

ECONOMY, ENERGY AND TOURISM COMMITTEE

Tuesday 23 June 2009

Session 3

£5.00

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CONTENTS

Tuesday 23 June 2009

	Col.
TOURISM	2263
WORK PROGRAMME	2295

ECONOMY, ENERGY AND TOURISM COMMITTEE

† 21st Meeting 2009, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Gavin Brown (Lothians) (Con)

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

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Stuart McMillan (West of Scotland) (SNP)

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Alex Johnstone (North East Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

David Whitton (Strathkelvin and Bearsden) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Richard Arnott (Scottish Government Culture, External Affairs and Tourism Directorate)

Eddie Brogan (Scottish Enterprise)

Jim Mather (Minister for Enterprise, Energy and Tourism)

Philip Riddle (VisitScotland)

CLERK TO THE COMMITTEE

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SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 3

† 20th Meeting 2009, Session 3—held in private.

Scottish Parliament

Economy, Energy and Tourism Committee

Tuesday 23 June 2009

[THE CONVENER *opened the meeting at 14:01*]

Tourism

The Convener (Iain Smith): Colleagues, welcome to the Economy, Energy and Tourism Committee's 21st meeting in 2009, our last meeting before the summer recess. It seems particularly appropriate that the first item on our agenda is a review of our report from last year on tourism entitled 'Growing Pains - can we achieve a 50% growth in tourist revenue by 2015?'

I welcome the Minister for Enterprise, Energy and Tourism, who will give us his views on where we are with that. He is accompanied by Philip Riddle, Richard Arnott and Eddie Brogan. I invite the minister to make a few opening remarks before we move to questioning.

The Minister for Enterprise, Energy and Tourism (Jim Mather): I thank the committee for the opportunity to provide an update one year on from the end of its inquiry.

I am pleased to report progress—progress in challenging times—on setting the groundwork for the future. We agreed that the industry needs to take more responsibility for delivering on its growth ambitions, so I am pleased that the Scottish Tourism Forum has stepped up to the mark with a review of the delivery of the tourism framework for change. That review has already taken off, with a workshop taking place last week. The industry is very much stepping up to the plate to create an industry-led tourism sector. In addition, there have been many examples of closer working with local authorities and with Scottish Enterprise, EventScotland and VisitScotland. At some point in the conversation, I might talk more about what is happening on that in my constituency.

The economic climate is clearly challenging. We have taken significant steps with our economic recovery plan, but we believe that tourism has a major part to play, particularly in taking advantage of currency movements. However, the fact is that business tourism has been badly affected, as corporate spending is down and many corporates have simply pulled their travel and events budgets. Nevertheless, we are still achieving some significant wins against the head. A prime example is last week's Forbes conference, for which the

weather was so good on the Sunday that the delegates got out on the golf course. They really enjoyed the amenity and the look and feel of Scotland from that perspective.

Clearly, homecoming 2009 is going well. Indeed, it seems to be the envy of many countries. We had a very interesting conversation down in London, where it was suggested that others had perhaps missed a trick there. In another conversation, Clive Geddes, who is the mayor of Queenstown in South Island, New Zealand, said that homecoming 2009 is such a good idea that we should morph it into the concept of coming home—coming home to old-style values, to the home of golf, to the home of the enlightenment and so on—and keep it going perpetually. He waxed very enthusiastic about that, and his enthusiasm was contagious.

We have also experienced negative aspects from the H1N1 flu issue, which has had an impact on some local areas. However—I have got to tell you—I think that resilience is coming through. In my constituency, Dunoon is coming through resilient, with no evidence of long-term bookings being cancelled. The community is coming together to face that down and move forward. We also have evidence from the chief medical officer that Mexico is returning to normal.

At a more macro level, we have a really good example of public sector agencies working more closely together. Scottish Enterprise, Highlands and Islands Enterprise, VisitScotland and Scottish Development International are working together on the tourism investment plan and with others that sit on the strategic forum. In essence, we are now better able to manage tourism cohesively across all the disciplines. That includes Skills Development Scotland and the Scottish Further and Higher Education Funding Council. We are preparing to ensure that we carry out a proper evaluation as the data come through on the likes of the year of homecoming. The early indications are that the opening weekend was a great success. In whisky month, attendances were vastly increased and many events sold out. There are many anecdotes about people booking. For example, the Macdonald hotel next door to the Parliament, once it is vacated by parliamentarians, will be totally occupied by clan Donald towards the end of the month.

On the skills front, the Cabinet Secretary for Education and Lifelong Learning set up the tourism education and training task group, which brought together industry leaders and providers and funders with a real focus on priorities. The additional modern apprenticeships are coming through, with a doubling of the number of apprenticeships in hospitality, as announced last week. Funding has been provided for a feasibility

study into an industry leadership centre, which is currently under way.

Meanwhile, there are other good and tangible examples of successes. One is the winter white campaign. VisitScotland continues to win marketing awards—it is attracting additional revenue and extending the season. The know-your-customer-feedback guidance that was produced by Scottish Enterprise and HIE is a great document that will create many a consultancy. Likewise, the destination management document will give people a terrific guide to boosting the attractiveness of their area. All that is coming together to pull things in. We are now bringing visitScotland.com in house and developing it so that we get much better outcomes. We also have the business club Scotland initiative, which was launched by the Scottish Council for Development and Industry with the active involvement of other businesses. In essence, that seeks to ensure that, as and when major events happen in Scotland, we get the absolute maximum from them.

We have some robust and positive progress to report. Further robust progress is being made, despite the difficult times. We will continue to face those difficult times down and look to move forward together.

The Convener: At the start of the meeting I should have welcomed our adviser, Professor John Lennon, so I do that now. While he was doing some background work for today's meeting, he got the impression that few in the industry have been impressed with the speed of response to date in implementing the recommendations of our report or have seen any positive evidence of change. Minister, is that your view on what the industry thinks of progress to date?

Jim Mather: At the business in the Parliament conference on Friday, I spoke to Iain Herbert, who had been at a Scottish Tourism Forum meeting two days previously. I got the distinct impression that there was a bullishness and cohesiveness in how things were progressing. I am happy for colleagues to chip in and give their impression, but that is the impression that I got. In addition, I ran a brainstorming session in my constituency, which pulled together about 70 tourism professionals. Again, I got a positive view and a sense of an appetite for the change and development in the sector to be very much industry led. We can build on that.

The Convener: I intend to base our questions on the order of the main headings in the committee's report, so we will start with the heading 'Targets and ambitions'. How far are we from reaching the 50 per cent growth target? We were marginally down last year and this year will obviously be difficult, so perhaps you can give an

indication of where we are this year. Are we likely to meet the 50 per cent target?

Jim Mather: We are in a recessionary period, so some settling back is expected. We readily took on board the goal of a 50 per cent increase. We are keen to continue with it, because it is effective shorthand for demonstrating a positive attitude to the industry and a desire to achieve the cohesion in the industry that will generate that increase and—I hope—even better results.

The key feeling is that Scotland has every bit as much of a quality tourism product to offer as the likes of New Zealand and Ireland have. We have over New Zealand the advantage of a longer history, genealogy, the provenance that brings people back and the evocativeness of Scotland. I suggest that we have a little bit of an edge in that department.

We have a goal that allows Scotland to pull together—it creates a common target towards which we can all work. To that extent, it more than earns its keep. I look at the recession as a blip in the economic conditions. I want tourism, along with other sectors of the economy, to come out of the current phase fitter, leaner, more cohesive, offering better value and being more compelling. I want many more people in Scotland to be involved in offering the tourism experience—5.1 million people are involved, from the traffic warden to the policeman and the person in the post office. We all need to put that message across, as in New Zealand, where the Prime Minister is also the Minister of Tourism.

What always resonates with me about New Zealand is that people there reckon tourism to be the top priority economic sector, as it showcases who they are—the same applies here—and, if they make a positive first impression, that creates a climate whereby they can connect with more people to do yet more economic business in other spheres. That is why the bullish 50 per cent target is well worth going for.

Philip Riddle (VisitScotland): Naturally, we accept that we are going in the wrong direction just now. As the minister said, we are in a recession. Revenue performance in 2008 was slightly down. The outlook for 2009 is mixed. We see good signs but, overall, the situation will be challenging. The minister mentioned corporate tourism, which is particularly difficult now.

We all accept that the short-term priority is to resume a growth trajectory. We are not on a growth trajectory now. However, the industry shares the belief that Scotland still has significant tourism potential that is not being realised. Once we are back on the growth trajectory, we will have to take further steps to move up to achieve the 50 per cent increase. The timing might be out a little

bit—it is difficult to say exactly when the 50 per cent will be reached—but the idea that we can achieve that increased potential is still strong.

Lewis Macdonald (Aberdeen Central) (Lab): You confirm that the gross picture is that we will have our second successive year of declining revenues. What will change that? As we are in a recession that will certainly continue for most of this year and perhaps beyond, what should we see more of in 2009 and into 2010 to have an impact on that declining trend?

Jim Mather: I honestly think that what should happen is what we are beginning to see now—the cohesion in the industry. The people who are involved in the Scottish Tourism Forum—such as Gavin Ellis, Iain Herbert and Khaled Shahbo—are interesting. They are pulling together the element of the industry that is a coalition of the willing, the investing, the learning and the cohesive to move forward. The more that such people come to the fore and the more that we develop the trust that others are investing, moving forward and doing a better job, the more that the sector will transform.

14:15

Lewis Macdonald: I hear what you say. Of course there are very good people involved in the tourism forum, as there are throughout the sector, but it seems to many of us that this year—and last year, indeed—offered us some opportunities to attract more visitors from elsewhere, as opposed to home-grown visitors from Scotland or elsewhere in Great Britain.

Jim Mather: There are opportunities because of the position of sterling against the dollar, although that has softened slightly of late, and sterling against the euro. We should not understate the potential to have a good year. I was rejoicing in Argyll this week to see so many Dutch and French number plates so early in the season. Also, the staycation market is important. People are staying at home and visiting places, as we saw in April, when we had a real boom. On a day like today, when the weather is good, we are able to convince more people to stay and enjoy time in Scotland. Those are the indications that we need to build upon.

Lewis Macdonald: What impacts has the recession had on different parts of the market? How has it hit international trade?

Jim Mather: If we consider the two ends of the spectrum, the business sector has done badly because business events and so on have taken a big hit, but self-catering accommodation has done spectacularly well. I suspect that the various areas in between will populate across that spectrum.

However, the industry is aware that the business sector cannot stay down for ever. People have to meet, interact and exchange ideas. We now have a position here in Scotland where we are hungry for that business and keen to make the proposition. As Europe starts to travel more, we will leverage in the currency issue. We also have a new level of cohesion in both the public and private sectors.

On top of that, I am carrying out an experiment in Argyll and Bute to try to pull together the sectors, and the key thing that we find in Argyll and Bute is that it is like New Zealand in that tourism is paramount. It affects everything—quantity surveyors, contractors, accountants, lawyers, the whole bit. Bringing them together might create a model that we can roll out to other areas as well.

Lewis Macdonald: In preparing for today, we received some interesting evidence from Bob Downie, whom you will know. He suggests that, if you apply the leverage factor that you applied to expenditure on homecoming to achieving the level of revenue that we all want by 2015, that would involve additional public expenditure of some £260 million during the next six years. Do you recognise that figure or, more important, the concept? In other words—without trying to tie you down to agreeing with the £260 million figure—do you accept that, in order to achieve that level of increased revenue, you need to significantly increase investment?

Jim Mather: The concept and the number are both difficult in these constrained times, not just in relation to the economic activity out there but in relation to the funding of the Parliament and the Government. The issue for me is that there are lessons to be learned internationally.

I am fond of a story that I use in other contexts about a gentleman who left Prague in 1978, escaped to Austria, did rather well in the States, came back to Prague when the wall came down and was dejected at how down-at-heel, dirty, shabby and littered the city was. He went home dejected and came back three years later to find Prague transformed. In investigating that transformation, he discovered that it was not state money or city money that turned it round but an individual buying a new espresso machine, somebody else putting tables and chairs on the pavement outside their cafe, and other people putting in replacement windows or painting the front of their premises.

I am looking for the sector to come together with other sectors to create a whole new proposition in Scotland. The appetite is there, and we are getting good leadership and good catalytic input from Scottish Enterprise, VisitScotland, EventScotland and others to achieve that end.

Lewis Macdonald: That is about investment, whether private or public.

Jim Mather: It is a blend. It is about giving people the confidence to invest. As Scotland becomes more persuaded that it is interconnected, we will see that investment coming forward. One of my ambitions for Argyll and Bute is to bring into the room, towards the end of this year, people from transport, aquaculture, food and drink, farming, fishing and forestry, culture, heritage and the arts, visitor attractions, entertainment and golf courses, along with the hospitality providers, and start talking about how we can have a better, more effective proposition.

Lewis Macdonald: The other point that was made in that submission, minister, was that, as well as investment in marketing, investment was needed in the quality of the product. Do you acknowledge that as a valid point?

Jim Mather: Again, we do that together. The key arbiter of quality is the end user and customer, so we need to involve them. In some of the exchanges that we are having, we bring some of the customers into the room so that people get a reality check.

Christopher Harvie (Mid Scotland and Fife) (SNP): I recently visited your beautiful constituency, minister, and one of the most extraordinary buildings in Scotland, which, were it in Germany, would draw tourists in tens of thousands, because it is our equivalent of Neuschwanstein in Bavaria. It is Mount Stuart in Bute. It is an incredible building and the people who went there were gobsmacked by it.

There are two places in Scotland where a bit of planning to boost a particular building and everything to do with it could succeed brilliantly. One is Mount Stuart, which is one of the most incredible Victorian mansions and is of extraordinary importance. Major literary and political figures are associated with it and it is an astonishingly preserved building. However, the approaches to it are in need of tender loving care for old and small towns. The Guildford Square area of Rothesay requires quite a lot of attention to be paid to it. Given that, I do not see why we cannot market the area in the way that the Germans would market mad King Ludwig in Bavaria. He seems to contribute about a third of the income of the Herrenchiemsee, Neuschwanstein and Linderhof areas. Mount Stuart is of roughly the same age and equivalent architectural imagination.

The other place is the—to me—tragic ruin of Linlithgow palace. The First Minister was there earlier in the summer. It is one of the great renaissance buildings and is a ruin in the same way that much of Dresden was a ruin after 1945.

One of the major tourist attractions of Saxony is the restored Frauenkirche in Dresden, of which just one wall was left after 1945. You are rather negative about Historic Scotland proposals, but why does it not get into the notion of restoring Linlithgow palace to, as it was, one of the foremost renaissance palaces of Europe? It should be on a level with, for example, Urbino.

If one has a glamour building, one can attract people. The business of restoration is itself something that people want to get involved in. The restoration of the Frauenkirche in Dresden was an enormous boost to a place that just seemed to be a shell in 1990 and has grown with it and around it. Linlithgow palace seems to be a building of equivalent significance, which, at the moment, is just a rather woebegone ruin in an otherwise very attractive part of the country. It could become something that brings people to realise the power of renaissance Scotland.

Jim Mather: Yes. I will start off by throwing that Brer Rabbit back in the bramble bush and go to Bute if I may. Your assessment of Mount Stuart is absolutely spot on. It is a revelation. Everyone in Scotland should go there and stand in those hallowed halls at some point in time. It is interesting that the Marquess of Bute—Johnny Bute—is leveraging that asset effectively and running a solid eat Bute campaign that is focused on the food potential, which adds another dimension to the experience.

There are plans with the council for Guildford Square, and we have just been doing up the harbour, with others. The marketing of Bute is more potent—I will meet Johnny Bute on Friday to discuss exactly that matter.

You mentioned Linlithgow palace. We are moving into an era in which budgets, and particularly capital, will be constrained. It sad that that is happening after years in which we had a housekeeping mentality and less capital was available than is available to countries that have full double-entry bookkeeping. It is interesting to see how effectively people bring magic to the ruins, through floodlighting, re-enactments and so on. I share your aspiration. Dresden's ability to achieve what it did as quickly as it did is a gentle wake-up call to us that we, too, have assets that we could build up.

I am excited to think that we have a 5.1 million-strong franchise—or rather, we all have a one five-millionth share of it—and most people on the planet will want to have some inkling or experience of Scotland, perhaps by visiting the country or purchasing something from us. The opportunity to do up our assets and ensure that they earn their keep in all seasons is exciting.

The Convener: Perhaps the next restoration project should be St Andrews cathedral. That might be more challenging.

Ms Wendy Alexander (Paisley North) (Lab): It is fair to say that the strategic question that has underlain discussions about tourism in Scotland for the past decade has been whether we are wise to continue to separate product development and investment from marketing. The committee concluded last year that it would not rush to propose legislative change.

However, I am struck by the current circumstances, in which Scottish Enterprise ostensibly has statutory powers in relation to product development and investment but envisages its role as being to support 70 tourism businesses out of the 20,000 such businesses in Scotland. We have been talking about Argyll and Bute; I guess that fewer than 10 of those 70 businesses are in the minister's constituency.

As we have revisited the matter, people have told us that they are optimistic about the quality assurance scheme that VisitScotland provides but are aware that inspectors are not currently tasked with growing, or resourced to grow, the product quality of the tourism offer. Leaving aside micro-businesses that are run as a hobby, we were pretty concerned to hear that a vast swathe of medium-sized family tourism businesses in Scotland, in places such as Argyll and Bute, which are critical to the quality positioning of the Scottish tourism product, get no support on product development, because that function has ostensibly moved to the business gateway or to local authorities as a result of the changes in Scottish Enterprise. I think that there is a widespread sense in the industry that local authorities bring no specialist expertise whatever to the area.

If we are to deliver what we are looking for, it is essential that we get VisitScotland closer to having the power and ability to drive the product quality agenda. Let us consider someone who runs a family business in Argyll and Bute—not as a hobby—and who is facing tough credit conditions and cannot get access to cash. All that VisitScotland can do for such a person currently is inspect their business or run a masterclass for them. They must go to Lochgilphead to find out whether the business gateway adviser on the end of the phone can help them to grow the business, and Scottish Enterprise tells them, 'We're not interested, because you're not one of the 70 businesses that we support.' The situation does not seem optimal and I am interested in what the minister and Philip Riddle think that we should do about it.

14:30

Jim Mather: You raise an important point. At the macro end of the equation—if I may start there—the fact that we have the strategic forum that brings together VisitScotland, Scottish Enterprise and Highlands and Islands Enterprise helps that process. In producing the documents that I mentioned earlier, the cohesion between VisitScotland and the enterprise agencies was very marked. Scottish Enterprise's proposition is also being launched at VisitScotland events.

Product quality is an important issue. I think that the Scottish Tourism Forum—that coalition of the willing—is showing an appetite to drive that forward. People are almost willing to say goodbye to the sleepy-valley bed and breakfast, guest house or hotel in order to get the right climate. At the tourism events that I have been involved in running—we will take further the event that we piloted in Argyll and Bute—we have been getting people in the room and asking them the key question, 'Once you have identified who your customers are, how would those customers define your purpose?' The whole exchange is about how we step up to achieve better quality, because there is an absolute understanding that, unless we do so, the quality inflation algorithm in successive visitors' heads will find us wanting. We need to be ahead of the game and to move forward.

Given that both Scottish Enterprise and VisitScotland have been mentioned, perhaps Eddie Brogan and Philip Riddle want to respond directly to the question.

Eddie Brogan (Scottish Enterprise): It is important to set the 70 account-managed businesses in the context of the wider programme of SE tourism support. We provide intensive one-to-one support to a limited number of businesses that are selected on the basis that they have the potential to have a disproportionate impact on the Scottish economy. In tourism, those tend to be the larger hotels, major attractions, major activity operators and so on. By working with those businesses, we believe that we can benefit not just those individual companies but the wider tourism economies that depend on them.

We are also trying to grow that number. Since we last gave evidence, the number of those key tourism businesses has increased to about 90. I am not sure where the figure of 20,000 tourism businesses comes from, but I suspect that that is a Scotland-wide figure. We are focused on the businesses in the Scottish Enterprise area, and HIE provides business support in its area.

Alongside that strand of our work, which is part of our generic account management programme for businesses across various sectors, is our tourism-specific business support programme. We

recognise that the industry comprises a large number of small businesses, so we provide a lot of group interventions that are based on giving support and advice to businesses in group sessions, workshops and other events and on providing tools and resources. Therefore, the account management that we provide needs to be seen alongside our full tourism innovation programme of workshops and funding support.

As the minister mentioned, we also work through tourism intelligence Scotland to provide tools and resources to very large numbers of businesses. The guides that he mentioned, such as 'Listening to our Visitors' and 'Knowing Our Markets ... Scotland's Visitors', have gone out to between 8,000 and 10,000 businesses. Those have had a wide-ranging impact.

We believe that a lot of the support in developing businesses comes from local collaborative working, whereby businesses work together and learn from one another. Therefore, a lot of our work is targeted at promoting collaboration. We put a lot of resources into supporting local tourism destination partnerships, in which businesses work together. Over and above the 70 businesses that have been mentioned, we support businesses through, for example, the St Andrews skills academy. With our support, such businesses work collectively to identify and meet training needs.

We are also working with large numbers of businesses through product-specific associations. For example, we work with the Scottish Association for Country Sports, the main trade bodies in golf and so on. We provide a wide range of support that goes beyond the 70 businesses that were referred to.

However, we are looking at how we can increase the number of businesses that we work with in more depth. In particular, we are picking up the tourism education and training task group's recommendations, which highlighted the importance of business leadership and management skills. Discussions are going on internally about how we can strengthen our support on business leadership and management to a wider range of companies.

Philip Riddle: It is absolutely crucial to recognise that a step change in growth is dependent on linking marketing, quality, skills and product development. We are aware that we need all the elements in place, but we need to keep reinforcing that point. No single element will take us up that ladder.

Wendy Alexander will be glad to know that the tourism framework for change, which brings together all those elements, is still very much alive; in fact, it has a new lease of life. The good

news is that, as part of that, we have a national investment plan that is progressing, which was discussed with the committee on a previous occasion. The plan is an important part of the TFFC that will help to bring the various elements together. Within that, there is the potential catalyst of a tourism investment bank. Work is being done to join the dots and to bring the different elements together, which, as Wendy Alexander rightly pointed out, is essential.

Rob Gibson (Highlands and Islands) (SNP): I want to take a small step back from the gateway stuff to ask about clarity of functions. It has been reported to us that there is still a myriad of overlapping initiatives and campaigns in the tourism industry that need to be rationalised, such as pride and passion, hospitality assured, Scotland food and drink and perfect day. The environment seems to remain cluttered by the range of public sector-funded initiatives and projects that exist. A year on from the committee's report, what is the minister doing to develop a less confused environment, given that the number of initiatives is still causing just as much confusion?

Jim Mather: There are two sides to that coin. One person's clutter is another person's animated marketing campaign that attracts attention, breathes fresh life and opportunity into the marketing proposition, and punctuates the seasons. The winter white campaign, in particular, is winning prizes, as are others.

When Tom Hunter held the event that he called the second enlightenment on 4 February 2007, he invited a young guy by the name of Simon Anholt to talk at it. Simon Anholt had a brilliant proposition. He said that people who have a brand cannot hang on to the coattails of their predecessors but must maintain that brand. He said that there was only one way to do that, which was to have an open-ended pipeline of new and interesting projects. Perhaps the issue is how we ensure that the process evolves and that the various campaigns have something fresh in them. However, I do not want to steal Philip Riddle's thunder, so I will get him to say a few words about that.

Philip Riddle: As the minister said, campaigns often seem to involve many parties. That can be a source of strength, but it can be a danger that we have to watch out for. The minister kindly mentioned that the winter white campaign is award winning. It won the best promotion award at this year's Scottish marketing awards, went on to win an award with the United Kingdom Institute of Sales Promotion and is now up for a European award.

Breadth of participation was an aspect of the winter white campaign that received recognition. We were in competition with, for example,

Kellogg's £5 million wake up to breakfast campaign, which members might have come across. It was quite a powerful campaign, but our £160,000 campaign beat it because it was recognised to have pulled in many different parties—other public sector parties, as well as private sector parties. People probably saw the campaign as not just a VisitScotland campaign, but as lots of parties in Scotland coming together around the winter white theme.

The process needs to be managed carefully. Having too many people involved in the same initiative can be a danger, but it can be seen as a strength if we manage that involvement properly and get it under one umbrella. The classic example of that is the year of homecoming campaign, the biggest strength of which has been to get all the different interests going in one direction. One might ask why we have not done that more often, but it is certainly proving to be highly effective at the moment.

Rob Gibson: Some of that work goes on year in, year out. Perhaps I should not have mentioned campaigns such as winter white and perfect day. Leaving those aside, there is still a plethora of organisations working in the same field. The Scottish Tourism Forum is increasingly seen as the industry body. Should we not be trying to match up some of those different parts of the promotion structure with the body that represents the practitioners?

Jim Mather: From what Philip Riddle said, I think that that is the direction of travel. It was the direction of travel with the winter white campaign and it is very much the direction of travel with homecoming, as part of which 300 separate major events are happening throughout the country, and lots of other people are piggybacking on it.

I strongly suspect that, as we come through 2009, we will see the industry beginning to wake up to Clive Geddes's comment that the idea of coming home can continue ad infinitum. As Simon Anholt's proposition suggests, we can keep homecoming fresh with a pipeline of new projects, but we can also keep it fresh knowing that anno Domini is in our favour. We can put to every successive generation that comes through the proposition that everyone must see Scotland, whether they are diaspora Scots, affinity Scots or people who are just waking up to the English-speaking nature of Scotland and the quality that is here.

Rob Gibson: I am tempted to go on to talk about data collection and provision, although that is further down our list of topics—I might come back to it.

Can the winter white campaign, as an operation, be measured against what happened before and

afterwards? Can it be compared with other campaigns? Data collection underpins your argument about the usefulness of the campaigns.

I want to home in on the specifics. We heard a bit about the business gateway. I was talking to the manager of the business gateway in Inverness at the weekend, and the number of inquiries that it receives has doubled since 1 April. In that period it has seen about 600 to 700 people, not all of whom have had redundancy cheques to invest. Many of them already have small businesses. Given that tourism is part of the small business backbone of the Highland economy, is there a move to try to get the quality advisers at VisitScotland to work directly—not at the top level, as you mentioned you have been doing, but at other levels—with the business gateway? Some people are concerned that the business gateway does not have people with tourism skills in its workforce.

Jim Mather: We plan to bring together what I call the greater business gateway community and get into the room the other players that can help businesses to get off the ground, such as banks, local accountants, lawyers, VisitScotland and, given its responsibility for the business gateway, local government.

The Sirolli Institute is running some notable experiments. I think that there are three in total—one in Perth, one in Dundee and one in Kintyre. Under the Sirolli model, 40 or so businesses come together in a community and mentor young businesses, ensuring that they have some funding from friends, family and the community so that there is a sense of obligation, and helping them to blend the team so that nobody is asked to develop, deliver, sell and administer a product on their own. That climate is in place.

Philip Riddle might want to say more, but I think that there is merit in your suggestion.

Philip Riddle: We certainly have that agenda. The quality advisers are taking more of a business advice role. They already have quite a heavy agenda when they make their visits, but the point has been registered, and they liaise with the business gateway in taking on that role.

We have worked in the area for some time, but under our new strategy for local marketing we are developing the role of tourist information centres. We might touch on those later, but we have a new category of local information centres, and one of their roles is to be places where the industry can come together and expertise can be passed on. We have started to hold evening functions in our information centres, not for visitors, although if they are there, that is great, but for local businesses to meet people—hopefully people from the business gateway, but certainly people from

the enterprise networks and VisitScotland—and discuss issues.

Eddie Brogan: The minister referred to the publication, 'Listening to our Visitors'. We ran a session in which we briefed VisitScotland's quality advisers on the publication, so that they could promote it to the businesses with which they work, because understanding customers is a key driver of quality.

14:45

Rob Gibson: Are you considering putting information centres at attractions such as Culloden in an attempt to achieve synergy? That is the intention behind bringing under one roof rural agencies such as Scottish Natural Heritage and the Forestry Commission Scotland.

Philip Riddle: The idea of local information centres is that they will be partnership information centres, so the possibility that you described is not only opened up but demanded. We envisage local centres working in partnership with council services and perhaps also visitor attractions. They might also work in partnership with businesses—commercial partners might want to operate them. Such an approach is essential to the model's viability.

Gavin Brown (Lothians) (Con): I am sorry to have arrived so late.

In the update that the minister provided to the committee a week or so ago, there is a reference to research that VisitScotland carried out in relation to the ambition to achieve 50 per cent growth. VisitScotland asked businesses:

'Have you incorporated the growth ambition into your strategic thinking and planning for your own business?'

We are told that 56 per cent answered yes. It is four years since the growth ambition was set out. Why have 44 per cent of businesses not incorporated the growth ambition into their strategic thinking and business plans?

Jim Mather: I put that down to autonomy in the sector. It was striking that it took me the best part of 21 months to get the sector in Argyll and Bute to come together. I am certainly prepared to work on the numbers, to get more than 56 per cent of businesses to align with the north star of increased sustainable growth.

Let us see what happens when more activity is rolled out at local authority area level. I think that there is an appetite for such activity, because after those 21 months of latency in Argyll and Bute we have made real progress. The Scottish local authorities economic development group wants to emulate our approach, which involved talking to communities and the industry, to get them to work

together more cohesively. We find that when we do that, an element of excitement is unleashed.

The Forestry Commission Scotland has been mentioned; we can add RSPB Scotland, Historic Scotland, the National Trust for Scotland, transport interests, food-and-drink interests, culture, heritage and the arts. When we start to bring sectors together, people will be more ambitious for growth and less happy to sit back and accept what happens, whether that is growth or flat-lining.

Gavin Brown: Will you ask the 44 per cent of businesses why they have not signed up to the growth ambition and report back to the committee on what can be done?

Jim Mather: That is a sensible proposal, which we can address in conjunction with the SLAED group. I suspect that tourism is important in pretty much every area of Scotland, as is the case in New Zealand. Indeed, tourism is probably much more important than people think that it is. When I have run sessions in, for example, Dunbartonshire and East Lothian, and we have had a mix of businesses in the room, I have been struck by how much tourism matters. I have no difficulty with your suggestion.

The Convener: Let us move on. Will you tell us about progress on the national tourism investment plan? When can we expect the plan to be published?

Jim Mather: I ask Philip Riddle to respond before I chip in, because he has fresh information.

Philip Riddle: A draft is already in circulation. We have held some industry seminars on the plan to take views in and we have also held seminars that have gone beyond the immediate industry. We have talked to the transport sector and we are talking to banks about financing.

We have identified key priorities, which are very much up there for challenge. One must accept that it will be difficult to get unity around the priorities, but we have key priorities in accommodation, in transport, in food and drink and in activities. Across the board, those priorities are being looked at, debated and quantified.

The investment bank, which is an adjunct to the plan, is also progressing. We will hold a workshop next week, which will be attended by someone from the European Investment Bank, someone from the Austrian tourism development bank and representatives from the clearing banks here in Scotland. The backdrop to that workshop will be an outline of the national investment plan to test the interest that there is in the type of investment that we might be able to attract, generate and stimulate.

The Convener: Can I follow up with the minister how the tourism investment bank fits into the wider

policies in relation to the Scottish investment bank?

Jim Mather: The tourism investment bank is somewhat downstream of the Scottish investment bank. However, the whole industry is coming together, and it is significant that we have now got the Scottish Tourism Forum involved in the idea, so there is a clear focus that can produce the progress that we need. We are looking to learn from other places, and the experience of Austria is very much to the fore. That will illuminate the policy as we go forward.

The Convener: I did not quite get from Philip Riddle's answer the target date when you expect the tourism investment plan to be published and become an active document.

Philip Riddle: We have deliberately not set a target date, because it is a dynamic thing; it is a little bit like a snowball that has to gather a bit of momentum. We have circulated a draft among businesses and our colleagues in the public sector. As it gains weight we will at some point probably put it on the internet rather than publish it, so that it can become an interactive document.

The Convener: The committee would welcome being included in the process at some point.

Jim Mather: Given that Scottish Enterprise has commissioned a detailed review of the Austrian tourism development bank, we will be able to feed that in.

Eddie Brogan: Initial findings have been fed back from that review of the situation in Austria, and we are working to get a final report on it shortly. There is obviously a different context, given the background of loan funding that emerged in Austria through the economic recovery programme that was put in place following the war, but we are looking at the similarities and differences with the Austrian situation to inform the discussions that Philip Riddle mentioned about the application of such a fund in Scotland.

I will add to the comments that have been made about the investment plan. It is important that we are all proposing a principle of industry leadership. Investment is one of the three strands that came out of the review of the tourism framework for change, the implementation of which is now being led by the industry through the new mechanism that the Scottish Tourism Forum is putting in place. We see the next phase of work on the tourism investment plan being engagement with industry through that mechanism to challenge and develop the plan, as Philip Riddle said. The plan currently reflects the views of the public sector and we want to transform it into something that has much wider ownership and buy-in from the industry.

Jim Mather: Philip Riddle has suggested that the committee might want to nominate a member, one of the clerks or the adviser to attend one of the steering group meetings.

The Convener: That might be of interest to the committee; we can look into it.

Philip Riddle: The workshop that is being held a week on Wednesday will be a good one. It would be great if someone would like to attend that.

The Convener: If someone can be spared from the Queen's dedication of the Parliament's 10th anniversary, I am sure that that would be of interest to the committee.

Stuart McMillan (West of Scotland) (SNP): The point about ease of investment seems a wee bit confusing to me, to be honest. As the minister will know, I have taken an interest in the sailing industry and what it brings to the Scottish economy. I have spoken to folk about that in recent months and one thing that has come up—it might be a small thing, but it is important—is whether the national tourism investment plan can be considered as a funding mechanism.

There are people who would like to have more slipways on the Clyde. That would benefit not just local tourism but local authorities and the Commonwealth games in 2014, and it would help the police and other rescue services in emergency situations. Tourism is not the major aspect of the proposal, but it is an important one. There are other sources of funding, but could the relevant bodies investigate getting funding from the investment plan to put extra slipways in place?

Jim Mather: That is an interesting proposition. I am conscious that land-locked Austria and Switzerland might not be the best source of information, albeit that they have some fine rivers and lakes.

On the ground, we are finding a lot of support from the Crown Estate, which has been doing a lot of work on the matter. I ask Philip Riddle and Eddie Brogan whether they have any other views that might help.

Philip Riddle: Marina development is certainly part of the national investment plan. It is mentioned specifically because we see potential in it. Eddie Brogan can comment on the research that has been done on the Clyde. However, integration is a crucial aspect. Mr Harvie and, to a certain extent, Ms Alexander touched on that. For tourism, it is not much good just having berths, or even just having a marina. Development must be done as part of a wider vision. The marina must also have the pub, the restaurant, the hotel, the chandlery, and good access. As well as financing, we can play a big role in encouraging the various parties to get that grouping together in order to

make the development viable. If it also fits in with wider social and community needs, that is all the better. Tourism in Scotland is very integrated with our way of life, so it should be integrated with what we do. That also improves the economics.

The proposal is absolutely the sort of thing that should be considered. It could well have quite a lot of potential.

Eddie Brogan: We have been working with partners and the industry on a Clyde sailing strategy. There is recognition of a market opportunity. A lot of English boat owners have expressed interest in moving their boats up to the Clyde, and we regard that as an economic and tourism development opportunity.

Scottish Enterprise is working with VisitScotland, Highlands and Islands Enterprise and, more important, the local tourism and sailing communities to develop a strategy for the development of sailing on the Clyde. As Philip Riddle suggested, the sailing experience is being considered holistically. We are examining not just the infrastructure and facilities that need to be in place but marketing, quality of service and the visitor facilities in general.

As I recall, we have approved funding for a new slipway at Largs, and we are also considering funding a sailing event in 2010, which will take advantage of that. Investment is taking place, but I agree that there is an opportunity, and we are trying to put some momentum behind that. We are also in the middle of a major piece of research on the market for sailing, through which we are trying to pin down the scale and nature of the opportunity. We are very supportive of that.

Stuart McMillan: Thank you. In general, marinas cater for a different market compared with slipways, which can be used by people who have their boat parked in their garden or on their driveway. Additional slipways would allow greater local tourism potential, which in my opinion would work towards helping the sailing industry as a whole. They would also encourage more local people to get out and about and spend their money in local communities. However, I could not agree more with the view that marinas and berths should not be developed independently. A cluster effect is essential.

15:00

Christopher Harvie: I have a tiny point to make. There is an iconic building associated with Clyde yachting that is probably the most useless building that has ever been built in Scotland: Inverkip power station chimney. Has anyone thought of giving that the Finnieston crane treatment and putting something on top of it? From the top, there would be a marvellous panorama of that bit of the

Clyde. Yachtsmen are endeared to the chimney because it is a tremendous landmark, but I have seen such things in Finland and Germany used to create viewpoints. The power station is doomed—indeed, I do not know whether it actually generated power—but it seems to me that something could be built on the top of the chimney to give people a tremendous panorama of the tail of the bank and down into the Clyde. I will leave that thought with the minister.

Jim Mather: As energy minister and the son of a former policeman from Inverkip, I am fascinated by the argument that people could get up there and see all the places where I used to play when I was a youngster, before things changed dramatically. In the current climate, that proposal will remain a bit of a pipe dream, but it is an interesting concept. It opens up people's minds and imaginations to all that wonderful country beside the Clyde—the name of the constituency involved will come to me eventually.

The Convener: I assure you, minister, that you would not get me up on to something that was built up there.

Do members have any more questions about investment?

Lewis Macdonald: I heard Philip Riddle's explanation for why there is no target date for publishing the tourism investment plan. Is there an expectation of when that plan is likely to see the light of day?

Philip Riddle: As I have said, it depends on which form we are talking about. Something is already in limited circulation, not because it is secret but because it is not in a form that we want to circulate too widely in the industry. Eddie Brogan referred to that. I cannot make a specific commitment as a date would have to be agreed in conjunction with our colleagues in the enterprise networks and the Government, but we will arrive at a date on which we will have a plan in a suitable form and give it to the committee. It will always be work in progress, but there should be a time when we can give you something that is worth challenging and talking about.

Lewis Macdonald: Thank you.

The Convener: I have one more question about investment. The availability of enough sufficiently trained planners in the planning system has arisen in the inquiry and in other inquiries that the committee has conducted. Is any progress being made in ensuring that all local authorities have an adequate number of planners? I suppose that they might have adequate numbers now by default because fewer planning applications are being submitted.

Jim Mather: There has been a big focus on that since way back into last year, when the chief planner, the Cabinet Secretary for Finance and Sustainable Growth, the Minister for Transport, Infrastructure and Climate Change and I spent a day with Convention of Scottish Local Authorities planners. That was our first meeting; it led to a further session in which we brought together COSLA, the statutory consultees and developers.

The message on the momentum of planning reform and building up the resource has been clearly understood. In the current respite, which is a function of the current climate, I expect to see things shaping up to be much more efficient and effective. We not only had a session with the planners in which they recognised that the system as it stands is bureaucratic and could be much more efficient; we had a subsequent session earlier this year in which the regulators and the regulated were in the same room at the same time. The regulators want to be enablers rather than compliance officers and policemen. There is a climate and a message out there that will only benefit from the committee's increasing the focus on them. I am grateful for that.

The Convener: We move on to education, training and skills.

Gavin Brown: The committee made strong recommendations a year ago regarding skills, education and training. They were some of the most powerful recommendations that we made because we had some incredible evidence from providers and those who need training. There was a clear disconnect between the two.

Last week, I picked up a copy of the report of the tourism education and training task group, which I think was led by Fiona Hyslop rather than the minister. One of its conclusions is:

'The current range of qualifications is not generally perceived as a problem by industry leaders'.

That statement is in complete contrast to what the committee found in its report a year ago. Is the minister in a position to explain how that conclusion was reached?

Jim Mather: I would struggle to do that without going back to sources and getting people together to have the debate, but I know that we have made significant progress in the past week. Perhaps Philip Riddle might offer some clarification; Richard Arnott might want to chip in, too.

Philip Riddle: I cannot comment directly on those conclusions, but it is widely accepted that there is a need for training—perhaps the point revolves around the word 'qualifications'—across the industry at all levels, especially in management. There is a gap in management training among staff coming into the industry. It is

about training, but it is also about incentives and attitudes. I am not sure why there should be a contradiction between what the committee found and what the task group concluded because I think that there is a fair unity of belief in the industry on the need for training.

Richard Arnott (Scottish Government Culture, External Affairs and Tourism Directorate): Eddie Brogan and I both sat on the task group. The industry was very much involved in it and was asked for its views, so that is where the conclusions came from. I cannot explain why a different set of views came to the committee, but the industry was involved all the way through the task group's discussions and the preparation of the report.

Gavin Brown: One of our recommendations was that the Government should engage with tourism providers and employers to dig down into the issue. The membership of the task group seems to have been extremely public sector heavy with only two or three people from the industry. Is that correct?

Richard Arnott: That is correct: I think that only three members of the group were from the industry. A mixture of education providers, universities and industry was on the group and, to try to make it not too big, there was an even number from each of the parties.

The Scottish Tourism Forum undertook quite an extensive survey of its members' views on qualifications and skills through its website. Those views were fed into the group.

Eddie Brogan: From my recollection, the task group agreed that there was a large number of qualifications but that most, if not all, of them fulfilled a need of some kind. There was a reluctance to do away with any too promptly, but it was agreed that there was a need for much better signposting of businesses and individuals to qualifications—a better explanation of which qualifications might be relevant for different kinds of business or different individuals.

There was slight confusion between there being too many qualifications and there being a lot. Certainly, the tone of the task group's discussion was that there were a lot, but its view, which the industry supported, was that most, if not all, of them existed for a reason and the main objective was to improve information and signposting.

Gavin Brown: I request in the strongest possible terms that the minister personally read the *Official Report* of the committee's evidence-taking session on that matter, because it was one of the best such sessions that I have seen. Perhaps the clerks can furnish him with the date of it. The message from industry to the committee was loud and clear: there are far too many

qualifications, many of which are of poor quality and no use, and the vast majority of which result in tiny numbers of people going into tourism. Huge amounts of money are spent on qualifications that do not help the industry.

I am concerned that a task group that brought together lots of training providers but only three people from the industry has sent a message to the Government that is in stark contrast with the committee's findings. In my view, the message is wrong. Will the minister commit to engaging with industry to give more consideration to the issue? I think that the committee called it right, so the group's report concerns me.

Jim Mather: I appreciate the heads-up on that. I am a great devotee of Tom Peters, who tells us to love our sceptics because they are the people who get us on to the straight and narrow and make us improve things. Perhaps we can get together and bring people into the fold.

Lewis Macdonald: Richard Arnott said that three people from the industry were on the task group. How many members of the group were not from the industry?

Richard Arnott: The annex to the report lists the group's members. Three education providers were represented: Scotland's Colleges, Universities Scotland and the Scottish Training Federation.

Lewis Macdonald: How many members were not from the tourism industry? I am trying to understand the dynamics of the group.

Richard Arnott: I guess that there were about 15 to 20 members altogether—the list is in annex A.

Lewis Macdonald: I see the list. The balance in the group between people who represented industry views and people who represented other views suggests that Gavin Brown's point is well founded.

Richard Arnott: There were five people from the industry and three from education providers.

Lewis Macdonald: That is interesting. The committee considered the hotel school model and made recommendations in that regard. When David Whitton was a member of the committee, he and I visited Macdonald Hotels, which is developing a school. Members of the committee who went to Austria also took a close interest in the idea. What progress has been made? There seem to be many different initiatives but no clear, single approach.

Jim Mather: Scottish Enterprise and the Scottish Government are funding a feasibility study on an industry-led proposal for an international tourism and hospitality leadership

school—that is the central focus in that regard. We welcome other initiatives from the private sector, which could develop and enhance the work that is going on.

Lewis Macdonald: Do you think that a range of initiatives can be productive, or will there be rationalisation of what has been proposed to you?

Jim Mather: When we are dealing with a complex area, in which there are many initiatives and many well-motivated people are working, it helps to get everyone in the room and have a good chat about things in as structured a way as possible. In such a climate, good dynamics can be created. If people can strike up an alliance, start a joint venture or support other initiatives, they are less liable to duplicate work. We want dialogue to continue. As I said to Gavin Brown, I am very comfortable with such an approach.

As I said, in my constituency it was initially hard to get people in the room. However, now that that has happened, we are on a roll for the long term because people are beginning to realise that there are advantages to be gained from getting together and widening the spectrum so that it goes beyond skills and training delivery and includes other people who help to enhance the product over the piece. The more that our tourism industry realises how multifaceted it is and how many other players can help to deliver the product, the more cohesion there will be, the better the sector will be and the less waste and duplication there will be.

Lewis Macdonald: As I read the report, it seemed to me that, although things are happening, I am not sure that 12 months on from the committee's report there is much difference on the ground.

15:15

Jim Mather: There will always be an element of latency. We are trying to galvanise a sector that is by definition made up of tens of thousands of individual businesses, so an element of hearts and minds is involved. I commented earlier on the value of the Scottish Tourism Forum's contribution to an industry-led initiative that is liable to generate more cohesion, trust and investment. If we can keep at that together, I am confident that positive chemistry will come through in the sector.

Lewis Macdonald: Will there be new modern apprenticeships in the tourism sector?

Jim Mather: That was announced last week.

Lewis Macdonald: And it is now confirmed?

Jim Mather: Yes.

The Convener: We will move on to technology, marketing and communication, and perhaps we

can relate those aspects to the events and the data collection issues.

Rob Gibson: I mentioned data collection earlier, and we discussed the fact that a standard means of evaluation is needed in the industry. There currently seems to be too much variety in the way in which different consultants provide us with information. The minister is moving the industry towards using the World Trade Organization model of evaluation. How does that pertain to homecoming in particular?

Jim Mather: The collection of the homecoming data has been pretty much a separate exercise, but there is a fundamental desire from the proactive people in the industry to follow up on the propositions in the 'Listening to our Visitors' document that Scottish Enterprise has introduced with the support of VisitScotland. I would rather focus on that side of things first, because it is very important. The document moves beyond the curled-up piece of paper in the bedroom that is never filled in and handed in at reception, or that is handed in but not read as assiduously as it might be.

The document is a phenomenal vehicle for training teams of staff in situ—in hotels, guest houses and restaurants—to ensure that focusing on customers and getting feedback becomes a way of life. People need to collect the information, and perhaps receive brownie points for collecting it in the recommended way so that the customers appreciate being asked. They can then sit down to utilise those data immediately, to find out what to do to provide a better, more memorable experience and better value so that people will come back.

That climate interests me a great deal and, beyond that, we can begin to examine the macro data with increased confidence. We need to ensure that everybody in the trade genuinely listens to customers and gets feedback. The message for my enterprise colleagues in other sectors is that we can all do that more assiduously. It is about returning to the era when I used to buy *The Dandy* and *The Beano*, and behind every shop counter there was a sign that said, 'The customer is always right'.

An important revolution is taking place at ground level. If we can get more businesses to follow the 'Listening to our Visitors' road map, we will get startlingly better results. VisitScotland and Scottish Enterprise will then be in the luxurious position of being able to identify the businesses that are doing it well, and they can broadcast that to encourage other businesses to take it up.

Rob Gibson: It has been put to us that the Irish tourism authorities collect information on tourism expenditure and activity diaries, which does not

rely on people remembering what they did six days or two weeks ago. How far has VisitScotland incorporated that process in its activity?

Jim Mather: I will ask Philip Riddle to answer that, because I am not totally familiar with it.

Philip Riddle: We regularly carry out tourism attitude surveys. We carry out the surveys when the visitors are here, so there is no time lag, and the surveys cover all aspects of their experience.

As the minister has said, we would love to extend such surveys and to get businesses more involved in data capture. However, systematic data capture is in place. It is up to date and is targeted at different markets every year. We do different country combinations every year for the tourism attitude surveys.

Assessing volume and value can be more difficult for us than it is for Ireland. Ireland is an island, so it is easier to count the number of visitors going in and out, and there is less dependency on the border that can be crossed by car. We regularly record the volume and value of visitors to Scotland, but there is a bit of a time lag in getting the information.

Rob Gibson: Are you saying that we cannot compare our statistics with those of Ireland, or with those of our other nearest competitors, because we measure things differently?

Jim Mather: That will always be the case, unless we have total convergence. I am not sure that we are yet convinced of the merit of slavishly following what others are doing. The grass-roots approach will have infinitely more merit. If we can get every bed and breakfast and every guest house to monitor its data and to address the issues that customers repeatedly raise, then people will be on a process of continuous improvement. Their service will be better and, as a result, their numbers will be better. If we can motivate the industry, I will be much more confident that the industry will help us to collect data.

Rob Gibson: That will be part of the day-to-day process, but what about events such as the year of homecoming? We are now several months into homecoming, but you have not really started to measure data. Were measurements taken last year to allow you to make a comparison? I am thinking, for example, of the number of tourists who visit a particular place, such as Speyside. Will measurements be taken afterwards? Are we being rigorous about that?

Jim Mather: We are being rigorous in focusing on the events. We started bullishly, and the numbers at the launch event in Dumfries greatly exceeded our expectations. We are seeing similar

success with whisky events, and we expect similar success with the gathering.

Philip Riddle: As the committee is probably aware, we will, in effect, be measuring at three levels. First, we will measure every funded event as it takes place, and we will have a report on the impact of about 200 of the 300 events. Secondly, we will measure the overall impact of homecoming. That will take some time—we will obviously not have the results till after the end of the year—but we have tendered for the work on the overall measurement, and we have awarded the contract.

Finally, we also regularly measure the media impact, and I can give the committee information on media exposure around the world. Up to the end of February 2009, the equivalent figure came in at £13 million. Obviously, we had nothing specific to compare that with, but it was ahead of expectations. The early indications were strong.

Lewis Macdonald: Many annual events have been rebranded as homecoming events this year. When evaluating the impact of homecoming, do you take into account the success of those events in previous years?

Jim Mather: Obviously, we can look at the numbers, but we are on shifting ground. We are running homecoming and seeking to evaluate it, but we are doing so during a recession. The most illuminating notional comparative data would be about what would have happened without homecoming. The issue is complex because the situation is dramatically different from that last year.

Lewis Macdonald: Surely the base for evaluating any event is considering what happened before the change was made, what happened when the change was made and what the difference was.

Jim Mather: That would be neat and tidy if homecoming were the only change, but the changes are dramatic—the global recession, currency changes and other events are having an effect. We might end up as beneficiaries if more stay-at-home Scots go to homecoming events because they are holidaying here rather than in the Mediterranean.

Lewis Macdonald: Other than simple numbers, do you have any assessment of or evaluation baseline for the homecoming events before they became homecoming events, as they were in 2008?

Jim Mather: We will have those data from the various organisers, and I have no doubt that the contractor will be able to make that comparison.

Lewis Macdonald: When did the active process of evaluating and monitoring homecoming begin?

Jim Mather: It began with the Dumfries launch event.

Lewis Macdonald: So the contract was let in time for that to—

Jim Mather: I am not sure when the contract was let—I will verify that.

Philip Riddle: The contract for the overall evaluation has just been let, but we started event-by-event evaluation when the events started and we started the media evaluation before the year began. The timing for each measurement strain is different.

Lewis Macdonald: Given the other changing circumstances that the minister described, it will be a challenge to make an evaluation that identifies the benefit of homecoming or what the deficit might have been without it. Did you take that challenge into account in designing the contract for the evaluation process that has just begun? If so, how?

Jim Mather: That is taken into account, but achieving a complete resolution is perhaps asking a bit much. We will understand clearly the impact on footfall and revenues in the 200 events that are involved. That will provide some clarity and an indication of what has happened.

Lewis Macdonald: I presume that you will assess whether you have achieved the objective of increased revenue as a result of homecoming that you described earlier this year by a straight comparison with the revenue from the same events last year.

Jim Mather: We will use that and any other input that comes forward. Even the media impact of £13 million is material, because that sells not only homecoming and tourism but Scotland. That gets the brand of Scotland across to many people throughout the world, which must be advantageous in its own right.

Lewis Macdonald: Is it fair to say that you will assess the baseline position and the homecoming position and that homecoming minus the baseline will equal the additional revenue?

Jim Mather: We will have something along that line or a variation on that theme. We will watch what comes forward with interest.

Lewis Macdonald: What do you mean by a variation?

Jim Mather: Let us see what we have. A statement will be made in the evaluation that will reflect the beneficial impact that the consultants believe has accrued from homecoming. I look forward to seeing that.

The Convener: I am conscious that time is running on and that the committee has other

important business to conduct, so I will raise another issue that is of concern to the committee. A few weeks ago, the committee was not convinced by evidence from a witness from Edinburgh's destination marketing organisation about that organisation's purpose, aims and objectives. I am interested to know the Government's view on destination marketing organisations. Are they a good idea? Is the organisation that is being established in Edinburgh a good idea? Might such organisations weaken promotion of Scotland and the destinations involved?

Jim Mather: We have had several conversations with people who are involved in destination management. Out at Norton House Hotel, we recently ran a session with the Scottish Tourism Forum, the Convention of Scottish Local Authorities, local authorities and VisitScotland, at which we found that there is an appetite for cohesion and for identifying what is done best at the centre—there is a great deal of that—and what can be done best locally, which is about the passion for and knowledge of areas and how that can best be conveyed.

15:30

We are on a journey of unfolding those synergies. More than anything, that process is helped by the open approach that VisitScotland has taken to having that debate and by assistance from the Scottish Tourism Forum. The industry-led initiative in the sector—which happens in every other sector—gives VisitScotland room to evolve and to take a role that is more strategically supportive of that which the industry is trying to do, while opening up space for local authorities and areas of Scotland where there is a real desire to leverage the sense of place. If I cast my mind back to the very first brainstorming session that we had with the tourism sector back in June 2007, one of the cries from the room that was pretty uniform and universal was about the desire to have a kind of appellation contrôlée approach to Scotland, with lots of individual parts that have a passionate sense of who they are and of how to sell and attract people to the area.

The key view that is coming through is that destination management that is strong at local level can strengthen Scotland's overall pulling power. It is interesting that, in running sessions with communities around Scotland, the clear view has been that people in those areas need to be as proactive as possible to market the magic of their area, but they must also be well aware that they can enhance visitors' experience by pushing them across the border to some of their neighbours and other parts of Scotland. We are seeing the potential for Scotland to play to its strengths

through local passion and knowledge, central services, marketing, data management and national brand building that attracts people to Scotland in the first instance. We are helping the industry deliver that, and we have strong support from the Scottish Tourism Forum to go down that path.

The Convener: One concern is that, to date, although the DMOs have industry involvement, most of them are funded largely by public sector funds, which in some cases are funds that previously went to VisitScotland. Is that the best use of public funds? I can understand that a partnership arrangement in which the industry and local authorities work together and are joint funders of the project might enhance and increase the overall pot, but the approach seems at present to be taking money from Peter and giving it to Paul in a way that is not necessarily helpful.

Jim Mather: We are keen to encourage debate to ensure that the approach is helpful and that the moneys that are spent go in the same direction and help everyone to achieve their goals. That is to a large extent why I have pioneered in Argyll and Bute the approach of bringing together at a summit towards the back end of the year all the sectors that have a strong tourism component. Tourism is the key sector that brings in business and showcases Argyll and Bute. During the summer, we will share what we are doing with as many local authorities as possible, to encourage them to take that approach, with the good offices of local personnel from VisitScotland, Scottish Enterprise and the Scottish local authority economic development group. Philip Riddle might want to expand on that.

Philip Riddle: I agree with the convener that there is a danger. We are in favour of destination management organisations, as we have said in the past. With the enterprise companies, we produced a guide to how we believe the organisations can best contribute to the overall landscape. However, the convener is right that one danger is that the funding is not incremental, but is simply passed round and does not necessarily all go in the same direction. There are also dangers of duplication. As the minister says, we must be alert to those dangers.

Eddie Brogan: We are heavily involved in destination partnerships with a view to promoting destination management. Our view, which the committee has heard from others and from our written evidence, is that the quality of the visitor experience will be fundamental to the success of Scottish tourism. For that to be right, different kinds of businesses and the public sector must make a co-ordinated effort by working in harmony at local level. That must be based on a clear understanding of their market and on co-ordination

of investment, whether it is public sector investment in the quality of the environment or in infrastructure, or private sector investment in hotels, catering and so on.

In our experience, a co-ordinated approach is very important in creating confidence for private sector investment. We did a tally of the investment in St Andrews over the period of our involvement there and found that it was about £246 million, much of which went into upgrading hotels and spas, and investment in new golf courses—there was major private sector investment. We believe that having the St Andrews world-class partnership in place, with a unified vision, a clear strategy and public sector investment from the local authority and our organisation for improving the quality of the environment, was critical in enabling and encouraging private sector investment. Our view is that the emphasis should therefore be on destination management.

The Convener: Rob Gibson wants to come in, but I have a final question first. Is it time to revisit the guidance on the appropriate role for DMOs, to which Philip Riddle referred? Perhaps there should be work with COSLA, the Scottish Tourism Forum, VisitScotland, Scottish Enterprise and HIE to reconsider the appropriate roles—I do not suggest that there should be restructuring—of VisitScotland, local authorities, DMOs and, obviously, the industry itself.

Eddie Brogan: We had a meeting in the spring with representatives from DMOs from across Scotland, which was run in conjunction with HIE and VisitScotland. We agreed at that meeting that we would work to put in place a joint policy of support for DMOs across SE, HIE, VisitScotland and the industry, taking account of the Scottish Tourism Forum's current consideration of area tourism partnerships and how they can be encouraged. The approach that we have just espoused is the approach in that guidance, which is based on a clear understanding of markets from good market intelligence. The business community will have legitimate ambitions to promote itself, particularly if it has made substantial investments in the product. However, our view, from discussion with VisitScotland, is that it is important that the promotion and marketing activity is appropriate and that it takes advantage of opportunities that VisitScotland offers.

Rob Gibson: The minister talked about a round-table discussion in Argyll with tourism providers and so on. Did that discussion include the National Trust for Scotland?

Jim Mather: It did. You will understand that Arduaine garden was at the forefront of our minds at that time. However, it was not a round-table discussion: we had theatre-style positioning in a room, whereby people talked in front of a big

screen about how we would work together. It may sound a bit utopian, but I believe that we had real cohesion in the room, with people beginning to be willing to work together. We had at the meeting not only the National Trust for Scotland but the Forestry Commission Scotland and various other players.

The key point is that we rarely have enough players in a room, so we must keep going back to ensure that we bring out everyone: culture, heritage, the arts, entertainment, food and drink, visitor attractions, golf courses, the transport community and so on. Through that kind of engagement, the big penny has dropped for me that all those fields are part of the visitor experience and that everyone is involved in tourism—it is everyone's business. There are 5.1 million people in Scotland who can make a visitor's holiday memorable or play a part in spoiling it. We all have to do a bit.

Rob Gibson: Given that Arduaine garden was saved, is the minister concerned about meeting the chair or chief executive of the NTS, because so many properties that are part of the national heritage need now to be cherished in order to increase the number of people who visit them? Have you met the chair of NTS?

Jim Mather: Absolutely. Not only have we been in a pretty much continuous dialogue with Kate Mavor and the chair of Project Scotland, we are now engaged in a very enthusiastic dialogue with the benefactor who stepped up to the Arduaine garden fund, and will host a visit to the Parliament early in September.

The Convener: I will not take advantage of my role as convener to complain that no such benefactor has come forward to help out with the Hill of Tarvit mansion house.

As members have no other questions, I thank the minister and his team for their attendance this afternoon—I was about to say 'this morning', because that is when we usually meet. I am sure that the committee is keen to keep this topic open and to get an update on certain issues in which progress has not been as quick as we might have liked. Some progress has been made, albeit slowly, on the investment bank and such like, and Gavin Brown raised some points about the skills agenda, to which we should return. If the committee agrees, we will come back to the Government for a follow-up.

Work Programme

15:41

The Convener: Item 2 is consideration of the draft remit for the banking inquiry and other issues arising from the committee's forward agenda.

The inquiry remit, which is set out in annex A of the briefing paper, reflects the discussion that we had on 3 June. Do members have comments or questions?

Ms Alexander: It has been a constant refrain of mine that we should have an expert adviser for this inquiry, so I am surprised that there is no such proposal in the briefing paper. I have done some digging into how the Treasury Select Committee went about its inquiry into UK financial services and have found that it was supported by a couple of expert advisers who would typically brief the committee before each evidence-taking session to ensure that members obtained maximum value from the sessions.

It seems to me that we need an adviser who can support us in two very different areas of expertise. For our generic look at employment levels in the financial services industry and Scotland's reputation as a financial centre, we need an academic such as Sheila Dow at the University of Stirling, who has been an expert on Scottish banking and finance for a long time now. I wonder whether Chris Harvie knows anyone else, but we should be thinking of someone of that ilk.

On the other hand, very topical matters such as the availability and cost of credit, the practicalities of restructuring and the impact of decisions that are being taken on small to medium-sized enterprise are really about the blood and guts of the behaviour of what are essentially two nationalised institutions. After all, in the past 24 hours alone, we have heard about remuneration packages for bank chairmen, the role of UK Trade & Investment and so on.

I just think that it is better to ask fewer and better questions with support from the right expert adviser than it is to ask a lot of questions blind and perhaps not get to the meat of the issue. The Treasury Select Committee had a lot of support which, although not necessarily visible, made it more effective and helped it to do a good job. We should consider the same approach instead of stumbling into this inquiry with a lot of anecdotal evidence from organisations such as chambers of commerce. I have spent a lot of time talking to the chamber of commerce in my area, and its view is that people are very anxious not to prejudice in any way their relationship with their present bank—or, indeed, any other bank that they might use in the future. As a result, any evidence that we

will receive will largely come from anonymous sources. In our attempts to pursue issues, we will simply not have in front of us those who are at the raw end of the market.

We have not only to persuade those on the supply side—in other words, those who work in the banking industry—to be transparent about their current lending practices, but to persuade executives to be candid about their restructuring plans. It seems that there has been no public transparency about such matters, and I feel that they will be very reluctant to expose themselves in that way.

In summary, it would also be valuable if we had a couple of insiders to help us with our task, and I am happy to leave it to the convener, the deputy convener and the clerks to consider the matter over the summer. All I will say is that, otherwise, the committee will risk being compared very unfavourably with colleagues in another place, who undertook a not-dissimilar task less than 12 months ago.

15:45

The Convener: It is for the committee to decide whether it wishes to ask for an adviser. If we do so, we have to agree to that as a committee; it cannot be left to the convener. We have to make various bids. I caution members that, in any event, it might be difficult to get everything in place before September. Therefore, we have some time to work on the remits. At our first meeting in September, when we decide how to take forward the inquiry, we can decide whether we need an adviser and whether we have to commission external research. We would probably not be able to get everything through the system much quicker than that. I am happy to submit a bid for an adviser if the committee thinks we need one.

Christopher Harvie: Last week, I went off to Guernsey as part of the Commonwealth Parliamentary Association delegation. Tom Burns, an academic from the University of Aberdeen who deals with business law, gave us a good paper on shadow banking, which has ominous consequences for banks in Scotland. The paper began with an admission by Tom Burns that, knowing that he was going to be tackling shadow banking and structure derivatives, he had looked up legal documentation on it and discovered that there is none. That shattering revelation governs how we ought to proceed. We are talking about something that has, in essence, been cooked up online. To understand how it took effect, it would be useful to get input from people who know about it. One such person would be Gillian Tett of the *Financial Times* whose book—oddly enough, it is called 'Fool's Gold'—is equally penetrating.

Ms Alexander: I think we are looking for a retired head of business banking from one of Scotland's three clearing banks. At the business in the Parliament conference last week, I talked to a couple of investment advisers who suggested one such individual, but whose name I do not have to hand. A retired head of banking from the Clydesdale Bank, the Royal Bank of Scotland or the Bank of Scotland would have the necessary knowledge of changing practices in relation to the cost and availability of credit. Perhaps the rules compel us to have only one person advising us. However, if we are to do the best possible job, we need the outside perspective of an academic as well as the inside perspective on cost and availability of credit—we will not get a current banker, but we could perhaps get someone who has been head of business banking in the immediate past.

The Convener: I understand the point that you are making. If the committee decides that we require academic research that is not available internally, we can commission it. However, that issue is separate from the appointment of an adviser. I am trying to be helpful. An adviser is there to help the committee set the remit of the inquiry and draft questions. Commissioning research and appointing an adviser are both possible, but are dealt with in slightly different ways. We do not need two advisers. We could commission academic research on a specific area if we decide that we require it, as well as appoint an adviser to help us with the inquiry, if necessary. It is for the committee to decide whether it wishes to appoint an adviser. If it does, we can ask the clerks to make some recommendations for us to consider at the first meeting after the recess; we certainly would not be able to have an adviser in place before then.

Lewis Macdonald: I share Wendy Alexander's concern. I am pleased with the remit, which is tight and clear; it does not cause me any difficulties. However, the terms of reference seem to be extensive, given that we are trying to conduct a short and focused inquiry in the period between September and Christmas. I cannot say which parts I would take out, but the focus seems to me to be quite wide. Perhaps that is necessary to meet the remit, but I am not certain that it is. The terms of reference have to be a little more focused if we are to conduct an inquiry quickly.

The convener suggested that an adviser could not be appointed before September. That creates a dilemma, if we want to get expert advice on how to focus the terms of reference. I would like us to get such advice.

The Convener: The committee can agree today to seek permission to appoint an adviser. If it does, we must go through the process, which

involves coming back to the committee with a shortlist of recommended candidates from which to choose. That could not happen until after the recess.

Ms Alexander: Because of the summer recess, can we delegate the choice of an adviser to the convener and deputy convener?

Stephen Imrie (Clerk): First, the committee is required to agree the principle of appointing an adviser. Secondly, the Parliamentary Bureau must agree to that, provided that the appointment is for up to 15 days at the standard rate. The curricula vitae of likely candidates are then presented to the committee. It is for the committee to decide which adviser to appoint—the task cannot be delegated to the convener or deputy convener or to a combination of the two and the clerk.

Ms Alexander: Is that in standing orders?

Stephen Imrie: Yes.

Ms Alexander: Is it not just convention?

The Convener: It is a procedure that is agreed for the appointment of advisers.

Ms Alexander: Fair enough, but there is a big difference in status between a procedure that is set out in standing orders and one that is just convention. The committee could say that, because of the urgency of the matter and the short timescale that is available, it is happy for the convener and deputy convener to choose who should do 15 days of consultancy work for us.

The Convener: From experience, it is fairly clear to me that the matter cannot be delegated.

Rob Gibson: There are several issues: the remit of the inquiry, the time that we are giving ourselves for it and the degree of expert advice that we may require. I find the remit challenging, but it would allow us to seek evidence from people from a wide range of sources. This morning I read in *The Herald* what the Commissioner for Competition, Neelie Kroes, has had to say. Her comments made me think that it is important that we ask a lot of people who affect our financial services to give evidence to us.

Once we have started to seek written evidence, which is to be submitted by the beginning of September, we will have some idea of the range of people who may be prepared to give oral evidence. I presume that those from whom we seek written evidence must include the Treasury, the Bank of England and a wide range of the Scottish business community on which we are focusing. It may be best for us to decide at that stage whether we need specific advice. However, that does not preclude our examining a list of potential advisers now and deciding in September whether we need an adviser of that sort.

Although we would like to finish the inquiry by Christmas, it relates to a large subject that may—like tourism and other issues—need to be revisited at a later date. If we want to arrive at interim conclusions, or a reasonable set of conclusions, by Christmas, I would be happy to consider a list of potential advisers, on the basis that we will look at the matter in September, once we have seen the written evidence that has been submitted. Part of the adviser's brief would be to work specifically on some of that evidence, rather than to help the committee to draw up its remit, which is the normal process. That would be a compromise, but it might allow us to address the points that Wendy Alexander makes about the need for us to obtain specific advice in certain areas. It would not preclude our seeking evidence from journalists and others. Let us see what we get.

The Convener: Do members agree to the proposed remit and terms of reference in annex A?

Members indicated agreement.

Lewis Macdonald: There is a typo in paragraph 8 of the terms of reference. Unless I have misread it, 'sector' should be replaced by 'centre'. That is the only error of substance.

The Convener: Do members agree to the change that Lewis Macdonald has proposed?

Members indicated agreement.

The Convener: Does the committee agree to propose the appointment of an adviser? Standing orders require that the appointment be made by the committee. We can agree not to go ahead with the appointment at a subsequent stage, but do members agree that we should identify potential advisers?

Members indicated agreement.

The Convener: That concludes the public part of the meeting. Before we move into private session, I thank all members for their support in the past year, since I took over convenership of the committee. It has been a challenging but enjoyable year. I look forward to continuing to work with members after the summer recess—provided that I remain in post.

15:55

Meeting continued in private until 18:03.

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