from the Trump example. That experience has shown us that we need to engage as much as possible with all the planning authorities and infrastructure as early as possible. As has been said, the characteristic of the Trump case is that everyone knows Donald Trump. The first or second question from every potential inward investor that we deal with is usually about how Donald Trump is getting on.

11:15

**The Convener:** That is fascinating.

**Christopher Harvie (Mid Scotland and Fife) (SNP):** I have four points. It is terribly important that we think about how things will progress in the next two or three years, because the world is heading for a not particularly bright economic scenario and people will cut their coat according to that cloth.

I am interested not so much in Donald Trump, who is worth plus or minus £1.5 billion, as in Warren Buffett, who is worth plus \$50 billion. We should pay attention to what Warren Buffett says in his sage of Omaha investment advice, because he thinks about the longer term.

The point that Sandy Orr made is important. Edinburgh, which is our picture card, is crammed out in summer. We do not seem to be expanding Edinburgh's attractiveness as a city region for people who arrive not by car but by plane or—perhaps—by liner. I would like your views on how to do that. Fife and the Borders are not optimal goals to reach by public transport. How could that be improved? How does Edinburgh become the centre of an Edinburgh city region instead of a rather isolated and—in summer—unpleasantly crowded city? It is chock-a-block. If we go to the Borders, we can be in the centre of Scott country but not much is happening.

Are we concentrating too much on America and not sufficiently on France and Germany? The Irish, who are terribly folksy about this sort of thing—there are no strangers, just friends that they have not met—are nonetheless shrewd about building voluntary organisations in France and Germany that encourage people to visit Ireland. I am a member of the Deutsch-Irischer Freundeskreis, but I have never been approached to join such an organisation for Scotland—some would say that by approaching me they would be taking their life into their hands. The Deutsch-Irischer

Freundeskreis is successful and fed directly into the Celtic tiger phenomenon, because many Germans went to Ireland and Irish people went to Germany for educational, cultural and tourism purposes. Are we developing that aspect sufficiently?

An awful lot of tourists simply shop around the facilities that are available in our towns and for our transportation. When travelling around on the continent, one often stays simply at the hotels that are patronised by commercial travellers, Government officials and so on. Does our perhaps overconcentrated retail sector deprive many parts of the country of the cheap accommodation that is required by the traveller who wants to make his or her own itinerary and who comes from an educated European background? We must bear it in mind that we will need such people as our partners on energy renewal and the like.

**The Convener:** That is in the context of investment. Dr Taylor, do you want to respond? Do not feel that you must answer all Christopher Harvie's questions—one would be splendid.

**Dr Taylor:** I will do my best. I have told my teams that 2008 will be tight and 2009 will be tighter. We had an excellent year in 2007 and, as we all know, boom is followed by you know what. With a bit of luck, we might see the end of the tunnel by the end of 2009—let us hope that there is not a train coming. That is my view of the future in my profession.

Edinburgh is a destination and a wonderful feeder. I have just opened a small 80-odd bedroom Holiday Inn Express hotel near the royal mile. Edinburgh is a difficult place to get into. The first hotel that was built for me was in Albany Street in Edinburgh. I am a lover of Edinburgh, which is a wonderful, pretty capital. Most étrangers know it, which is great.

The crowdedness is an unfortunate phenomenon, but good places get crowded. I cannot be bothered with London because of the people—I mean that there are too many people, not that I cannot be bothered with Londoners. In fact, there are not that many Londoners in London—there are a lot of Scots, right enough. I do not object to Edinburgh being crowded. There are plenty of places to go that are not crowded.

Edinburgh has a great ripple effect. Most people who come to Scotland, or Britain, come to Edinburgh. It is up to us to provide the infrastructure, which Christopher Harvie mentioned, to take people to places that they have never seen. Infrastructure is vital to Edinburgh being a feeder market for the rest of Scotland.

Christopher Harvie mentioned public transport. I have seen photographs of the tram system, which I think is a wonderful initiative—the sooner we get

it the better. I am involved in the situation where a Spanish company has compulsory purchase powers in relation to BAA's Edinburgh airport. I am one of the people who are affected by that. It is ludicrous that the Government has got us into a position in which a Spanish company, which does not have Scotland's interests at heart, has such powers. It would not be so bad if the company had used those powers, but it is just sitting on the fence, which is blighting the whole of Edinburgh airport. Somebody in our political hierarchy needs to get a grip of that and fix it.

I have several budget hotels in my group, including the one that we have opened near here. Those hotels are of high quality, are reasonably priced and fulfil a great role. The growth in the budget sector over the past seven, eight, nine or 10 years has been phenomenal and long may it continue, because it is crucial. The trouble is that some politicians—I am sure that none of them is here today—from inner nowhere say that they want a seven-star hotel there. There are two major factors: first, no guests want to go there and, secondly, there are no seven-star staff involved in what we should do to fix Scotland to bring in the international investment. We should put hotels where the demand is likely to be. Whether there is a demand for one-star, two-star or five-star hotels, let us build the appropriate hotels. Let us not go with Mr Cooncillor number 1 who wants a seven-star hotel in a one-star destination. That is crazy.

**Sandy Orr:** I do not come from Edinburgh, but I acknowledge that, inevitably, Edinburgh is key—it is the face, in a way. The old rivalries still get trotted out from time to time. That does not do much harm but, attitudinally, it gets in the way a little. We should definitely expand Edinburgh. If you want to expand Scottish tourism, you would be tying your hands behind your back if you did not expand Edinburgh. For example, why, after all these years, does Edinburgh still not have a proper exhibition facility? Loads of people want to come to Edinburgh. Building the conference facility—which is a good facility—was quite bold, because it did not look terribly viable, given the great problem that such facilities have in justifying the money on site. However, the justification off site, within the community, is fantastic. I financed the exhibition and conference centre in Glasgow. Edinburgh needs to think about exhibition centre facilities as well as the hotel accommodation issue, which is a major constriction.

On transport, everybody wants to go to and from London by train, but that is not working, because the capacity is inadequate. This is probably way beyond the remit of this committee, but Scotland should be seriously involved in every detail of any debate about the rail links between Edinburgh and London and Glasgow and London. Those links are lifelines for Scotland but, at the moment, they are

a bit rickety. Rectifying the situation would help us enormously, because of the number of people who plan journeys to London and Scotland. Such journeys are wonderful, if they go according to plan.

**The Convener:** Good point.

**Stewart Selbie:** There is a lot of talk about recession at the moment. In our company—and, to an extent, across our area of business—a slowdown in New York is followed by a slowdown in London, and that acts as a barometer of what is going to happen in the rest of the country. We are seeing a little bit of that, but it is not strong at this point—the business indicators are not showing that a recession is due. For my business, the pace of bookings for our properties in Edinburgh and Ayrshire is fairly decent this year, compared with this time last year. I think that we are seeing more of a slowdown than a recession. The facts and the data do not indicate that we are heading towards a serious economic recession. Touch wood, I am hoping that things will not be as bad as some people predict.

Chris Harvie made a good point about the US market. Historically, the US has been my company's most important market, but we have had to shift somewhat since 2001, due to the impact of 9/11 and the foot-and-mouth disease outbreak, for example. However, the situation has not recovered to pre-9/11 levels, which has forced us to diversify into other markets. The UK is by far our biggest market, but other markets, such as Scandinavia, Ireland, Germany, France and other parts of Europe, are definitely important.

This year, probably because of the exchange rate as much as anything else, the American business is looking even slower than last year—it keeps going the wrong way. We are still quite dependent on that market—it is an important segment because it is associated with the most lucrative spend—but the volume just does not exist. As a result, we are redeploying a lot of our sales and marketing resources from the USA to the UK and Europe in order to stimulate other markets. It is important that we do not continue to be as dependent on the USA as we are. That is true of Turnberry, and I suspect that it is true throughout Scotland. That is certainly the impression that I get when I talk to my colleagues in other hotels and resorts.

Regional airports have been important in developing other markets. Scotland was always regarded as expensive and time-consuming to get to. European and UK business often involves shorter breaks. If someone is coming from Stockholm for a three-day break, they do not want to spend two days travelling and one day at their destination, which was what happened in the past, when they had to go via London or Copenhagen

and spend more money doing so than they do to come here directly today.

The Government's recent decision to remove some of the financial support for some airlines that fly directly into Scotland was a bad one. Scotland is beginning to get a reputation as somewhere that people can get to directly fairly easily and quickly without having to go through Heathrow, which nine times out of 10 is a nightmare to travel through—something almost always goes wrong when I travel through it. It is great to be able to fly directly to Scotland. It is also safer—although there was the recent event at Glasgow airport—and it has become incredibly affordable. I argue that we should continue to support major airlines coming into the national airports and develop the regional airports, which will help to develop the European markets.

11:30

**Kenneth Clark:** On inward investment, we are focusing a great deal of effort on potential investors from across Europe. The irony of the timing of today's meeting is that, if I were not here, I would be at the international hotel investment conference, which is taking place in Berlin as we speak—not that I would not rather be here.

Some European operators and investors are better suited to a number of the propositions that we are developing in Scotland, and they bring with them a client base and a better understanding of what we can be. We have a key focus on German, Austrian and Swiss chains, as well as on some that are further afield. There are a couple of key chains in the far east that we are keen to attract here. We take quite a balanced approach—although I used to live in Germany for years, so I am biased in that regard.

**Christopher Harvie:** Generally speaking, we would expect the German quality newspapers and magazines to do one Scottish feature a year. The Irish have been brilliant at introducing another two or three features and targeting them at certain groups within society. That might involve the big tourism fairs or special deals with the railways, air companies and so on. The Irish are clever at doing that; we need to be equally nimble to get that traffic. Once we have it, the notion of organisations coming in as partners, not just guests, is important for developing the traditional links between our countries.

**Dr Taylor:** Mr Harvie, to whom do you attribute the situation? Should we be pointing the finger at someone? We are, after all, a society that points fingers. Who should co-ordinate? Could it be VisitScotland?

**Christopher Harvie:** It has to go beyond that and involve, for example, universities and the

Scottish Arts Council. If we think of the Edinburgh festival as a prototype, we might try to use it as a way to bring together—

**Dr Taylor:** But someone has to conduct the orchestra. It does not matter who is playing in the band; someone has to take responsibility. I would have thought that, strangely enough, it might be VisitScotland.

**The Convener:** Thank you for that useful thought.

**Gavin Brown (Lothians) (Con):** We are taking evidence on ease of investment this morning. My question is fairly straightforward. From your personal experience—there is a wealth of that in the room—what factors have made it easy to invest in Scotland? What are we getting right? We almost never focus on that in Scotland. Conversely—while accepting, Mr Mayhew, that we should stay away from live issues—what has made it difficult for you to invest in Scotland? We have heard a little bit about planning, and we sometimes hear about licensing, incentives, building controls and the range of bodies that you have to deal with. What are we getting right, and what are we getting wrong—what do we need to fix?

**The Convener:** Let us start with Mr Mayhew, who made an encouraging point about Scottish Enterprise earlier.

**Jerome Mayhew:** You are getting an awful lot right. I recognise that we are a relatively small company—we are in august company. I do not pretend to speak for anybody other than Go Ape, and I can relate only our experience. We have found investing in Scotland to be pretty good. Our Aberfoyle experience has been excellent. We have a brilliant partnership with Forestry Commission Scotland. I cannot be nice enough about that governmental organisation. It has been great.

In addition, we were invited in by Glasgow City Council—a governmental organisation taking a proactive stance to improve facilities in its area. We would not have thought of coming in unless the council had approached us. If our project comes to fruition, it will be good news for public bodies.

Where do you get it wrong? I will sound like a broken record saying this, but it is in the planning process. I have not yet mentioned the two bites of the cherry, which describes how the system here operates. First, there is the local planning process. Once that has been gone through, an application might get called in. I am not an expert—I am just passing on my experience—but it seems that, with that second bite of the cherry, we all have to start all over again. That means added delay, expense and uncertainty. Other things being equal, we do

not want that. You might take the view that some developments are important as national political objectives—I am not suggesting that Go Ape is—so you might decide to deal with them through the planning process not at a local level, but nationally.

Two bites of the cherry are needed only if you think that you have got it wrong the first time. If you ensure that the first bite's processes and systems reach a considered and correct answer, you will not need the second bite. However, the question is whether a particular development is a local or a national responsibility. If it is decided that it is local and the authorities decide that they do not want it, that should be the end of the matter. If it is felt to be a national responsibility, why mess around at a local level, if you are simply waiting for the authorities to reach the right answer? That seems to be how it goes. If those at a local level get the answer wrong, we do not seem so interested in local democracy—the whole thing is simply shipped up to Edinburgh.

**The Convener:** I think that Gavin Brown has asked the right question. The genuinely difficult bit for politicians is defining what a local development is, as opposed to what we might all recognise as a national development. Do you have any views on that?

**Jerome Mayhew:** I do not want to be too specific—

**The Convener:** For example, did you see the Aberfoyle development as a local issue?

**Jerome Mayhew:** Yes. Obviously, I think that Go Ape is much more impressive than anyone else does, but I do not kid myself that our development is a national issue. However, it is the conglomeration of hundreds of such local issues that makes Scotland a more attractive place to be. For example, many timeshare properties and hotels in Aberfoyle are directly benefiting from the fact that we give people a great day out. I do not want to advertise the business, but we simply give people half a day of fun and something else to do. The occupancy rates near our courses back that up.

**The Convener:** Mr Reid, do you have a perspective on Gavin Brown's question?

**David Reid:** Not really. However, returning briefly to Christopher Harvie's comment about a downturn in the economy, a recession or whatever, I should point out that I have dealt with bed and breakfasts of some quality and small hotels up to a value of £30 million for many years, and when we entered the recession in the early 1990s, agents were being pestered constantly by banks and receivers with worries about debts. We are not getting such calls at the moment. Between Christmas and new year, I used to meet a well-

known west coast-based businessman who was always ready to have a war chest to spend when people went bust in the spring. We have been talking about that for the past five or six years. I do not think that there is huge negativity around or that many properties are going to come on the market.

Moreover, on the question of what Government can do to help, although some of the most successful operators in Scotland are in this room, including those who run multiple-room hotels, the fact is that people—many of whom might at the moment be working for Sandy Orr or someone else—still want to get into the trade on a smaller scale. However, they are finding it harder to get on the ladder, because banks are tightening up a little bit.

**The Convener:** That is a good point.

**Jerome Mayhew:** When our board was deciding its approach to this year, it was concerned about the figures and wondered whether it should scale back investment. However, although we thought that things were going to be difficult, they have not been. We built five new courses over the winter and our figures do not show any downturn in customer spend. In fact, the opposite has happened. That is not to say that the economic downturn will not come, but despite all the talk about it it has not fed through into customer activity in our sector.

**Stuart Selbie:** From a local Ayrshire perspective, I think that we have had a pretty positive experience with and very good support from the public agencies, which try hard to support private sector businesses. However, historical underfunding might have stopped a lot of local tourism initiatives, purely through lack of money.

**Sandy Orr:** I echo that point. Let me also say to Gavin Brown that Scotland has been a fantastic destination, although I am probably not using the right tense. It is one of the mature tourist destinations in the world. The point is not that we have not done things well—we have done things well and been right at the forefront of world tourism—but that there is anxiety about what happens next, which is challenging. Irrespective of recessions, which will come and go no matter what happens in this room, the Parliament has the opportunity to influence Scotland's position in whatever happens—where we sit in the waves.

The evidence seems to be that, in the past few years, Scotland has slipped back comparatively, despite the fact that Scotland has fantastic assets that are still hugely relevant in a world that rightly is obsessed with fresh air and all sorts of wonderful things. We have a great cultural heritage—not just our historical heritage, but our active and lively arts scene. At long last, we are

beginning to realise just how valuable and relevant all those assets are to jobs, economic performance and, of course, tourism.

The key is the future. I am not pessimistic about this kind of meeting. The facts are clear and the opportunities are so obvious that I am pretty sure that people will start taking them, but we must start taking the initiative. Although the private sector can do certain things, in a competitive world it needs to be helped and led.

We need to get ahead of the planning process. I have no problem with people objecting to developments. I come from the Highlands, where some awful developments have been prevented, and rightly so. I have a problem not with the planning process but with the time that it takes and with thinking ahead—there is not enough strategic thinking. If we can think strategically, Scotland will have a fantastic future. We have wonderful assets, and we all have a responsibility to make the best of them.

**Dr Taylor:** I want to refer to what Sandy Orr said about exhibition and conference space. In an endeavour to further that, the Royal Highland and Agricultural Society, whose show generates an awful lot of business for Edinburgh and is well placed for the motorways and getting people in, is being thwarted by the Spanish company Ferrovial, which will not decide whether to get on or off the pot. If it takes the initiative and the Royal Highland Show goes across the road—there are plans to do that—we can have one of the most modern exhibition spaces in Europe. We need some political leadership to make that happen, but Mr Darling is not the darling that I thought he was. That is a plea for exhibition and conference space.

I will give you a couple of examples of the things that, in my experience, we have done right. I was one of the first guys to build a destination leisure complex—Parklands country club in the south of Glasgow. I dreamt it up in 1988, before David Lloyd and others came into the large destination leisure market, and our relationship with what was at the time Eastwood District Council was great. Parklands was and is a very successful destination, and it is worth about £10 million.

In 1994, the Scottish Development Agency had a wee sign opposite the Glasgow royal concert hall that said “Opportunity”, and I took it. Despite the fact that I wore out my right ear phoning it every day for a year and that I had to put up with paternity, maternity and every other kind of leave, we brought Holiday Inn back to Glasgow, and the venture has been successful. The hotel started off with 80 bedrooms; there are now 120 bedrooms, and there is a Holiday Inn Express hotel next to it. From everyone’s point of view, including my own, the venture has been very successful, and it was, as I said, an initiative by the Scottish Development Agency. We must recognise the opportunities.

I have had my go at the planners, but I have one wonderful example from Edinburgh, and more like it would be gratifying. It is difficult to get planning permission in Edinburgh. We had two planning applications, which I looked at. The hotel that we were going to build was not worth building because it was a 60-bedroom hotel and it was going to be in a sensitive part of Edinburgh. We would have had to have archaeological digs and all that stuff, so the costs were quite high. However, the great thing about the planners was that they agreed with me and we merged the two existing plans to give us an 80-bedroom hotel. That was very creative and it is worthy of comment.

11:45

There has been a soupçon of complacency from our side. We think that we are all doing well, and yes, we do a reasonable job. When I went into Holiday Inn, for example, I was concerned about whether a humble Scottish hotelier could hack it in the global environment. The two hotels that I have just mentioned have been torchbearer award winners for the past three years. That puts them into the top 3 per cent in the world for service and hotel quality for Holiday Inn, which has 3,600 hotels. So Scotland can do it, we do do it, and we should do more of it.

There are some things that we have to fix. I am concerned about bringing people into the industry. We have talked about developers and £30 million and £130 million and things like that, but what is happening to the training? Who are going to be the staff?

Sandy Orr and I have known each other for about 100 years. I started the business with £5,000 and I had some pretty rough hotels, I assure you. However, even when the paint is chipped and all the rest of it, if a hotel has the right attitude and staff, it will get away with it. I am a living example of getting away with chipped paint. Service is not servile; if we give people service, they will put up with a bit of chipped paint. Yes, it is lovely to have the glossy, modern hotels that I now build, but it is essential to have properly trained staff.

I was invited to Hillhead school a couple of weeks ago to give a careers presentation to third-year pupils and because I believe that we should speak more foreign languages in Scotland. Afterwards, I talked to the careers lassie and asked her if she got people interested in the hospitality industry, and she talked about some people on the domestic science course. The thing is, there are dozens of wonderful careers in the hotel business, from information technology to marketing to food and beverages. The list is endless, but this careers teacher did not know a

thing about it. If we want to improve tourism in Scotland, we must improve the staff and their training, and give some accent to it. Donald Trump or Uncle Tom Cobbleigh and all can spend millions on hotels in Scotland, but they will fall flat on their faces if they have crap staff. We must prioritise staff training.

The next issue is my famous chat. I was chairman of the IT committee for the Intercontinental Hotels Group in Europe, which I have worked with for the past 14 years. I have had some really big toys to play with; I have had a great time. It bothers me that, for people coming into Scotland, IT in Scotland is not up to 21<sup>st</sup> century standards. We need that; it is not a luxury. In the 1960s, we thought that a private bathroom with a door that closed was a luxury. IT in the 21<sup>st</sup> century means that we can access the world. We do not just want the English to come—although they are our biggest customers—or the French and Germans, or even the Americans. We have access to the world. There are 1.3 billion Chinese people and, in five years, there will be a middle class in China. What are we doing about that? Not a lot.

IT and training are critical, but we are not doing a great job with them right now.

**The Convener:** Thank you. Gavin Brown, do you want to come back on any of that?

**Gavin Brown:** I am okay with that, convener.

**The Convener:** You are questioned out.

**Dave Thompson (Highlands and Islands)**

**(SNP):** Good morning, gentlemen. Maurice Taylor anticipated one of my questions in talking of staff training and so forth. Obviously, the quality of the workforce is extremely important: if a business has a low-quality workforce, it will never get the five, six or seven stars that it is aiming for.

Recently, I held discussions with SELECT—the Electrical Contractors Association of Scotland. SELECT has a fantastic training scheme, which is set up as a trust. The director talks to colleges in Scotland and to contractors to arrange the number of trainees that contractors want, year on year. SELECT trains something like 3,500 electricians and associated people each year in Scotland; a figure that compares well with the 9,000 people who are trained each year in England. We are punching way above our weight. Instead of simply expecting colleges to produce what the industry needs, have members of the panel thought along those lines? Surely colleges cannot know what you need if you do not talk to them. What are your views on that?

I turn to Sandy Orr's comment that

"Scotland's cities are choked at key times of the season."

Our cities are doing really well, but that is also the case for cities in other countries. The problem is how to get the people who are choking our cities out of the cities and into the other parts of Scotland. I represent the Highlands and Islands. How do we get people out of the cities and into the Highlands and Islands? How do we get you to invest in the Highlands and Islands and not only in city locations?

On the arts and culture, the Gaelic language and Scots are a great asset for Scotland. It is a proven fact that if youngsters are bilingual—I am thinking of English and Gaelic—they learn other languages much more easily. We are pushing Gaelic a bit more nowadays than we did, although there is still terrible resistance to Gaelic and Scots in many parts of Scotland. We need Scotland to be seen as a place that is culturally different from other places in the world. We should emphasise the fact that we have languages such as Gaelic and Scots, in addition to our traditional music and arts. Our cultural assets—including our languages—could become a great tourist draw.

Other destinations in the world attract inward investment for tourism by building their tourist infrastructure from scratch. I am thinking of places such as Dubai with which we now compete. We have natural assets, but how well will we do against folk such as those in future?

**The Convener:** Kenneth Clark might like to have a crack at the point on links, which came through strongly in other evidence-taking sessions.

**David Reid:** Before he does so, perhaps you will excuse me, convener. As you said, I have to leave early.

**The Convener:** Of course. Thank you for coming to the committee, David.

**Kenneth Clark:** By "links", do you mean links between agencies and organisations, or infrastructure links?

**The Convener:** The latter.

**Kenneth Clark:** Many studies that we have undertaken have indicated Scotland's key iconic strengths. There is a market perception of what Scotland should be. The element of wild natural scenery and remoteness is always important for investors who consider projects in our more rural areas, but they tend also to impose tight guidelines—projects have to be an hour or an hour and a half from an international hub—which are a problem for us. People say, "We want remoteness, but we want to be able to get at it easily." In the destinations that we propose to investors, we are creative in our approach to that dichotomy.

The issue is key, particularly for the short-break market, which was mentioned. People do not want

to spend time travelling to a destination. We must grapple with that issue, but we are creative in drawing circles around regional as well as international hubs. Infrastructure links are a core issue. We cannot get away from that.

**Jerome Mayhew:** First, I will address the question on the Highlands and Islands. Two days ago, I was looking in north Perthshire for a site—I found one. Wherever we decide to develop, we need customers. Our customers come from urban concentrations and we can draw them to our courses only if we are an hour—or an hour and a half maximum—away. I undertake demographic studies of all our existing courses. The average person will happily travel an hour to get to us—an hour and a half and we are pushing it.

I imagine that absolute destination draws such as Gleneagles can be stuck more or less anywhere and people will still go and stay there. However, if the destination is reliant on the general public, it needs to be within an hour or an hour and a half's maximum travel time.

On training, we should not be saying, "You lot should do the training." I happen to believe that we should do quite a lot of the training. We get the benefit from our staff and we should invest in them. We train every single one of our staff from scratch—every year, they do two weeks of residential training—because they are our customer front window. If the instructors on the ground are not doing a fantastic job, we as a business suffer. Training is our responsibility, but we need the raw material, which is someone who is customer friendly, willing to learn and ready to go at it, and who turns up to work every day. That is your job—in our particular industry, giving them training is our job.

We are now thinking about how to turn company-specific training into a qualification that people can take elsewhere. We intend to develop a national vocational qualification that has Go Ape training as step 1 of a graded qualification that people can take elsewhere in the outdoors industry. That is at a formative stage.

**Stewart Selbie:** The rural development question revolves around supply and demand. If there is limited demand, the supply will meet it but will be limited as well. That is a difficult one on which to move forward.

Maurice Taylor made the important point that training is not necessarily about the apprentices that we engage, or about colleges turning out people for the industry, although that is happening and it is important that it continues to happen. It goes further back than that—it is about education in schools. Historically, our industry's image has not been that good. The view was that if someone was not good enough to go to university or to

become a doctor or a lawyer or whatever else, they could go into the hotel industry. That has changed hugely in past years and now tourism is one of Scotland's biggest and most important industries. From an economic point of view, the industry will continue to grow and, as Maurice mentioned, there are great careers in the industry. However, if we do not get to kids earlier, when they are at school, so that they know about our industry, and do not develop some knowledge of what a great industry this is and put it on a level playing field with other industries, we will continue to struggle to get people to come into it at all. The problem is more deep rooted than the supply line for employees, through apprenticeships and colleges.

**Dave Thompson:** Is it true that there are great careers in the industry across the board? I am sure that there are good careers and prospects in your organisations, but my information is that there are still a lot of pretty bad employers out there, who do not pay very good wages and whose staff work very long hours, quite often in breach of the European working time directive. There are lengthy hours and seasonal work, certainly in the Highlands and Islands, which is the area that I am most interested in—although I am obviously interested in the whole of Scotland too. There is an image problem, perhaps outwith the areas in which the panel members operate.

**Stewart Selbie:** It would be naive to say that that is not happening—the industry still has pockets of that—but it is definitely not like it used to be, and it happens only in small pockets. In general, we have a lot of very good employers in the industry, and legislation has forced many people to become better employers. There are definitely great careers out there, not just as a chef or a waiter, but—as Maurice mentioned—in marketing and IT. We have people coming into the hotel industry to do marketing who did not go through hotel school, and who might instead have done a marketing degree at the University of Glasgow.

There are opportunities, and as an industry we are improving a lot as an employer. People are becoming much more aware that in order to be competitive they have to be decent employers, because they cannot attract staff in the first place, and certainly cannot retain them, if they have the attitude that used to exist.

**David Whitton (Strathkelvin and Bearsden) (Lab):** I have been asked to bring you back to the investment question, probably because Dave Thompson and Gavin Brown have already asked about the training issues in which I take a particular interest. I wanted to come back to something that Mr Clark said at the beginning.

In earlier evidence, we heard from VisitScotland that if it decides that Scotland needs a new marina or spa development somewhere, instead of Mr Clark and his staff—who I am sure do an excellent job—going round identifying sites and all the rest of it, they should just tell the market that we want such a development and say, “Come and talk to us.” Would that not save a bit of time? I am anxious to know what discussions take place between the two public agencies about developing that process.

I also have a follow-up question on Mr Orr’s comment on railway links, which I am interested in, too. From evidence that we have taken, we know that our biggest marketplace is next door. One issue is getting visitors in from England. I understand that visitor numbers from England are down—although I am willing to be contradicted on that because Mr Orr will know better than me. I would like to know his view on what investment he, the Government, VisitScotland or whoever should make to aid the movement of potential visitors.

12:00

**Kenneth Clark:** We see the sense in having an overall plan for Scotland. We are fully involved in discussions with Philip Riddle and Riddell Graham at VisitScotland and with Eddie Brogan, who is the head of the priority industry team at Scottish Enterprise. We are having a series of meetings to flesh out what should be in the plan. If the plan achieves greater recognition of our aims throughout all agencies and bodies, that can only be a good thing. The plan could have an influence on tourism investment through planning structures and other intermediary agencies.

In some ways, much of the work for the plan has already been done through the destination development strategy that Scottish Enterprise has been building to consider key destinations throughout Scotland. We have learned in our inward investment work that it is all very well for us to identify specific sites where many of the obstacles to practical development perhaps do not exist, but unless the sites are in key tourism-based areas with well-developed tourism infrastructure, the chances of our being successful are limited. Ultimately, the market will decide where it wants to go. We need to ensure that we harness all the bits round about—

**David Whitton:** Sorry to interrupt. Although I accept that the market will decide where it wants to go, if the market is looking for, for example, a marina development or even a five-star golf development, surely we just say, “Yes, we have got a site—come and talk to us.” What is the destination development strategy? I have not heard of that.

**Kenneth Clark:** The destination development strategy has been worked on by Scottish Enterprise. It isolates in Scotland several of the key areas that are—

**David Whitton:** Does it involve only Scottish Enterprise?

**Kenneth Clark:** No, it is paralleled in Highlands and Islands Enterprise.

**David Whitton:** What about VisitScotland? That is our tourism arm.

**Kenneth Clark:** All the work is done in tandem with VisitScotland. We rely heavily on VisitScotland’s analysis of where visitors come from, where they stay and the profile of their spend. That is all part of the mix. We need not only to work closely with other agencies, but to be seen to work with them. We need to harness all the key information and data that they have and put together a single front end for the investment community. That is what we are striving to achieve and to improve. That aim is crucial—we have to achieve it; we have no choice. The market demands that we are joined up and that we are seen to be joined up. Following on from that, we need all the facts and figures, so that investment in an area is based on as substantial an amount of evidence as possible.

**David Whitton:** Are the local authorities involved, too?

**Kenneth Clark:** Yes. The team was set up as a discrete team just two years ago. We have had a programme of talking to all the local authorities in Scotland about our aims for tourism inward investment and the importance of general infrastructure in their areas. The local authorities have been responsive to that.

**David Whitton:** I am thinking about the point that Mr Mayhew made about having two bites at the cherry in the planning process. If a local authority buys into the idea of a destination in the first place, we might be able to overcome some of the hurdles when an application eventually comes forward.

**Kenneth Clark:** That takes us back to the sense of having an overall plan that aims to acknowledge the issues in all public bodies.

**David Whitton:** When will the strategy be made public?

**Kenneth Clark:** We are developing it now with VisitScotland.

**The Convener:** David Whitton had a question for Mr Orr, too.

**David Whitton:** Yes—it was about rail links.

**Sandy Orr:** Sorry. There are many topics flying around that we are all interested in.

I want to make a point about the attractors that pull people to various places throughout the world, which are often ideas that people have put into practice. On our doorstep, the Edinburgh festival started out as an idea about getting something for Glyndebourne to do. We know how important the festival is to us now and how many imitators there are in its wake.

I have been banging on for years about marinas. My heart is in the Highlands, where I was born, and the one thing about which I am pessimistic is the fact that we have no strategy for dealing with the problem of investment in tourism in the Highlands. Bricks cost as much in the Highlands as they do in Birmingham—they probably cost more—and the season is short. Labour costs might be a little lower, but the difference is marginal. We cannot do much about those things. There really is not much of a case for investing in the Highlands if there are alternative opportunities, and there are always alternative opportunities to spend money.

There will continue to be major attractors. The Gleneagles hotel was a deliberate implant, which struggled for many years. Some areas need deliberate implants, and the committee should think about how they can they be put in place. The market alone will not provide them, because given the season there will not be a strong enough business case for the development of a major hotel in the outer islands, for example. The outer islands are beautiful and wonderful. There are difficulties with access, but that is not the whole story, because people know that and go anyway. In any event, the access difficulties are part of the attraction. However, how do we build modern accommodation in such places without assistance? In the old days we had the Highland and Islands Development Board, which to some extent was created to try to provide such assistance. Organisations like that usually get a kicking, but the board had much success.

We must stop thinking too rigidly about such matters; we must think about what would induce development. Scotland has its own Government but it does not have total economic control—over income, at any rate. The issue that we are talking about provides an example of what we could do if we had control and Scotland could discriminate in favour of areas that are crucial to us socially, economically and for tourism. That is well worth thinking about.

It is daft that, although we have the best offshore hard sailing and racing water in the world, we have no focal point for one of the world's great sports. Huge amounts of money are spent on boats. Years ago, I floated the idea of a marina at Oban bay, which received a torrent of objections from people on the seafront. Many objectors were my

friends and neighbours—indeed, some were relatives—but they did not want to hear the clink-clink of the masts. I failed to persist and to deliver on the idea, but it would have changed the face of the town.

There are marvellous opportunities, but we need leadership. Other witnesses summed up the point about training. Decent employers—they know who they are—attend to training. We must do that; it is enlightened self-interest. We do training properly and we do it well. There is a deficit of leadership throughout Britain. I do not know whether Stewart Selbie will agree with this, but it is really difficult to find young general managers of quality. That is because, traditionally, brainy kids have not gone into leisure services. We are developing a scheme with the City University in London, which is designed to create entry points for leadership for high-grade graduates who are about 30. They are often employed as lawyers or doctors, but they are fed up of writing boring conveyancing documents and so on. As Maurice Taylor said, the hotel industry offers people a wonderful international career that provides high intellectual and social challenges. We need to get that message across by degrees but firmly.

**Brian Adam (Aberdeen North) (SNP):** I very much sympathise with Sandy Orr's point about marinas. When I spent a couple of weeks last summer on the north-east coast of the United States and Canada, every harbour that I visited was full of all kinds of boats. In sharp contrast, when committee members visited Glasgow after the summer recess and were shown the city from the Clyde, ours was the only boat on the river that day, apart from a type 42 destroyer that was being built. I know that Sandy Orr was probably referring to places such as Oban, but the issue is a significant problem for us.

Let me return to some more specific ideas on investment. Homes for Scotland lobbies hard on behalf of the house-building industry to ensure that local plans make the right provision on where housing should be built. Does the tourism industry lobby to ensure that local plans make provision for the right number of beds? We have heard about the difficulties that people have had in building hotels in Edinburgh, Glasgow and Aberdeen. I accept that such difficulties occur, but I do not recall that there is an industry body that carries out that kind of lobbying. Indeed, as Dave Thompson pointed out, there is no industry body that engages on the issue of training. We hear about the problems individually but not collectively. There may well be a case for having an industry body that could engage in the planning process, in particular at the early stages when local plans are being drawn up.

**Sandy Orr:** Logically, that should be the case and I should accept a bit of a scolding for that.

However, the difficulty is human nature. Although we appear united before the committee today as representatives of the hotel industry, we also have to compete with each other. Indeed, if we did not compete with each other, we would be breaking the law.

**Brian Adam:** That is also true of the major house builders, but they manage collectively to produce evidence to show that 20,000 houses are needed in the market in the next 10 to 15 years. What prevents the hotel industry from showing a local authority that there is a clear demand for a certain number of beds? It should point out that there is an onus on a local authority to build in that provision and to zone accordingly.

**Sandy Orr:** I accept that the connection with the tourism agency has not been developed as strongly as it should have been on that planning and commercial level. Such issues are also slightly political, because they involve the ordering of priorities. We could make a special case for hotels—I could bore for Britain on why it is better to have hotels rather than offices in the middle of cities—but the question then arises of how one articulates that while doing one's day job. However, I take the point, which has been correctly made and has not been properly addressed. People in the industry have not got round the table, so the fault is ours in a way. We should be forcing the issue with the likes of VisitScotland, which has a lot of senior hotel keepers who are involved at the top level.

That point applies not only to Scotland but all over, including in Europe. In Amsterdam, we are building the biggest hotel in Holland. When we first went there—we have been at this for six years so far, mind you—the system that was in place ensured that only those who were allowed in could enter the market because people were so sensitive about oversupply. In other words, people had developed a sort of collectivist approach, which was rather curious. That has now been dropped not just because of our development but because people are seeing more challenging markets in Amsterdam and so forth and are starting to move in a more dynamic direction.

12:15

**The Convener:** On a related point—given that you mentioned Amsterdam—from your experience of investment and planning, are timescales in Scotland much worse than in, say, the north-east of England or Europe?

**Sandy Orr:** I do not think so. Earlier, a point was made about the preliminary stage of the planning process. We cannot have inquiries going on all over the place, but it would be worth while to consider one or two of the systems. Useful bits

could be taken from other systems. We started to build the hotel in Amsterdam before we had planning permission. Of course, a Scottish person would normally not do that—a pile of documents would be needed first—but we did so because it was permitted. A process exists. In-principle key decisions are addressed. In Scotland, people go into almost absurd details about the colour of bricks, for example, before building can begin, which is hugely damaging commercially. The problem is illustrated when people who are building new buildings work out the commercial numbers. An extra six months has quite severe implications for major projects. That money is simply lost; nobody gets it.

**Dave Thompson:** Does Holland give you any special priority as an inward investor in that country? Are you given any tax incentives or priority planning-wise?

**Sandy Orr:** No. Almost every one of our developments has been on a city-promoted site, and there was a city-promoted site on Oosterdoks island, next to Amsterdam's central station. We were worked over hard on the finance, but everything was there. In fact, the process had reached the point at which the plans were very detailed, but we had to say that we had to change them. That was quite a challenge. A housing bit had to be taken out and incorporated, but people were ahead of the planning process and we knew that we would get a hotel. That incentive existed going into the process, but it is missing in some of our key access points in Scotland. People are told, "Of course, that is terrific. Come in. Of course we want to see this project developed," and that attitude is absolutely right, but a person will then say, "Where do I go? I really want to be in the middle of the place, because that is where my customers want to be." It is much easier to build in a field on the outskirts of a place.

**The Convener:** Mr Mayhew, you obviously do business in different parts of the UK, too. Do you have a perspective on the time that the planning process in Scotland takes versus the time that the process in the north-east of England, say, takes?

**Jerome Mayhew:** Funnily enough, I have an application going through in the north-east of England. The level of complexity in my kind of application is different from that in a hotel application. I do not think that the time that is taken is significantly different at the front end—at the local council level—but I have already made a point about the add-on at the end if an application goes to the Scottish Executive. That is the main point that I would make.

**The Convener:** Gentlemen, I thank you very much for coming to the meeting. We greatly appreciate hearing about your perspectives. Please feel free to e-mail or fax us if you would

like to share any more thoughts with us. We are grateful that you have given us your time.

We will now have a two-minute comfort break.

12:18

*Meeting suspended.*

12:24

*On resuming—*

## Subordinate Legislation

### Renewables Obligation (Scotland) Amendment Order 2008 (Draft)

**The Convener:** We have two items of subordinate legislation to deal with. We are pleased to have here the Minister for Enterprise, Energy and Tourism, Jim Mather, who is accompanied by a couple of his officials. I apologise to the minister and his officials for keeping them waiting while we were dealing with our tourism inquiry. We will try to find an imaginative way of asking him a question about that, but we are still working out how that could be consistent with the issues that are to be discussed.

We must deal first with the draft Renewables Obligation (Scotland) Amendment Order 2008. I invite the minister to introduce the draft order. We will then ask some questions.

**The Minister for Enterprise, Energy and Tourism (Jim Mather):** I remind the committee that wave and tidal power represent a huge opportunity for Scotland. I think that everyone accepts that. The resource has huge potential for us, and we have a number of innovative and enterprising device developers on our doorstep in Scotland. I believe that we have the shared political will to make things happen.

We also have the dual imperatives of tackling climate change and providing secure, sustainable power for our future. The Government has set challenging targets for renewable electricity generation, including the target of meeting 50 per cent of Scottish demand by 2020. In addition, the European Union's wider and most welcome target for renewable energy could require as much as 50GW of renewable electricity capacity across the United Kingdom by 2020. Those important targets embody what we believe the sector can achieve and provide, but they will be meaningless without the right levels of support. The Renewables Obligation (Scotland) Order mechanism is fundamentally important for the achievement of those goals.

The draft order that is before the committee today relates to the marine supply obligation mechanism that was introduced last April. The draft order will amend the level of wave and tidal requirements for the forthcoming obligation period to zero, which is the same level as at present. That may seem an odd thing to do, given our determination to support the sector. However, it is fully in line with the commitment given when the

marine supply obligation was introduced that the level would not be raised above zero unless generation was taking place that would enable licensed suppliers to meet a new level. The proposed amendment is perfectly sensible because it will mean that suppliers, and thus consumers, will not face additional costs, with no wave or tidal capacity to show for them.

That does not mean that the MSO mechanism is a failure; on the contrary, the renewables sector and marine developers have warmly welcomed it. We know that projects and capacity are being actively planned on the basis that the MSO will support them over time. The signal that the MSO sends is vitally important, as is the confidence that it will remain in place.

It is clear that the sector faces huge challenges in getting the technology to the stage at which it can benefit from what is purely a market mechanism. However, there is tremendous dedication, determination and perseverance among those battling to develop, prove and deploy those machines. As a consequence, it is right that the Government remains committed to doing all that it can to aid that process. That means continuing to support vital infrastructure at the European Marine Energy Centre in Orkney; addressing environmental issues; enabling the process of establishing the best sites for early development; continuing to press hard for a sensible, flexible and fair approach to making grid capacity available for the devices; and, above all, ensuring that our obligation continues to offer the right levels of support in the right way over the right period of time.

I move,

That the Economy, Energy and Tourism Committee recommends that the draft Renewables Obligation (Scotland) Amendment Order 2008 be approved.

**The Convener:** Thank you, minister. The one issue that the committee is puzzled about is why some of the explanation that you have just given was not in the Executive note provided to the committee and—more to the point—to the Parliament. Are you prepared to give us an explanation as to why the necessary information, which any committee would need, was not given to us in writing in advance?

**Jim Mather:** I can only regret that that was the case. The background to making the draft order was clear-cut to me. I take firmly on board what you have said and will ensure that the situation is not repeated.

**The Convener:** We are all interested in understanding the issue, after all.

**Jim Mather:** Absolutely.

**Lewis Macdonald:** I understand the reasoning behind the draft order, but I want to probe a couple

of points a little to get an understanding of the minister's interpretation of the matter.

First, there is a proposal to reduce the level of the obligation—the percentage of total supplies—to zero for the forthcoming year. As the minister said, that does not signal a failure. However, is it a signal that we were too optimistic in April last year in believing that the technology would allow the figure to be more than zero by this stage?

12:30

My second question is connected to that. We had an informal briefing this morning from the Royal Society of Edinburgh that confirmed publicly made estimates of when wave and tidal power are likely to be commercial runners—it was said that it would be eight years before tidal power and 10 years before wave power became commercially available. Does that mean that the minister expects ministers to come back for the next seven years to adjust the requirement to zero for each year, or is that interpretation too pessimistic?

**Jim Mather:** We may well share a similar blend of optimism and realism with the previous Administration, but having that blend and passing it on to the industry are important. However, it is important that consumers do not pay extra for no tangible return in the short term. Sending successive optimistic signals and anticipating engineering and technological breakthroughs are entirely healthy, to encourage the evolutionary process that is taking place in Scotland, particularly up at EMEC, where—fingers crossed—developments could accelerate much more. When we consider that through the lens of our scrutiny and present it to colleagues in Brussels, as we did recently with Scottish and Southern Energy, we can see the appetite that exists, which feeds back into more people being more willing to invest more money to accelerate the process. Let us keep the blend of optimism and realism. If that means that we need to come back for a few more years to adjust the figures, so be it.

**Gavin Brown:** The minister mentioned the change to the obligation for 2008-09 to make the requirements for wave and tidal power zero. Will he comment on the changes that the draft order will make in subsequent years?

**Jim Mather:** In the light of the UK Energy Bill, we are considering carefully whether banding—the award of renewables obligation certificates in higher multiples for different technologies—might replace the marine supply obligation. We must keep monitoring the situation, ensure that the right signals are in place and have the correct checks and balances to ensure that we have value for money in the process. We must also have the

correct forward momentum to encourage more and more people to develop the technologies.

**Gavin Brown:** Will the draft order reduce the figures in schedule 1 to the Renewables Obligation (Scotland) Order 2007 (SSI 2007/267) for tidal and wave power in subsequent years, or will those figures remain the same?

**Jim Mather:** The figures are just an indication. Clearly, we will monitor the situation going forward. You can expect us to have our finger on the pulse.

**Gavin Brown:** Okay. My question is: will the draft 2008 order reduce the figures in the 2007 order for subsequent years?

**Jim Mather:** Could my official just—

**The Convener:** I am afraid that officials cannot speak at this point.

**Jim Mather:** There will be some adjustments. In the schedule to the draft 2008 order, some requirements are less and some are more, but the key point is that the total will remain the same.

**Gavin Brown:** You say that some are less. Which ones are more?

**Jim Mather:** In 2007-08, the requirement is the same. In 2008-09, it will be less. The sequence seems to be: the same, less, more, less.

**Gavin Brown:** In which specific year is the requirement more?

**Jim Mather:** I am being told that, in 2009-10, we will have an increase.

**Gavin Brown:** An increase from what to what?

**Jim Mather:** From 9.1 to 9.7. The issue is pretty complex, but I understand that the end figure is a representative cap. The data concern a progression that finalises at that cap. The total remains the same.

**Gavin Brown:** As you mentioned, the requirement for next year is going down to zero. Having examined online the information relating to the 2007 order, my concern is that the wave and tidal requirements that we set in April last year appear to have gone down for 2009-10—from 0.1 to 0.06 for both. The requirements have also gone down for 2010-11, from 0.15 to 0.12. For 2011-12, the requirements seem to have gone down from 0.2 to 0.18. That was not mentioned in the Executive note or in your opening remarks. The impression was given that a change was being made for one year, but it seems to me that changes for a number of years have been made in the one order.

**Jim Mather:** That is true. However, the figures in the draft order are illustrative and will kick in and formalise as and when the system moves beyond

zero as the opening position. The figures should not be taken as definitive until we move beyond zero.

**Gavin Brown:** But if the figures in the table are only illustrative, why have they been changed from last year?

**Jim Mather:** I do not have a good answer to that. [*Interruption.*] I am told that the table is purely illustrative and that it is supposed to be linear up to the cap. The key figure is the cap. The changing timeframe and the reindexation at zero at the start change that linear progression. You can expect us to confirm that in writing to the committee.

**The Convener:** That is why we wanted an explanation in writing in advance.

**Jim Mather:** Yes—touché.

**Gavin Brown:** I do not want to hog the conversation, but I have a final question.

I am not hugely satisfied and have some issues that will not be cleared up until I see an explanation in writing. If the figures are purely illustrative, why change the requirement from 0.15 to 0.12? Surely that change is based on something.

My final question is about the impact on business and relates to the Executive note. Under the heading “Financial Impacts”, the Executive note states:

“The ROS creates small additional costs for electricity suppliers, which are then passed through”.

If we are reducing the obligation for wave and for tidal and are not making any change to the total obligation, how are we creating additional costs for electricity suppliers?

**Jim Mather:** The issue is that the obligation as a whole creates costs for electricity suppliers, but in this instance, by having the return to zero on the MSO, we are not further complicating the situation.

**Gavin Brown:** This is not specific to the draft Renewables Obligation (Scotland) Amendment Order 2008—the Executive note states clearly that it “creates small additional costs”. We appear to be agreed that costs are not created by the changes to the figures—in some ways, they may reduce costs. There only two further changes that I can see: the replacement of references to the Department of Trade and Industry, because it no longer exists, with references to “the Secretary of State”; and a change to the initial drafting. What will be the additional costs to electricity suppliers as a result of the draft order?

**Jim Mather:** The fact is that supply businesses have to do a bit of work to project forward what the implications will be. That is where the implications for cost could emanate from. Such businesses

must have staff monitoring the situation, managing their position forward and understanding the implications. Change creates costs; the change creates a small cost for those businesses.

**Brian Adam:** Is it not also true that the additional cost arises because, effectively, the public will have to subsidise the system for a period of time, and the subsidy that wave and tidal will require is currently higher than the subsidy that we give to onshore wind? As you rightly indicated, the administrative costs on suppliers are one of the reasons why there may well be additional costs to the consumer in the future as a consequence. Those costs will not arise for the consumer until such time as we generate any electricity.

**Jim Mather:** That is the situation exactly. As we proceed with the consultation on the introduction of banding to the Scottish renewables obligation, which we will announce soon, that issue will come up because we are not convinced that the proposed banding level in the UK Energy Bill is sufficient. All those issues will crystallise and mature and we will be able to see the implications.

**The Convener:** The committee next meets in Aberdeen on Monday. Given the questions raised by Gavin Brown, to which you kindly said that you would respond in writing, is there any chance that your officials could put together a letter for us for that meeting? Mr Brown has raised several questions that are clearly going to be tricky to deal with.

**Jim Mather:** Absolutely. I agree with some enthusiasm, because I want increased clarity for my own purposes as well as for the committee's.

**The Convener:** Would it therefore be acceptable to you if we decided on the draft order not today but on Monday in Aberdeen? That would still allow you to stick to your timetable.

**Jim Mather:** Absolutely. I am more than happy with that.

**The Convener:** Are committee colleagues content to deal with the draft order at Monday's meeting in Aberdeen, when we will have the answers to Gavin Brown's questions?

**Members** *indicated agreement.*

**The Convener:** Is that acceptable, minister?

**Jim Mather:** It is perfectly acceptable.

### **Official Statistics (Scotland) Order 2008 (Draft)**

**The Convener:** We now move on to the second instrument, which is slightly ironic, given Gavin Brown's questions, because it is on statistics. We will have a little bit of shuffling of personnel; I see

that the Government's chief statistician is coming to the table—you are not allowed to say anything, but I welcome you anyway. I invite the minister to introduce the order.

**Jim Mather:** The purpose of the order is to extend the definition of official statistics that is found in the UK Statistics and Registration Service Act 2007 to include statistics that have been produced by three non-Crown bodies, which are the Common Services Agency for the Scottish Health Service, the Higher Education Statistics Agency and the Student Loans Committee.

During 2008, the Scottish Government intends to engage with a number of public sector bodies that produce statistics on Scotland to discuss whether bringing their statistics into the definition of official statistics would help to improve statistical standards. However, there is a pressing need to draw up an initial list to ensure that non-Crown bodies that currently produce national statistics have them included as official statistics.

The order that we are considering will therefore ensure that the statistics that have been produced by those three bodies are designated as official statistics, which will mean that they will fall under the remit of the statistics board that is now known as the UK Statistics Authority, and that national statistics that are produced by those bodies can continue to have official statistics status from the commencement of the new statistical system on 1 April 2008.

The UK Statistics Authority is the new non-ministerial department that was created by the Statistics and Registration Service Act 2007. It has the statutory objective of safeguarding and promoting the quality of official statistics, and it has welcomed Scotland's proposed approach.

The three non-Crown bodies have been consulted and have agreed that their statistics should be included in the definition of official statistics.

I move,

That the Economy, Energy and Tourism Committee recommends that the draft Official Statistics (Scotland) Order 2008 be approved.

**The Convener:** Thank you, minister. I will ask the first question. What is the Government's direction of travel? Does the Administration intend to move towards a situation where, broadly speaking, all Government statistics will be under the proposed regime? If that is the case, what is the envisaged timescale for different bodies and for the Government?

**Jim Mather:** The issue of a timescale is more challenging. We will try to do it as quickly as we can, but the process needs to be orderly, and the draft order is the start of that. We want there to be

a close and open dialogue with those entities that are liable to produce such statistics.

**The Convener:** On the publication of statistics—a matter about which ministers get very exercised, as I and others remember—international best practice is that statistics should be published and given right out there to the world and that the advance warning to ministers should be as little as three hours. Do you plan to follow international best practice on publication?

12:45

**Jim Mather:** The Government pays strong attention to international best practice. It remains to be seen when we will get to the three-hour level, but there is a direction of travel that people are noting.

**The Convener:** You are asking us to approve bringing three bodies into the regime. Will they have the three-hour deadline? If it is not three hours, what is the regime?

**Jim Mather:** The regime might not be quite three hours at this point in time, but that is the direction of travel. Moving forward along the lines of our political aspirations, matching the UK Statistics Authority by having an independent body is certainly the further long-term direction of travel. We cannot be advocates of continuous improvement and not want best practice on statistics.

To an extent, we are playing an away game with the committee. Normally, such matters go to the Finance Committee. There are proposals with the Finance Committee to drive forward the process.

**Lewis Macdonald:** I have a technical question. I take it that the reference in the order to the Common Services Agency for the Scottish Health Service encompasses all the statistical information that is produced in the national health service in Scotland. Is that correct?

**Jim Mather:** My understanding is that that brings in the main thrust, but that drilling down into specific health boards is work in progress. That is the direction of travel.

**Lewis Macdonald:** Does it include ISD Scotland and all the agencies that produce national statistics?

**Jim Mather:** Yes.

**David Whitton:** I have only one question. It is probably a bit more than three hours since you were on the radio talking about tourism industry statistics. To divert you slightly, some people seem not to believe that we can reach the target of 50 per cent growth by 2015. Unfortunately, I missed your interview, which I am sure was excellent. Will you give us your view on whether the target is achievable?

**Jim Mather:** It is very much achievable. It was a good interview and it is worth listening to, if I may say so.

**David Whitton:** I will catch it on the BBC.

**Jim Mather:** I will try to move into full mode there.

I have just come from the opening session of Scottish tourism week, where the flavour of the room was that achieving the target is eminently doable. The industry now understands how we can get the 50 per cent extra growth, which is not just by a simple foot on the accelerator, but by considering how the industry can extend value, improve the visitor experience and create better career opportunities for young people. The industry is focusing on that and letting the revenue numbers and individual profitability of businesses almost take care of themselves. There is a real healthy attitude through the Scottish Tourism Forum and the tourism framework for change. Everyone who was at the session today is on the forward foot and is seeking to drive the industry forward.

At the end of the day, the 50 per cent target may well be seen in retrospect as modest. From the thistle awards and elsewhere, we can see that new businesses, which are coming through at a faster and faster rate, are premium price and high occupancy straight off. In my constituency in the past year, the new Machrihanish dunes golf course has been finished and is ready for business and the Victoria hotel in Rothesay, which sets the tone for Rothesay, has been refurbished and smartened up. On Saturday, I was on Mull for the opening of the Crerar Hotels pool, which is a joint venture between the community, the public sector and the hotel. There are many signals that things are going to happen.

**David Whitton:** Under the statistics legislation, official statistics include those of any Government department, so we will be able to track the growth in tourism that you expect through the statistical method.

**Jim Mather:** I certainly hope so. I have just come back from the convention of the Highlands and Islands up in Shetland. Slipped into my visitor pack was a copy of "Shetland in Statistics", which I must say is good value at £4—it is absolutely rich. That community has its finger absolutely on the pulse of what is happening through its data. I come from the Peter Drucker school of thought that if you cannot measure it, you cannot manage it.

**David Whitton:** I kind of guessed that.

**Jim Mather:** The more that we lean on statistics, the better. I am a real enthusiast.

**David Whitton:** Shetland is showing you the way. Are those the kind of stats that you hope that the industry as a whole will produce?

**Jim Mather:** Yes, and local areas as well. I recently attended a small area statistics event at Our Dynamic Earth. I expected to speak to 20 or 30 people, but there were 240 people in the room. All were well-motivated statisticians from national Government, local government, the public sector, public bodies, et cetera, who were really interested in the issues. I am particularly interested to see the emulation of Shetland in Argyll and Bute—the cross-pollination in that, with people looking at the data and asking questions such as, “What could we do to get that graph that is turning up all of a sudden?”

**The Convener:** I thank David Whitton for keeping the discussion moving forward.

**Brian Adam:** Minister, you indicated that the SSI is the general direction of travel. Would you care to share with us—today, if you can—why you have chosen to put these three agencies into the process first? Can you also tell us whether you will choose exactly the same route for dealing with others that have to go into the process?

**Jim Mather:** The American term is market readiness. These organisations have done the work and are well prepared, and the statistics that they have pretty much meet the standards and look as though they will improve over the piece. These agencies are doing the work and producing solid data and they are ready for the stamp of approval.

**Brian Adam:** Can you give us some idea of who will be coming along soon and whether this is something that you are responsible for overall? Will other ministers go to other committees? Will that be the route for progressing further movement?

**Jim Mather:** I suspect that, given the fact that the chief statistician works under my portfolio, the responsibility will continue to be here. I am not going to anticipate the other agencies that are coming forward, but more will be encouraged to come forward and enter the process to get the cachet of official statistics wrapped round their data.

**Brian Adam:** So, statistics is under the umbrella of the finance and sustainable growth portfolio. Irrespective of what part of government they come from, the statistics will come through this route.

**Jim Mather:** Indeed, they will.

**Brian Adam:** How many different departments might be under consideration?

**Jim Mather:** That is an important statistic. I will consult and get back to you on that. [*Interruption.*]

I am advised that the number is open ended at the moment and will be considerable. We will start with the major public bodies such as the Scottish funding council and local government and move beyond that. Shetland Council will be at the top of the list at an early stage.

**The Convener:** That is an admirable idea. Thank you for that explanation, minister.

Are colleagues content to recommend that the draft Official Statistics (Scotland) Order 2008 be approved?

*Motion agreed to.*

That the Economy, Energy and Tourism Committee recommends that the draft Official Statistics (Scotland) Order 2008 be approved.

**The Convener:** Unfortunately, we are not allowed to do what I hoped that we might be able to do with the first instrument. Because the minister moved the motion on it earlier, we must decide on it today; however, we have the minister's statement on the record that he will provide an explanation and answer the points that Gavin Brown has raised. We will have to make a decision on the order this afternoon, as the minister moved the motion on it.

The question is, that the committee recommends that the draft Renewables Obligation (Scotland) Amendment Order 2008 be approved. Are we agreed?

**Brian Adam:** With the minister's assurance that we will get the information that is sought.

**Gavin Brown:** On the basis of today's evidence, I am not content to agree the motion; however, it must be a committee decision.

**The Convener:** There will be a division.

#### FOR

Tavish Scott (Shetland) (LD)  
 Brian Adam (Aberdeen North) (SNP)  
 Christopher Harvie (Mid Scotland and Fife) (SNP)  
 Lewis Macdonald (Aberdeen Central) (Lab)  
 Dave Thompson (Highlands and Islands) (SNP)  
 David Whitton (Strathkelvin and Bearsden) (Lab)

#### AGAINST

Gavin Brown (Lothians) (Con)

**The Convener:** The result of the division is: For 6, Against 1, Abstentions 0.

*Motion agreed to.*

That the Economy, Energy and Tourism Committee recommends that the draft Renewables Obligation (Scotland) Amendment Order 2008 be approved.

**The Convener:** We will await Mr Mather's answers to the questions that Gavin Brown raised.

*Meeting closed at 12:55.*

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