



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 12 September 2012



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**ECONOMY, ENERGY AND TOURISM COMMITTEE**  
**23<sup>rd</sup> Meeting 2012, Session 4**

**CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

**DEPUTY CONVENER**

\*John Wilson (Central Scotland) (SNP)

**COMMITTEE MEMBERS**

\*Chic Brodie (South Scotland) (SNP)

\*Rhoda Grant (Highlands and Islands) (Lab)

\*Patrick Harvie (Glasgow) (Green)

\*Angus MacDonald (Falkirk East) (SNP)

\*Mike MacKenzie (Highlands and Islands) (SNP)

\*Stuart McMillan (West Scotland) (SNP)

\*John Park (Mid Scotland and Fife) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Dr Mike Cantlay (VisitScotland)

Fergus Ewing (Minister for Energy, Enterprise and Tourism)

Malcolm Roughead (VisitScotland)

**CLERK TO THE COMMITTEE**

Douglas Wands

**LOCATION**

Committee Room 2



## Scottish Parliament

### Economy, Energy and Tourism Committee

*Wednesday 12 September 2012*

[The Convener *opened the meeting at 09:32*]

### Tourism (Winning Years Strategy)

**The Convener (Murdo Fraser):** Good morning, ladies and gentlemen. I welcome you to the Economy, Energy and Tourism Committee's 23rd meeting in 2012. I remind everyone to turn off all mobile phones and other electronic devices, please.

Agenda item 1 is the continuation of evidence in our inquiry into VisitScotland's winning years strategy. I welcome from VisitScotland our first panel of witnesses: Dr Mike Cantlay, who is the chair, and Malcolm Roughead, who is the chief executive. You are familiar faces to the committee and I thank you for coming. Before we ask questions, would you like to give an introduction?

**Dr Mike Cantlay (VisitScotland):** Yes. Good morning. I will give a brief introductory summary of the winning years, if that is helpful.

We are pleased to be here and we thank the committee for spending time on looking at the winning years. The invitation was to discuss the winning years strategy. From a purist economic development point of view, it is not really a strategy. The winning years are more a call to arms to industry, which emanates from the fact that the situation in tourism is tough and has been tough in Scotland and worldwide since the recession kicked off in 2007. If anything, it is getting tougher as we endure the second recessionary period, the euro situation, the weather and other features that are making the position really tough for many in the industry.

A key feature of the winning years is that they are about accepting that things are tough, but picking a handful of key themes, really focusing on them and, in so doing, we hope, helping the industry along. In a sense, the list of eight themes in the winning years is not a specific list; it is more about picking some obvious things and really going for them.

Of the eight themes, there are four in 2012, two of which we have already moved through—the jubilee and the Olympics. The year of creative Scotland is still rolling out. We are using that theme extensively in an up-weighted autumn campaign to help to elongate the season, now that

the rain is not pouring quite so furiously across Britain. "Brave" is phenomenal and is under way but, in many senses, as anyone in Disney will tell you, although it is a blockbuster and all the rest of it, that is just the beginning. "Brave" is a long-term project so, in many senses, 2013 will be as important a year for that as 2012 is.

For our ambitions for the winning years, 2013 is a really important year. Apart from anything else, everything that we see as we look forward to 2013 indicates that it will be a tough year. There is little light in the global economic tunnel so, as a consequence, we need to make the most of the year of natural Scotland, which is a fantastic theme. We aim to use the surprise yourself campaign and other United Kingdom tools to encourage staycations. In particular, there will be a focus on the Scots market and ensuring that Scots come out to enjoy natural Scotland and perhaps some new features of natural Scotland. That is a particular objective for 2013.

Then we will be into 2014, when Scotland will welcome the world with the homecoming, the Ryder cup and the Commonwealth games. We hope that the enthusiasm to take part in tourism in the broadest sense in 2013 will be a core feature in 2014.

In many senses, the winning years are not so much a strategy as, I suppose, blatant opportunism. Another key feature is that, although the winning years are about the eight themes, they are also about the legacy. They are not just about 2012, 2013 and 2014; they are about setting us up for the rest of the decade. They are about putting in place events, such as sporting events or, in business tourism, conferences and conventions, that will lead on from the winning years. In particular, the approach is about winning market share because, although things are tough in Scotland, they are tough, if not tougher, almost everywhere else. We therefore need to seize the opportunity to win market share from our competition.

On capital investment, amazingly, we have been building through this recessionary period. We now want to focus the minds of businesses and, in particular, local authorities on planning the next wave of tourism development. We want to get that process going, even if the building takes place a little further down the line. Banks come into that as well.

The real long-term win is to make tourism everyone's business, which was the point of my predecessor Peter Lederer. We hope that, through 2012, 2013 and 2014, Scots become involved in tourism as never before and appreciate its size and scale. It is a massive industry, against many spectrums. It is our largest industry. If we get tourism moving in the next year or two, it should

play a profound role in helping to move the Scottish economy forward. We think that we have the right tools and that tourism can be the tonic for the Scottish economy, but we need the confidence to go for that. That is what the winning years are about.

**The Convener:** Thank you, Dr Cantlay. I will kick off with the first question and then other members will come in.

We have had the initiative around “Brave”, which I took the family to see. They enjoyed it, and we saw the VisitScotland advert before the film came on. We also have the year of creative Scotland, which is on-going. It is clear that there has been a large investment of public funds in both those initiatives. I understand the point that you made about the lag before results, particularly from “Brave”, and we are only at the start of that period. Will you explain the process and timescale for evaluating the outcomes from that investment? When are we likely to get a sense of how successful the strategy has been and whether it has been value for money?

**Dr Cantlay:** Those are great questions for Malcolm Roughead.

**Malcolm Roughead (VisitScotland):** First, we measure all activity. We do that as a matter of course and because we have a responsibility to do so, as public money is involved. The process is exactly the same as it would be for any campaign that we run. The slight difference with “Brave”, for example, is that we can give immediate indicators from web traffic—from pass-throughs and referrals to participating businesses—that are all extremely positive. Our website has more than 1.5 million unique visitors and we can identify the markets from which they come. We have had more than 18,000 referrals to Scottish businesses. Do they convert that business? We need to follow that up with businesses.

**The Convener:** Can you link those referrals directly to the marketing campaign for “Brave”?

**Malcolm Roughead:** Absolutely—we can do that. We normally survey visitors—we have explained the methodology before—on whether VisitScotland’s activity influenced their decision to come to Scotland. That allows us to build up an economic model that shows the return on investment that we talk about. By and large, the average return is about £20 for every £1 that is invested. I see no reason why that would not be the case for the “Brave” campaign, which you mention.

The interesting point about film tourism is that it has a much longer-term effect. We have only to look at the rehashed Bond movies that are kicking around. Films tend to come back—that also applies to the Harry Potter stuff. Such effects are

well documented, but they are a little harder to measure directly five or six years down the line. In about June next year, we should be in a position to report on the economic benefit of the “Brave” campaign.

**Dr Cantlay:** I will add a point that might help and give some confidence and which I have made at a committee meeting previously. The methodology is common around the world. President Obama launched a \$200 million campaign in the States in anticipation of a \$4 billion return—that is the same basic 20:1 return. We all use similar approaches to the methodology, so the committee should be confident that we are following the methodology that is used around the world.

The bad news is that, at a time of recession around the world, many countries depend on tourism or view it as a highly significant industry. It has been well discussed that Governments have few tools to stimulate economies in periods such as the one that we have gone through. Investment that gets a 20:1 return for every Government pound is an obvious tool to use, and everyone around the world is on it. Marketing tourism has become much more competitive, because it works and is a sure-fire winner for many countries, if they have a well-constructed campaign.

The good news is that the activity works, but the bad news is that it is becoming more competitive. Even in the United Kingdom, it is becoming more competitive, as it is an obvious way to help to stimulate the economy. Because tourism is big in Scotland, because we have great tools and because we have a track record of researching our campaigns so that we get returns—which are often much bigger than 20:1—we believe that we should press on and sell hard, but the market is becoming more competitive.

09:45

**Stuart McMillan (West Scotland) (SNP):** What work have you been doing with the likes of the education authorities on the year of natural Scotland 2013 and how have you factored in the curriculum for excellence? I ask those questions as a parent of two young daughters. Any parent knows that young kids are very keen to say where they want to go and what they want to do. If you can get kids interested at a young age through school, there may be a spin-off effect whereby kids encourage their parents to take them outside and take them to events.

**Malcolm Roughead:** There has been exceptionally good cross-sector working. Scottish Natural Heritage is leading on the project, supported by VisitScotland and EventScotland. It has a programme for schools to get kids to

understand the national assets that they have in Scotland. A number of projects are in development that will build on John Muir day; that has not been widely celebrated until now, which has probably been remiss of us. They will offer the national parks a good opportunity to position themselves in people's psyches.

Likewise, we are talking to a number of operators such as CalMac Ferries and First ScotRail. That is all about getting families out to the more rural areas and the islands so that everyone can benefit from the focus on the year of natural Scotland. Of course, the great problem with the year of natural Scotland is that it is all-encompassing and covers a huge range of diversity. Diversity is always a wonderful strength, but it can be a big weakness if it is not managed properly. We are trying to focus on what will have the biggest impact, but that is not just incumbent upon us—every other organisation is able to pick that up and do its own thing. We have a growth fund for that, which people can tap into, so that local areas, local businesses, DMOs and sectoral interest groups can all participate in the year of natural Scotland.

**Dr Cantlay:** I have spoken to Mike Russell about a variety of options. I got into some trouble earlier last year by suggesting that it would be a good idea to give every young person in Scotland a ticket for a CalMac ferry when they leave school, and tell them to go out and see a Scottish island. Apparently it is not that easy, and I got a bit of a row from CalMac for suggesting that it was. However, we are looking at how we can encourage Scots—perhaps by using John Muir day.

On a wider basis, we could perhaps give schools a tool that would give every school pupil something that encourages them to go out and enjoy natural Scotland. We are talking to partner agencies and the private sector about how they can help facilitate that. We do not have a finalised plan, but we have the ambition and a lot of people are talking willingly about how we can put that together. When we next meet, I hope that we will be able to tell you with confidence that we have a scheme in place to touch every young person and ensure that they feel part of the year of natural Scotland.

**Stuart McMillan:** That is very helpful. Another point is that people do not have to travel very far from the central belt to get to rural parts of the country. From Glasgow, they have to travel for only 10 or 15 minutes before they reach what could be called the countryside. They do not have to travel for miles and miles and for hours to get there.

**Dr Cantlay:** The year of natural Scotland is not just about heading from the city to rural parts, if

you want to put it that way. The year of natural Scotland will be celebrated in all our cities. It is about food and drink and much more. We hope to be packaging that as we head into the year.

**Stuart McMillan:** My second question is about the year of homecoming—2014. As a west of Scotland MSP, I am keen to establish what opportunities you see for the west. Are there any particular areas that may not be fully developed yet that you think there is a market for?

**Malcolm Roughead:** There are two answers to that. I am not trying to be vague, but one answer is, "What does the west want?" Rather than looking at what we think the west should do, it is about the groups in that area coming together—as is the case for the rest of Scotland—and working out what they want to do, how that can be stimulated and how we can support them in doing that.

Personally, the biggest opportunity that stares me in the face when I look at your constituency is the custom house in Greenock. There is a perfect opportunity to create Scotland's Ellis Island there for the year of homecoming. My wife is a New Zealander and we have done the immigration thing and the ancestral thing. We know that her ancestors left from there, so what an opportunity it would be to bring people back into an area that is so fundamental in terms of Scotland's influence across the world.

**Stuart McMillan:** Have any discussions taken place between VisitScotland and the likes of the local authority or any other partner body to move that forward?

**Malcolm Roughead:** Not yet, no. We have a bit of work to do at this stage to get that particular local authority more engaged in tourism as a whole, but we are working on it.

**Dr Cantlay:** There is a focus on the Commonwealth games, but there is a wider point. Obviously, the Commonwealth games are for a specific period of time and they will be fabulous, but the games finish on 3 August, which is just at the start of the peak summer season for many businesses in the west of Scotland. Our objective is to use a combination of the Commonwealth games, the Ryder cup and the homecoming events, which will cross the whole of the year, to ensure that there really is a festival for the whole of the summer and that the homecoming activity is prevalent and busy in Glasgow, even though the Commonwealth games are under way.

**Stuart McMillan:** That is helpful, thank you.

**Rhoda Grant (Highlands and Islands) (Lab):** VisitScotland's remit is largely marketing, and you talked about how you can track that work and its success. How do you direct those people who

react to that marketing to the local businesses? You said that it was very much down to local businesses how they took that forward. How does reaction to marketing get channelled to local businesses and is there any way that you can monitor that further?

**Dr Cantlay:** One of the reasons why I was keen to apply to be chair of VisitScotland was that we had come a bit adrift from the days of the area tourist boards, when that would have been more obvious: businesses were members of their area tourist board, and there was an area tourist board for each area. There was a bit of a void when businesses were not too sure how to relate to the national body. There was a discussion about DMOs and what a DMO was—was it a destination management organisation or a destination marketing organisation?

Over the past two years, we have been saying that businesses coming together as a group—geographic or sectoral—is a good thing and we want to encourage that. At the end of the day, the bulk of that work is about defining the product. A geographic group needs to decide how it wants to define its product; for example, Fort William has decided that it will be the outdoor capital of the UK. Similar examples can be tracked around Scotland.

Geographic groups define their product. Our job is to take the product to market and to plug in those destination organisations and their work to the various marketing platforms. People would see an advert for the surprise yourself in Scotland campaign in the middle of “Coronation Street”, and a quick advert for the year of creative Scotland this year. Next year, they would see an advert for the year of natural Scotland. Underneath that is the gubbins that helps to convert people down into those areas. The more that we can encourage individual geographic areas and, indeed, sectoral groups to define their product, the easier it is for us to take the visitor on that journey.

That was the soft bit. Malcolm Roughead can provide more detail on how that works.

**Malcolm Roughead:** There are a number of layers. There is the surprise yourself in Scotland campaign, which is what VisitScotland does as a national campaign. That is often supported by local authorities, so there is a second tier, such as surprise yourself in the Highlands. In addition, working with the destination management organisations, sectoral groups or even just like-minded people with slightly broader interests, they are able to bring that down to, say, surprise yourself in Fort William.

There is a place for everybody in that structure, but it is all about rich content so that the channels that we use, be they print, digital or the website,

can have all that content. We can do only so much of that; that is why the engagement with local groups and local industry is positive, because they supply the particular content. In that way, we go through what we call a knowledge spectrum, which ranges from people having no knowledge—we give them the national picture—to their having an intimate knowledge about specific areas and particular things to see and do.

As I said, we use a range of channels. However, I like to think that we have evolved over the past three years to having a healthy working relationship with others. It could be better—all things can be—but we have moved a long way in terms of the relationship between the national agency and local businesses.

**Rhoda Grant:** That is interesting, but if someone sees the advert for the surprise yourself campaign while they are watching “Coronation Street”, how does that convert into a few nights’ stay in Fort William? That is what I am keen to find out. How do you channel such viewers to the people who are out there providing the service?

**Dr Cantlay:** I will start by explaining how we would catch them. For a while, we were seeing a lot in Scottish tourism of what we ourselves wanted. I live in Callander, so it would be about what Callander wanted, which is people coming to Callander. That is fine, but what does the consumer want? In the past two years, we have moved to focus on the consumer.

For example, if you see a VisitScotland surprise yourself advert in a London Underground station, you may look at it and think, “Well, that’s very nice. That’s very attractive.” That poster is in that specific Underground station because we know exactly who is in the station. It is in a specific position in the station because we know exactly where the people whom we want to target are standing and we know what they like and what they do. We know the kind of themes that will appeal to them. The poster might have been made in partnership with an airline or a rail company and it might say that the next stage of the journey is for people to have a look at a website.

Malcolm Roughead can explain how we get from there to a bed in Fort William.

**Malcolm Roughead:** That is where the offers come in. The industry populates the website, or whatever other mechanism is used, with special offers.

Mike Cantlay made a point about focusing on the consumer. I would be more than happy to expand on that in a separate session, because it is quite a long presentation. However, we are talking about a sophisticated segmentation model that has been built up over a number of years. That is supported by a database of about 7 million people

that VisitScotland is able to analyse and profile. As Mike Cantlay said, we know what people read, what they watch, where they go and the types of holiday that they take. We know what they are interested in—whether that is reading, walking the dog or whatever. That allows us to target media carefully and to ensure that the message is exactly what people want to hear. Why? Because we have a relationship with those people. We do not just capture them. We contact them between four and six times per annum.

It is a bit like the Tesco card or that other one, although I cannot remember what it is called. The Nectar card—that is it. You can tell that I have a Tesco card. People get offers based on their purchases and behaviour. Companies also use predictive modelling. For example, on Amazon, when someone buys a book, up pops another one that other people have been buying. That happens because, based on the person's behaviour, Amazon thinks that they will also like that book. That is exactly the approach to which we are moving. In tourism terms, it is one of the most sophisticated approaches in the world.

10:00

**Dr Cantlay:** The long and the short of it is that the consumer is getting lazy. Back in the days when every area tourist board had its guide, we would wait for people to tick a box and then send them the guide. Consumers just do not do that any more. Everyone thinks of marketing as being web based, with a website, but people are searching less because they do not need to. The digital media bases are coming at them. Tesco knows more about what people want than they know themselves. If a product that someone wants is not available, Tesco knows the product that they might like.

That is what the world of digital media is about and that is why visitscotland.com, which people might know as a website, is transforming into a digital media base that will, we hope, know more about the consumer's preferences than they do. We will listen to what consumers like and build up the information. Visitscotland.com, through apps, mobiles, Android and all the rest of it, will follow the visitor round the country and help to provide information as they go.

Information technology is driving a dramatic change in how visitors can be influenced. Visitors are doing less bench work at home and are relying more on modern IT. We are in the game of trying to harness that.

**Rhoda Grant:** Is there a way to use all the information that you collect to push people out into the more rural areas? Glasgow and Edinburgh are doing well, but can you use that information to see

where the softer targets are and to find people who might be willing to travel that bit further?

**Malcolm Roughead:** We can do that to an extent. Ultimately, they are still people and people are irrational. We can put everything in front of them but, ultimately, the choice is theirs. At the moment, we live in a deal culture. If someone is faced with two equal choices, they will often choose the price-driven or value-for-money-driven offer. We can give people the tools, but we do not own the product. It is down to the industry to ensure that it engages with us and uses the tools to its benefit.

**Dr Cantlay:** Next year is a crucial year, especially for the UK staycation market. That market has been strong because, when the recession came along, people started to holiday at home more than they had been doing, and they enjoyed it. People maybe went somewhere that they had not been before and thought that they might try it again. That market has built up over the years.

We have a great opportunity to get people to parts of Scotland that they have not seen. Next year, we will focus on the very close home market. We expect that Scots will staycation more than in some other years. We will work hard using the themes of the year of natural Scotland to encourage Scots to try a break in a part of Scotland that they do not know well.

The aim is to try to do exactly what Rhoda Grant suggests for some of what we might call the softer areas. There are many wonderful parts of Scotland—there are no poor products in Scotland—but many Scots will admit that they have never been to wonderful areas such as the Borders, the north-east corner around Morayshire and Aberdeenshire and the areas above Inverness and down into Dumfries and Galloway.

The idea about CalMac that I told you about came from a taxi ride to the airport, when I was on my way to one of the islands and the taxi driver said, "You know what, pal, I haven't been to any Scottish islands." How can someone live in Scotland all their life and not make it to one Scottish island? What a great opportunity to use the year of natural Scotland to get Scots to areas that would love to see them, because if they go once, they will go back.

**Chic Brodie (South Scotland) (SNP):** Tourism is an export industry and a lot of responsibility lies on your shoulders. VisitScotland is a very good marketing agency, but there is a disconnect somewhere between the marketing and the selling. The Scottish local authorities economic development group carried out a survey on the winning years campaign. SLAED asked:

"Does your local authority align its tourism activities with VisitScotland's 'Winning Years' campaigns?"

In response, 84.6 per cent of respondents said yes and 15.4 per cent said no. In response to the question,

"Do you find the 'Winning Years' campaigns useful?",

it was unsurprising that 84.6 per cent of respondents said yes and 15.4 per cent said no. However, in response to the crucial question,

"Do you feel the 'Winning Years' strategy is working for your local area?",

61 per cent said yes and 38.5 per cent said no. The people who said no said that there was a lack of push—I would say "sell". They thought that the thinking was

"too vague for their location"

and that there were basic problems with funding and organisation.

I heard what Dr Cantlay said about people in Scotland not visiting Scotland—those visits recycle internal money. I am interested in how we encourage local authorities to engage. Is the organisation right? Should you be more than a marketing organisation, so that everyone marches in step—almost—with the national strategy, while embellishing what they offer with reference to unique local opportunities? Is the organisation doing what it is supposed to do, or should we change it and give it more authority?

**Dr Cantlay:** Maybe I can answer your point by trying to explain the winning years concept, which is often regarded as being VisitScotland's. Malcolm Roughead and I are often invited to present to politicians and various groups, but perhaps my most awkward moment came at a meeting of the Scottish leaders forum, which is a large group of—mainly—chief executives from local authorities and other organisations. One of the tutorials was going really well until someone said, "The winning years campaign sounds great. We wish you well with it." I had to say, "Well, no. That is not what the winning years is about. We will do our bit, but when we look to the programme as a whole, every Government agency in Scotland must be part of it."

Apart from anything else—and to be brutal—given that roughly half the working populace of Scotland works in the public sector, we are relying on public sector leaders and chief executives to inspire their organisations, in whatever way they can, to take part. We are heading towards 2014, which is about Scotland welcoming the world. We have work to do, but the message must be that if we are to make the most of the winning years themes, every agency and business must look at what we have to see what they can make best use of.

**Malcolm Roughead:** The survey was interesting, because the respondents were saying, "I understand that what VisitScotland does has an economic benefit; I just think that the benefit is not to me—it must be over there somewhere." There is a fundamental issue about how we communicate with authorities to explain the benefits that accrue to them from tourism and the wider visitor economy. Thank you for making the observation, Mr Brodie. I will ensure that our internal team gets on the case.

**Chic Brodie:** It is not a criticism. My belief is that if you are running Scotland plc, you cannot do it by doing half a job and having the marketing element but not the operational element. Despite your great efforts, the operational element clearly is not working. In Ayrshire, three organisations push tourism. I am not saying that they do not try to push it in the same direction, but sometimes it looks as if they are not.

I am sorry to bore you with process and organisation, but can you explain your relationship with VisitBritain, with the tourism leadership group and with the Scottish Tourism Alliance? How in step are they—in particular VisitBritain? I applaud the statement that was issued yesterday—I would do, in the week that we start the cross-party group on aviation—on air passenger duty, visas, VAT and so on. Those are disincentives for people to travel anywhere.

**Dr Cantlay:** Gee whiz, your question covers loads of issues. Do you want us to cover visas and APD too?

**Chic Brodie:** No, I just applaud the statement on those.

**Dr Cantlay:** Perhaps we will come to that later.

I sit on the VisitBritain board on your behalf. VisitBritain is charged with selling Britain to the world. Scotland is unique in that we have the opportunity not so much to opt out but to be involved ourselves. We are actively involved internationally in Europe and North America and specifically focus on the emerging markets: India; Russia; China; and Brazil.

**Chic Brodie:** Sorry, but may I interrupt? Coming back to your point about the posters in tube stations advertising a staycation in the UK, are we doing the same thing under the VisitBritain umbrella in the airports and railway stations of Europe?

**Dr Cantlay:** The campaigns to which you refer are our campaigns. In other markets—VisitBritain was originally in 36 countries and the figure is now down to 21—we depended on VisitBritain's ability to take the lead in countries such as Japan, South Africa or New Zealand. We were still involved, but we relied on it to take the lead.

VisitBritain almost disappeared when the Westminster Government appeared; it was on the potential cut list. However, the Westminster Government decided that VisitBritain should lead in a campaign called “great”, which is linked to the Olympics and the 2012 initiative. The Westminster Government has put aside money for that. That campaign has been working for Scotland, but perhaps to a lesser extent than our campaigns. VisitBritain has been evolving and is about to evolve again. We understand that the “great” campaign will continue, but VisitBritain is looking at how it will continue and at how it can best serve all parts of Britain.

On top of that, curiously, underneath VisitBritain is VisitEngland, which has effectively been an arm’s-length element of VisitBritain. The Westminster Government has encouraged VisitEngland to take a lead in looking at the staycation market, so that is a new feature.

VisitBritain sells on Scotland’s behalf. It is a great help to us in certain countries where we do not have reach. We have very few staff working outwith Scotland, whereas VisitBritain has 21 offices around the world, so that is a great base for us to work from. The Olympics has created a phenomenon that has changed VisitBritain’s approach a bit.

**Chic Brodie:** I will follow up on the export element. I will move away from VisitBritain—we can perhaps come back to the Scottish Tourism Alliance shortly. A gentleman who has just travelled around the distilleries of Scotland is now opening 300 shops selling malt whisky in China. I believe that golf in China is growing, with a 22 per cent increase in players per annum—I do not know whether that is the right figure. What relationship do you have with other associations that are interested in export activity, such as the Scotch Whisky Association? Can you tie golf to whisky—beyond the Johnnie Walker championship? Can you tie the interest in golf with the interest in whisky?

10:15

**Malcolm Roughead:** The short answer is yes. We have a programme that involves specialist agents—Scots agents—who are based not just in China but in global locations. We were one of the first tourism organisations to be in China. The biggest issue is not what we have to sell, as we have lots to sell and lots in which the Chinese are interested. The issues relate to visas and access, to which you referred. The one thing that people will not do is go through three or four hubs to get here, because they have plenty of other choices. That is the competitive situation. If we want to grow such markets, we must address those barriers.

It is early days for the Scottish Tourism Alliance. Along with Scottish Enterprise and Highlands and Islands Enterprise, we have supported the alliance in getting on its feet. We believe firmly that a strong industry body is essential.

The alliance produced a new strategy just recently, into which we had input, as you would imagine—that relates to your point about alignment. Stephen Leckie is invited to VisitScotland board meetings so that we get an industry view on the decisions that we want to take. We can also use that as a sense check for our activities.

We must encourage and help the alliance, which is necessary. I am encouraged by its progress so far.

**The Convener:** I will return to Chic Brodie’s question about leadership in the industry. If you followed our evidence session last week, you will know that that theme emerged then.

A few years back, VisitScotland—or the Scottish Tourist Board, as it was—was a membership organisation. The changes that have happened in the past decade or so have altered its focus a bit. Tourism businesses cannot join the organisation, which is much more focused on marketing. To be fair, the feedback is that you do that pretty well. Has that change left a gap? Now that VisitScotland has shifted its focus from being an umbrella organisation for the industry to being a marketing organisation, is enough leadership being provided in the industry?

**Malcolm Roughead:** VisitScotland was never a membership organisation; the area tourist boards were membership organisations. People confuse joining the quality assurance scheme with membership. What I describe has always been the case in my time—from 2001—but I do not know about the position back in the 1990s. VisitScotland was established as a marketing organisation.

Your point about leadership is good. Leadership is not always about doing things; it is about influencing things. That is where Mike Cantlay and the board are taking the organisation. They have encouraged me and my team to get much more involved in marketing in the broader sense rather than there being a narrow focus on advertising and promotion.

Quality is about marketing—it is fundamental. IT is about marketing, because it is about communications. Believe it or not, planning is about marketing, because it concerns product development. As we are encouraged to take the wider role, it is important that we work hand in hand with all the other bodies that perhaps represent interests more directly.

**Dr Cantlay:** A crucial point is that we are here to deliver for industry—that is VisitScotland's job. We are an economic development agency that is here to deliver for industry. When the industry was unsure—as it probably was for a period—whether we were delivering for it, that was a major issue that we had to resolve. There is more comfort now because industry groups are getting together and are better able to define themselves. I am delighted that the Scottish Tourism Alliance is coming together, and I know that the committee met the British Hospitality Association last week, which is great.

Inevitably there are a lot of groups in Scotland, such as the Confederation of British Industry Scotland, the Scottish Council for Development and Industry, the Scottish Chambers of Commerce and the Institute of Directors. At the last count, there were almost 300 destination organisations throughout Scotland. Some consolidation is needed, and we would encourage that where it is appropriate.

We are on a journey. With so many groups, the challenge for us is that the relationship might be going really well and then something blows up. However, over time the groups are becoming more competent and appreciative of the world today.

I will look back for a minute at the world of area tourist boards, as they were then. I was a director—and a huge fan—of Argyll, the Isles, Loch Lomond, Stirling and the Trossachs Tourist Board. However, that framework would never survive in the current climate: such a quasi public-private local authority-led approach would be quite unique today, as the world has moved on.

I have another important point—although I say this not in any way to demean some of the smaller businesses, because the point, in particular of the area tourist boards, is to give every business a voice. As a maxim—I cannot give you chapter and verse on this, but it is a vague notion—tourism is roughly an £11 billion industry, and 200 of the global businesses, such as hotel and travel companies, that play in Scotland account for about half of that turnover. Funnily enough, one of the greatest opportunities that we gain from being involved in VisitBritain is the ability to speak to some of those companies that are not very active in Scotland. They may have businesses in Scotland but they are headquartered in London, which tends to be the point where the world of tourism, travel and leisure comes together—for example, the World Travel Market is held in London in November every year. It is absolutely crucial that we access and work with those businesses.

**Mike MacKenzie (Highlands and Islands) (SNP):** We heard earlier that for every £1 that you

spend, there is about £20 of general tourism take, which is a very impressive result. Given that you know—I would imagine—what your budget will be over the next few years and what your expenditure for the winning years campaign is likely to be, it should be possible to estimate roughly the overall tourism take as a result of that expenditure.

Your economic model sounds very sophisticated. Using that model, can you estimate what the financial effect would be on the industry in general if we were able to reduce VAT on tourism to the European Union average, reduce APD and smooth the process by which people, including those coming from the BRICS countries—Brazil, Russia, India, China and South Africa—are able to obtain visas? Can you put a figure on that? You can just round up or down to the nearest billion.

**Dr Cantlay:** Well—

**The Convener:** Just to the nearest billion.

**Dr Cantlay:** Okay. The safe ground for us would involve looking at what has happened elsewhere. I will not bore you with statistics right now, but there are well-cited examples of what goes on elsewhere. We are one of only 14 EU countries that apply the full rate of VAT on restaurant meals; the average for the rest of the EU is 8.8 per cent, not 20 per cent. We have the second highest rate of VAT on accommodation in Europe; the average for the rest of Europe is 10.3 per cent, not 20 per cent. We have a VAT reclaim scheme for certain products, but I challenge anyone to try to use it, as it is the most arduous system. One occasionally sees a phone in airports that visitors have to use when they put in their forms. We do not make the process particularly easy for the visitor.

For us, however, by far the most worrying issue on our desk at present is to do with APD. VAT is a fairly complex phenomenon for visitors to work through, but airlines specifically highlight British APD and say, "Here is the fare—do not blame us." APD differs wildly from country to country. The British Hospitality Association might have presented this issue to the committee at last week's meeting, so I apologise if I am bringing it up again, but a family of two adults and two children travelling premium economy class from Australia to the UK would pay £736 in APD. As an alternative, if they flew to Dublin or Ireland, they would pay €3 each in and €3 each out.

As the committee probably knows, there was an agreement to change the Northern Ireland APD because Northern Ireland had become so uncompetitive. The levy is now £12 for economy passengers and £24 for business passengers, in and out of Northern Ireland. The point is that, if someone is deciding whether to go to Ireland or Scotland and there is a tax of several hundred

pounds just to get here, that is a hurdle that we do not need. Inbound APD is not about austerity; it is lunacy.

**Mike MacKenzie:** Forgive me, but although you have given me some statistics, you did not have a stab at answering the question. In global terms, if VAT was reduced to the EU average of 8 per cent or thereabouts and the same happened with APD, what kind of stimulus effect would that have?

**Dr Cantlay:** Malcolm Roughead wrote an article on that in *The Herald* this week, so he is best placed to have a go at answering that.

**Malcolm Roughead:** It is a difficult one to answer, because Mike MacKenzie is absolutely right that if revenue streams are taken out, we need to stimulate the economy and put more back in. The issue is very much about price sensitivity. The Treasury has a model, which I am delighted to say it has opened up to the BHA, which Mike Cantlay mentioned. The BHA is working with the Treasury to look at possible scenarios. Obviously, the proof is in the pudding, but the BHA, with which we are working closely, will come back with options and scenarios that we will then consider. Unfortunately, that is a UK Treasury model, so we do not have access to it.

**Mike MacKenzie:** No doubt you will be familiar with the economic or fiscal phenomenon that is described by the Laffer curve: if taxation is reduced, the overall tax take rises. Might that apply in this situation?

**Dr Cantlay:** That definitely applies in this situation.

**Mike MacKenzie:** It definitely applies?

**Dr Cantlay:** Yes. It depends on the specific tax, but there is chapter and verse on that. For instance, Holland introduced an APD charge and had to scrap it after a year because there was an immediate difference. The British Hospitality Association has pulled together all kinds of information on the massive gain for certain countries when they reduce tax. France is a classic example of that, but there are other good examples.

On overall targets, which we have talked about, the Scottish Tourism Alliance has come up with new ambitions. The minister has charged us with looking at the industry's ambitions for the way forward and considering how Government needs to respond, which is one reason why we have invited Stephen Leckie to become an observer on the board. In doing that, we will consider the impact of taxation such as VAT and APD and of visas. The classic example of the need for change relates to China. If we had, for China, the kind of adjustment to the visa system that we had in relation to Taiwan, the impact would be massive.

We will look at that and report back. No doubt the committee will ask us about the issue.

10:30

**Mike MacKenzie:** One of my big frustrations as I travel around the Highlands and Islands region and other parts of Scotland is that the 3G coverage is very patchy. I commend you, as I regularly get e-mails from you that tempt me to go on holiday in different parts of Scotland and that is terrific, but it is unfortunate that as soon as I embark on a journey, I am cut off in effect. Are you doing any lobbying—

**The Convener:** That is a positive thing about being on holiday.

**Mike MacKenzie:** Yes, but I know from talking to tourists from abroad that they are often disappointed because they expect to be able to find out things when they get here. They expect to pull out a mobile device and decide what they will do on that day and how they will get there, but they simply cannot do that.

**Dr Cantlay:** As we go forward, [visitscotland.com](http://visitscotland.com) will be a digital media platform that geomaps. It will give people great examples of what to do from knowing where they are, but it will need to know where they are, so it depends on our telephony sophistication. Our ambition is that broadband will continue to be rolled out and we will rely on you folks to switch off your phones when you want to break away rather than rely on there being no signal.

**Mike MacKenzie:** Is it therefore critical that when the United Kingdom Government rolls out 4G, it ensures that there is good and proper coverage throughout the country?

**Malcolm Roughead:** Absolutely. We are working closely with HIE on the roll-out in the Highlands, and I put forward the case while talking to BT recently for using tourism as a pilot more around e-commerce. Connectivity is not just about information; it is also about trading. If we cannot do that in this country, we will get left well behind. If we consider the e-commerce in other countries around the world, we will see that we are not in a good place.

**The Convener:** I am sure that Patrick Harvie is bursting to come in on APD.

**Patrick Harvie (Glasgow) (Green):** That might be slightly overstating it, but I do want to pick up on air passenger duty and the other measures that you have sought to use to stimulate the number of visitors. I will leave aside debates about the Laffer curve and the wisdom of getting into spirals of tax competition, as I suspect that we would be here all day if we got into them. Is your position on the use of such measures to stimulate demand an

expression of Government policy or simply the opinion of your agency?

**Dr Cantlay:** We are drawing on the experience of European Governments of reducing VAT and APD as a stimulus.

**Patrick Harvie:** You are not claiming that that is current Scottish Government policy.

**Dr Cantlay:** You will have a minister here shortly whom you will no doubt ask about that.

**Patrick Harvie:** We can explore that issue.

**Dr Cantlay:** To be fair, VisitBritain, as a department of the Westminster Government, has also highlighted the experiences of other parts of Europe of the combination of visa taxes, VAT and APD, and of how reducing them within certain thresholds makes a substantial difference.

**Patrick Harvie:** If a Government agency advocated a policy that the Government has not adopted yet, that would seem a little odd, but perhaps we will explore that issue with the minister.

**Dr Cantlay:** I bet you will.

**Patrick Harvie:** What have you done to examine how compatible the level of demand that you would like to stimulate is with the legally binding climate change targets?

**Malcolm Roughead:** We have not gone that far yet. The whole area of carbon emissions is quite interesting, and obviously there are various bodies with various views on it. We are stating what we see and how we, with our role of developing tourism growth in Scotland, think that that can be done. That is why we have talked about APD and all the other issues. It would be remiss of us not to point out the opportunities that exist.

**Patrick Harvie:** I understand that, but you are a public body with duties under the Climate Change (Scotland) Act 2009 and it seems to me that before advocating this policy you would find out whether it was compatible with legally binding targets.

**Malcolm Roughead:** There are minds more scientific than ours that will help us to have a look at that, but I think that it is also about—

**Patrick Harvie:** So you intend to commission that work.

**Malcolm Roughead:** We will talk to the people who can give us that guidance.

**The Convener:** We are already behind schedule, as is always the way when we have interesting witnesses. However, three more members have questions.

**John Park (Mid Scotland and Fife) (Lab):**

There has been no real mention in this session of the people who work in the industry, so I am interested to hear your views on existing skill levels and to hear what your organisation is doing to engage with the various agencies that promote skills development in the tourism sector.

**Dr Cantlay:** Malcolm Roughead will provide a specific answer, but I have to say, as chair of VisitScotland, that it horrifies me to see so many Scots not in work, given that there are, despite the challenging economy, many jobs in hospitality out there. I am determined that we use the concept of the winning years to do something about that.

One of the softer elements—which I think is nonetheless important—is to get Scots, and particularly young Scots, out enjoying natural Scotland and seeing it and some of the tourism provision at first hand. There are wonderful jobs available in Scotland and we need to do more to encourage and inspire young people. With the range of opportunities and tools that we have, and with the Commonwealth games and the Ryder cup coming up—we saw the excitement from the Olympic games—there are opportunities that we want to exploit. Malcolm will talk specifically about the agencies.

**Malcolm Roughead:** We have worked with Skills Development Scotland and there are many training schemes out there. A lot of them are directly related to tourism and some are indirectly related. It is sometimes just about getting your head around all of them and trying to bring them together.

My personal view is that one can have a career in tourism but, unfortunately, in many quarters it is seen as a last resort for jobs. In tourism, we need IT skills, sales skills and general management skills. Such skills are transferable and allow people to develop careers in and outwith Scotland and to come back to Scotland. We need to get that across more, and to reach out into schools and colleges to give people that information. In that regard, I commend SDS on its “My World of Work” web facility, which is a fantastic tool. The tourism industry needs to grasp such opportunities and to get out there and talk to people and make tourism an industry that they want to get into.

**John Park:** I note that First ScotRail was involved in your winning years round-table event. From my engagement with that company, I understand that it sees its customer service apprenticeship as an element of Scotland’s tourism strategy, because it is about the service that people get when they go on a train. Do you think that companies that have such a big footprint in Scotland have a role in helping some of the smaller organisations and companies here that would benefit from their wider capacity?

**Malcolm Roughead:** The De Vere Academy of Hospitality academies down south are a good model in that regard. There are none up here at the moment, but the academies take kids from pretty deprived backgrounds and turn them into people with a future and prospects. They have a high success rate in getting people through the system. The De Vere company itself does not take the majority of kids who go through; they are instead pushed out into the industry so that other businesses have a ready-made stream of qualified kids coming on to the market.

Organisations might do such work as part of their corporate social responsibility strategy or from some other motive. It does not matter why—the point is that it works. If we have experts who can do that, why cannot we harness that and use it for the benefit of all? I agree that we should consider doing that in Scotland.

**Dr Cantlay:** Just to scare you folks, I must tell you about one of the initiatives that we are considering. We have loads of courses and initiatives, and this one is all about inspiration: we are hunting for MSPs who have been involved in the industry and who would be happy to tell their story. If you come upon any, you will need to tell us.

**John Park:** I have not been to a Scottish island, unless you include Inchcolm in the Firth of Forth.

**The Convener:** I thought that you had been to Burntisland.

**John Park:** Yeah, convener, but that is not technically an island. [*Laughter.*]

**The Convener:** Just for the record, I knew that. We will look forward to seeing whether there are any volunteers for that initiative.

**John Wilson (Central Scotland) (SNP):** Good morning, everyone. The 20:1 ratio on the return on Government investment sounds fantastic, but is that just the measure of the Government's investment in tourism marketing or is it the return on the investment in marketing that is made by all the agencies involved, including Highlands and Islands Enterprise and the 250 tourism organisations that we heard about in last week's evidence? Is it based purely on what VisitScotland, Creative Scotland and whoever else at Government level are spending, or does it encompass everything that is being spent? How do we measure that ratio? You—and Chic Brodie—have referred to the SLAED report, which highlights the fact that a number of local authorities are doing their own tourism marketing outwith VisitScotland's marketing strategy.

**Dr Cantlay:** I can see that Malcolm Roughead is dying to get in, so I will shut up in a minute. I will simply note that the 20:1 return is the world-wide

industry standard for good consumer-focused marketing. Such marketing has to be embedded in consumer research, because you will never be able to convert properly if you do not understand the customer or know the tools for conversion. The maxim is that no business or public agency can simply throw marketing money at tourism and expect such a return.

Of course, it does not need to be only VisitScotland that carries out good marketing. Very often, we join up with private and public sector partners to achieve those levels and more.

**Malcolm Roughead:** This is about measuring VisitScotland's spend, and not that of HIE or Scottish Enterprise. I am sure that those organisations will be able to talk you through their own methodologies and measurements. In any case, they tend to look at gross value added, while we are talking more about additionality—in other words, the money that people would not have spent had they not come into contact with the activity that we generate.

**John Wilson:** I am simply trying to clarify the issue because various bodies and organisations out there are spending a lot of money on trying to attract tourists and we want to be able to compare accurately VisitScotland's spend with that of other organisations and find out who is claiming the credit for the income in order to ensure that no double or triple accounting is going on. After all, the money that is spent by HIE and Scottish Enterprise also comes from the Government, so I want to try to work out whether we are getting a good return—indeed, the best return—on Government investment in various strategies.

The market is certainly competitive. You have already mentioned VisitEngland, for example, and I know that VisitIreland regularly advertises. If you go on the London underground, which was mentioned earlier, you will see advertisements for every tourism organisation in the UK and beyond on the billboards. Do we know whether VisitScotland's marketing is doing better than—or is at least comparable with—the marketing that is carried out by Fáilte Ireland, VisitEngland or Visit Wales?

**Malcolm Roughead:** We have what we call a brand tracker, which takes place four times a year. It benchmarks us against domestic competitors, including Fáilte Ireland. It is not quite as straightforward as saying, "Are we doing better than them?" In some areas we are and in some areas we are on a level playing field. Benchmarking tends to be generally around the brand itself, so there will be some areas where Ireland is perhaps seen as a stronger proposition than Scotland. However, in other areas such as adventure sports and outdoor activities, Scotland is miles ahead of the rest of the UK. It really

depends on what we are measuring, but that whole suite of measures allows us to focus on our strengths and to consider how we address some of the weaknesses in the overall proposition. That has been going on for a number of years, so we have a pretty good picture of how we compare with the rest.

10:45

**Dr Cantlay:** Malcolm Roughead is being modest; he has been the driver of the marketing machine for the past 10 years. If we go through the various campaigns and the team that he has pulled together, they stand against anything anywhere in the world, in terms of the campaign reach—even on the difficult campaigns that they undertake. He was not going to say that. The team is very good at targeted campaigns and it wins all its awards because it is able to achieve that, so you should have confidence in what Malcolm and his team do.

The principal tool of that success is that they build on the knowledge base year on year. Very often in marketing, people get so far and then somebody new appears with new ideas and off they go. What we are doing today in terms of marketing Scotland is accumulation of the knowledge that we have built up over 10 years about what works.

**John Wilson:** Just to move on slightly, tourism is a much wider issue than just attracting people here to stay in hotels and eat in restaurants.

**Dr Cantlay:** Yes.

**John Wilson:** I will not go into the airport issues and the flight issues—I am sure that one of the other committee members will take that up. However, I will go into the issue of transport around Scotland. I was interested, Dr Cantlay, that when you were travelling in a taxi to the airport to fly to one of the islands, you were speaking to the taxi driver about CalMac, although you were not getting the ferry over to visit the islands. What discussions has VisitScotland had with transport companies such as CalMac and FirstGroup to ensure that we have a quality transport system in place to allow people to travel around Scotland once they arrive here?

I recently experienced a transport issue when I came through to Edinburgh during the fringe. I live just outside Glasgow—I jumped on a train in Edinburgh at 11 o'clock at night and got kicked off at a station in Airdrie, because the trains went off. That 11 o'clock train was the last train out of Edinburgh to go to the west coast.

We need to try to ensure that we increase the quality of the experience and the travel choices, because not everybody who comes to Scotland

wants to drive or fly; many want to use public transport. I watched a piece on the BBC breakfast news this morning about the Lake District and what is being attempted there in terms of marketing the public transport links—the alternatives to driving around the Lake District. How are we managing to get transport companies and groups involved in that type of work to ensure that when visitors come here, they can travel around Scotland with ease on public transport or they can drive?

**Dr Cantlay:** I will answer in two parts. We are using the word “tourism” less, and are more using the concept of the visitor economy. Deloitte has estimated that the accommodated tourist populace spend is roughly about £4 billion, but if we look at tourism in a wider context their spend is £11 billion. Deloitte has estimated that if tourism stopped in Scotland tomorrow, the cost to the Scottish economy would be £19 billion. There is a lot of overlap in terms of travel, food and so on, but the point is that tourism in its wider sense covers travel and covers various other aspects of life in Scotland.

An interesting thing happened at the most recent Scottish thistle awards, which are the Scottish tourism accolades—the golden globes of the tourism year. I got to choose the silver thistle award winner, and I chose Sir Moir Lockhead of FirstGroup. I cannot tell you how many people were critical and said, “Why did you choose Sir Moir? He’s not tourism; he’s travel.” Of course he is tourism.

The travel aspect is important. Malcolm Roughead and I spend a lot of time talking to David Middleton at Transport Scotland and Steve Montgomery at ScotRail, trying to ensure that there is a legacy from the winning years, such as faster journey times between Edinburgh and Glasgow, which are crucial to the development of the tourism product in both cities. We need the good, sustainable and environmentally-friendly transport alternatives that more and more visitors want, in our national parks, for example.

**Malcolm Roughead:** There is growing awareness of transport’s role in the tourism/visitor economy. We are working closely with transport people on the Commonwealth games and Ryder cup in 2014, because if we cannot get people from one place to another in an orderly fashion we will not maximise the benefits and the reputational value that come from hosting such events.

**Dr Cantlay:** I would hate us to finish a discussion about transport without mentioning that the issues around Heathrow have profound challenges for Scotland. There are half as many flights to Heathrow from Glasgow as there used to be. The issue is less about domestic travel and more about international connectivity to other

airlines. Passengers are having to use all kinds of curious longer routes to get to Scotland. We have to focus on the issue and resolve it.

**John Wilson:** I can see the convener trying to hurry me along. I have a number of questions that I will ask later. Dr Cantlay said that the winning years cover the main events that are taking place during the next couple of years. What other, less obvious events are taking place? Malcolm Roughead mentioned John Muir day, which surely should be one of the highlights of the year of natural Scotland in 2013. I am thinking about the North American market, given John Muir's contribution to national parks in North America, let alone his contribution to conservation of natural landscape worldwide.

**Dr Cantlay:** You are entirely right. I am sold on the opportunity and necessity of making the most use of John Muir's anniversary, which will play a key role in the year of natural Scotland. I assure the committee that that will be celebrated.

You asked for examples; I have started using pandas in my slides. We could choose other themes, but there is an overarching feature in the winning years, which I want to get across to the committee. How will I know that the approach has been successful? I had the opportunity to listen to the Chancellor of the Exchequer at a CBI dinner last week. He talked about the Scottish economy and mentioned some of our great industries, but he did not mention tourism, which is our biggest industry by so many measures, and which is our easiest short-term tool for taking forward our economy.

The chancellor did not mention tourism, but that is not the point. I wandered round after the dinner asking people whether they had noticed that tourism had not been mentioned, and they said, "Oh, yeah?" I do not think that people in Scotland understand the full potential of tourism. You guys will have us back to the committee time and again to ask how the winning years are doing. If we cannot catch Scotland's imagination and seize the opportunity of the winning years, we will miss out and we will be sitting here in 2015 saying, "Oh, we should have made more of it."

**Chic Brodie:** That is because you are not selling it.

**The Convener:** We must move on to the final question.

**Angus MacDonald (Falkirk East) (SNP):** Good morning. I will be brief. I will take a slightly different tack with my questions. I was interested in the panel's earlier response with regard to the year for natural Scotland and particularly with regard to the comments of CalMac and the Rural Affairs, Climate Change and Environment Committee. You will be pleased to hear that I went on a road trip

around the west Highlands and the Western Isles this summer. I stayed at a number of hotels and in B and B accommodation. Although we are reporting increased numbers of tourists from countries such as Switzerland—which is very welcome news—a number of hoteliers in the area raised with me the issue of the winter months, when it is a struggle for them even to cover their overheads. That is a particular struggle for those in the Western Isles. What measures can VisitScotland—or even the Government—take to assist hoteliers who struggle in the winter months? The growth fund was mentioned earlier; perhaps you could expand on that.

**Dr Cantlay:** The Scottish staycation market needs to be the tool to help us through the winter months. I have travelled on the CalMac ferries and I have visited the majority of the bigger island communities. The really exciting aspect is to work from the bottom up rather than from the top down and to encourage industry groups to come together.

Each of the island communities defines its product in a very different way. The situation in Tiree is an extreme example. The gentleman who leads the industry group in Tiree explained how they had increased the number of visitors from 10,000 to 20,000 and explained that it could not be presumed that the number could be increased from 20,000 to 30,000 because they have neither the capacity nor the ferry traffic. He warned there is no point in promoting peak-season visits to Tiree because the ferries are absolutely full. There are shoulder months which could be helped and these should be the focus. Tourism businesses on Tiree do not work all year round because they work flat out during the peak season and they need some time off. I was quite taken by that really astute approach to what would work for the island of Tiree when the travel links to the island are taken into consideration.

I would encourage industry groups to be definitive about what they want from us and we will respond as best we can. In particular, 2013 will be a quiet year. The euro will be soft, which will affect the European market through 2013. We need to make the most use of the people who live here and encourage them to visit island communities that they may not have visited before.

**Malcolm Roughead:** I agree. We have a very good relationship with the Outer Hebrides group—the market to which Angus MacDonald referred. It is a case of considering what they have to offer visitors; for example, winter festivals and events. That critical mass makes the whole area quite attractive. Getting people to the islands is the key consideration; the weather can be inclement at times, which does not help. However, the islands have a lot to offer and, as Mike said, VisitScotland

is more than happy to work in partnership with local groups to co-ordinate what needs to be done.

**Angus MacDonald:** That was a very positive response to what was, perhaps, a slightly negative question. Given your views on air passenger duty, and on visas and VAT—which are currently outside the remit of the Scottish Government—has any thought been given to allowing local authorities to provide hardship relief to hoteliers for two to three months? That would allow them to survive over difficult periods and help them to reach the 2015 target of increasing revenue by 50 per cent.

**Malcolm Roughead:** That is an interesting point.

**Angus MacDonald:** It is perhaps an issue that should raise with the minister.

**Dr Cantlay:** One aspect of concern is that local authorities were very involved in their area tourist boards. Some area tourism partnerships work better than others. I would certainly encourage local authorities and industry groups to work more closely together to agree tools, which would help both sides because the commercial rates revenue is significant.

**The Convener:** That concludes the first panel discussion. I thank Mr. Cantlay and Mr. Roughead for their attendance and for answering our questions. They will be staying for the next discussion which is with the minister. We will suspend briefly.

11:00

*Meeting suspended.*

11:04

*On resuming—*

**The Convener:** I welcome Fergus Ewing, the Minister for Energy, Enterprise and Tourism. I also welcome back Mike Cantlay and Malcolm Roughead from VisitScotland. Before we ask questions, minister, would you like to say something by way of introduction?

**The Minister for Energy, Enterprise and Tourism (Fergus Ewing):** I am delighted that the committee is considering the winning years and taking evidence from key people in the tourism sector. I echo Mike Cantlay's point that, when we consider the number of people who derive their livelihoods from working in the sector in one way or another, tourism is the biggest and most important business in Scotland. The industry supports the employment of around 270,000 people in Scotland and touches every way of life in every part of Scotland. It is hugely important, as the chairman of VisitScotland rightly said.

As has been pointed out, the winning years is not a strategy, but a series of events and opportunities for Scotland. The word "winning" applies to all those events. It applies to the Commonwealth games, which we won for Glasgow and Scotland through a great cross-party campaign. It applies to the Ryder cup at Gleneagles in 2014, which is another world-ranking event that will bring the world to Scotland in 2014. It also applies to the thematic badging of the years of creative Scotland and natural Scotland. Look at the success—the victories—that Scotland has achieved in the arts of all sorts over centuries. That creativity has been part and parcel of Scotland's history, and her outstanding landscape, which is famed and renowned throughout the world, is encapsulated in the year of natural Scotland—the year when the people of Scotland can rediscover their country and when people furth of Scotland can discover the beauty of this country. The marketing of Scotland through the winning years plays very well to our strengths, which are unique selling points that bring people to Scotland and create throughout the world a positive and favourable image of Scotland. That may be through the memory of John Muir in the USA, through our 550 golf courses, which are the best in the world, through our castles and heritage or through our diaspora—I could go on.

I had a pleasant holiday in Scotland this summer. The weather did not do us that many favours but, like many of you, I enjoyed a splendid series of events throughout my patch: the Inverness games, the Nairn games and show, the Grantown show and the Moy game fair. All around Scotland, there are marvellous events that are usually run by volunteers who give of their time for what is, in many cases, the pivotal event for each town, city or part of Scotland. The cancellation of such events—which happens only in extreme circumstances, as in the case of the second day of the Scone game fair—causes real hardship to businesses such as soft fruit growers, who lose a massive amount of money because of the extreme weather. Nevertheless, there have been many good signs, such as the Wickerman festival in July reporting an upturn in attendance as Dumfries and Galloway enjoyed sunny conditions. Nor is it entirely over yet—I am looking hopefully out of the window at the sun peeking through—because we will have more events throughout Scotland as areas showcase their talents. I am thinking of the Callander jazz and blues festival and the Wigtown book festival.

It is too early to say what impact the weather and the poor economic climate in the world have had, but we know that the general tourism trends have been encouraging. Between March 2011 and March 2012, there was a 5 per cent increase in the number of visitors to Scotland and a 15 per

cent increase in the expenditure by visitors. That is a tribute to all the people who work in the tourism sector throughout Scotland, providing a quality service.

I will make a point that has not been made so far. We are doing many things as well as the winning years. In March, I launched the Scottish Government conference bid fund, which provides £2 million over three years to match fund bids for major conferences in key sectors. Through working with people such as my friend Gordon Matheson at Glasgow City Council, Scott Taylor and John Sharkey and with my colleagues in Edinburgh and throughout the country, I am pleased to announce today that, thanks to the efforts of VisitScotland and all the other colleagues, expenditure of £321,750 from that fund will bring to the country conferences that are estimated to bring a value of £36.392 million. That is a return on public investment of 56:1, which must be success by any marking.

That said, there are difficult issues, some of which were explored in the questioning that I heard. I am happy to offer my views on those matters. We have already done that fairly clearly on visa difficulties, VAT, APD and fuel duty. Politics aside, those practical difficulties are constraining our high ambitions to grow tourism in this country as arguably its most important sector.

I would be delighted to answer questions from the convener and members about the winning years and related topics. I am grateful for having had the opportunity to make my opening pitch.

**The Convener:** I thank the minister for his introduction and the good news about the new conference business, which I am sure members will welcome. Members will want to raise a range of issues. I asked the previous panel about leadership in the industry, which arose in last week's evidence session. A range of disparate groups—more than 250 across Scotland—is involved in supporting tourism. Destination management organisations, local authorities and chambers of commerce are involved and the picture is cluttered.

The perception is that VisitScotland is focused on marketing in the broad sense, which—to be fair—it does pretty well. Is enough leadership being provided not just on marketing but on other things that we need to do to promote tourism in Scotland, such as improving the quality of the product, improving the skills base and improving the attractiveness of working in tourism as a potential career? Does more need to be done?

**Fergus Ewing:** We can always do more, but we now have an excellent leadership team. If it is not known already, I confirm that I am delighted to reappoint Mike Cantlay and extend his

appointment until 2016 at least. *[Interruption.]* I probably should not say more, as doing so would break some rule. As Mike Cantlay said, Malcolm Roughead's leadership has been outstanding in delivering marketing.

Leadership goes beyond VisitScotland and extends to the evidence that the committee heard from Stephen Leckie, whose leadership in the tourism leadership group has been exemplary. As you will know from your region, convener, Stephen Leckie has Crieff Hydro. By coincidence, I met on Monday a gentleman from PricewaterhouseCoopers who had had a marvellous conference in Crieff Hydro.

Stephen Leckie is leading by example. He provides a marvellous holiday experience for business and leisure tourists alike in the Crieff Hydro hotel, which has been massively invested in and improved. He has provided that leadership in his business. Through his desire to help Scotland with a voluntary effort, he is providing that leadership for Scotland.

There is an acute awareness among all the people who are involved in developing skills in Scotland that we need to offer a high-quality product, smile at our customers and welcome them to Scotland, and that that factor must underlie how the training is driven forward. Just recently, as part of the 56 engagements directly related to tourism that I have undertaken as minister, I met People 1st. I also met Springboard, which works with young people to give them a taste of what it is like to work in the hospitality sector so that they can see whether it is for them.

I am acutely aware that the higher the quality of what we offer in Scotland—the fewer dissatisfied customers and the more satisfied customers we have—the better we will do. VisitScotland's marketing research shows that an extremely high proportion of the people who were surveyed said that they had a great time on their holiday. That speaks well for the 270,000 people who deliver that high-quality, enjoyable holiday experience.

11:15

**Chic Brodie:** Good morning, minister. The conferences that are coming to Scotland are great news for Glasgow and the whole of the country.

You mentioned APD, the level of which is one of the major elements that affect inward-bound tourism traffic. The transport minister and I had a conversation with the chief executive of Prestwick airport, in which he expressed the view that passenger traffic would increase by 750,000 if APD did not exist. On top of APD, we have the problem with visas—frankly, the visa process is a shambles. Earlier, Dr Cantlay said that the decision on APD, rather than being about

austerity, was sheer lunacy. Will you comment on what you think might happen as a result of conversations with the UK Government about APD?

**Fergus Ewing:** Thank you for that question. As members may know, John Swinney and Alex Neil have raised the issue with the UK Government. We do not reveal correspondence, but I have with me the correspondence in question, which dates from January. Concern was expressed for precisely the reasons that Chic Brodie mentioned. In the past fortnight, I have met Amanda McMillan at Glasgow airport and Gordon Dewar at Edinburgh airport, both of whom highlighted the impact that APD is having.

That impact has been quantified by York Aviation. I think that its initial study, which was done in 2010, is being updated, because APD has risen since then, as a result of the previous UK Government factoring in increases in 2009, 2010 and 2011. York Aviation was asked to look at the issue and to quantify what the cost might be. In 2010, it said:

“Over the next three years, we estimate that Scottish airports will lose around 1.2 million passengers or around 1.8% of total demand.”

It was estimated that that would result in £77 million in visitor expenditure being lost. That estimate predated subsequent increases in APD. I know that a family of four from China or India has to pay a total of £612 in APD and visa charges to travel to the UK. That is perhaps why France has attracted eight times, and Germany six times, the number of visitors from China that the UK has attracted. France outperforms the UK in attracting visitors from India by a factor of more than 50 per cent. Visas are very much a factor.

I have had the pleasure of engaging with people who arrange holidays in this country for people from China. I met the charming lady Yan Ren, whose job it is to bring her fellow citizens from China to Scotland. I know that they are very generous with their spending when they come to Scotland, so they are tourists who will help to boost our retail sector, as well as taking up accommodation in some of our finest hotels.

When our friends in the British Hospitality Association came to Scotland as part of our work with them in the interests of developing tourism in the whole of the UK—we want England to do well, although maybe not quite as well as Scotland, but very well nonetheless—they majored on the potential for increased tourism in the world. That increase will come substantially from people in China, India, Russia and Brazil who, 10 years ago, by and large could not have contemplated or afforded a holiday and who now can. In the next 10 or 15 years, those people will increasingly have holidays. That is a huge potential opportunity for

Scotland. We simply want to be able to compete on level terms with other countries. That is all that we are asking.

I welcomed the intervention by Ruth Davidson to give her view on the issue. Putting party politics aside, there is increasing recognition of the importance of the issues in most, if not all parties—I know that Mr Harvie takes a different view and will probably ask me about the issue, as he has done already. That is his right, but there is an increasing recognition that, if we want to grow tourism in Scotland and Britain, APD is one of the biggest barriers to success, along with the antiquated system of visas that Britain, but not the rest of the EU, applies to our friends in China and other parts of the world.

**Chic Brodie:** I wonder if—

**The Convener:** Mr Brodie, are you going to pursue the issue of APD? If not, it is only fair to bring in Patrick Harvie at this point and then come back to you.

**Chic Brodie:** Okay.

**Patrick Harvie:** Thank you, convener.

From what the minister says, it sounds as if the measures that the VisitScotland witnesses promoted on air passenger duty, visas and VAT are Government policy. Is it Government policy to implement the measures that the VisitScotland witnesses talked about to stimulate international visitor numbers?

**Fergus Ewing:** It is Scottish Government policy that we should be able to compete on fair terms with other countries and we cannot do that at present. For example, we have the second highest VAT rate in Europe, with only Denmark having a higher rate, at 25 per cent. Our rate is 20 per cent and the average rate is 8.8 per cent. Incidentally—

**Patrick Harvie:** Forgive me, but I am just asking for clarification about—

**Fergus Ewing:** Let me finish the point, because you asked me about Government policy.

Incidentally, the VAT reduction in France has led to 30,000 more jobs being created, which I assume Patrick Harvie would welcome.

**Patrick Harvie:** I did not ask about France. I am simply asking for confirmation of whether the use of the measures that VisitScotland is promoting is Government policy. It sounds as though you are saying yes. Are you saying yes?

**Fergus Ewing:** It is Government policy to ensure that Scotland does not labour under a series of competitive disadvantages, especially in relation to its tourism sector, that have the effect of making it more expensive for people to come to Scotland than to visit other locations.

**Patrick Harvie:** If the Government seeks to use those measures to stimulate visitor numbers, I presume that it has done the work that the VisitScotland witnesses just told me that that body has not done to assess how that approach can be made compatible with the legally binding climate change targets. Has that work been done?

**Fergus Ewing:** We favour Scotland not having a competitive disadvantage. I am sure that the type of work that you describe is under consideration by those who are involved. I point out to Mr Harvie that there seems to be an assumption that APD alone contributes to an issue. The fact that, as Mike Cantlay pointed out, we have the highest APD rate in Europe and that most European countries do not have APD or have a much lower rate simply means that people still come the long distance from China or India, but they go to Germany and France. Because they choose to do so, they still enjoy a holiday that involves taking a long-haul flight; they just do not choose to come here. We could go away and do statistical analysis of all kinds, although we would have to take account of the staff and time resources that are involved in doing so and the efficacy and desirability of that, but it seems to me that one cannot make facile assumptions about such issues—it is far more complex than that.

**Patrick Harvie:** I certainly hope that neither of us would make facile or, indeed, false assumptions about the consequences of these measures. However, as the minister well understands, stimulating aviation demand to Scotland will result in higher emissions ending up on the Scottish emissions inventory. If aviation continues to increase, it will take a larger share of the emissions allowable under the legally binding emissions reduction trajectory. Will the minister simply confirm or deny whether the Government has even begun to calculate the effect on our emissions trajectory of the measures that are being promoted as Government policy? Yes or no?

**Fergus Ewing:** I just do not accept the premise of Mr Harvie's question that the increase in direct air links with more countries that we wish for Scotland will inevitably cause a massive problem with regard to additional emissions. Incidentally, I am delighted with Glasgow's success with Emirates and hope that Edinburgh's efforts to bring in new airlines will be successful.

The point is that, if we are successful in securing these direct routes, people will not have to go through London to get to Scotland; they will need to take only one flight, not two. If we were disposed to embark on a long statistical analysis of the effect of the reduction in the number of flights, take-offs and landings—which I am disinclined to attempt—we would need to make an

immensely complex calculation. According to my perspective, the situation is not as simple as has been made out.

**The Convener:** To be fair to Mr Harvie, I point out that he asked a fairly straightforward question: have you carried out an analysis of this? From what we have heard, minister, you have not.

**Fergus Ewing:** It all depends on how much air passenger duty would be reduced by.

**The Convener:** Presumably, though, you would carry out modelling on that basis.

**Fergus Ewing:** As Malcolm Roughead has pointed out, the Treasury is in possession of the models—and I hope, convener, that you might be able to use your good offices to persuade it to share them with us. If we can get access to those models, we will be delighted to work on tackling this problem with the UK Government in the joint interests of England and Scotland. I accept that Mr Harvie takes a different principled view on the matter, but I think that most of the rest of the UK's political representatives will agree that increasing tourism and bringing people to Britain in greater numbers are quite good things, particularly for the tourism sector.

**The Convener:** I will allow Mr Harvie to ask a very brief follow-up question.

**Patrick Harvie:** I will be very brief, convener. Minister, will you please ask the UK Committee on Climate Change to undertake an assessment of the use of these measures to stimulate aviation growth? After all, it will have access to UK Government resources as well as being able to communicate with the Scottish Government.

**Fergus Ewing:** I undertake to pass a copy of the *Official Report* of this debate to my colleagues, who will pursue the matter as appropriate.

**Patrick Harvie:** Thank you, convener.

**Chic Brodie:** I am sure that direct flights will certainly help with Patrick Harvie's problem.

I asked the previous panel about Scotland plc and the very important export activity of tourism and wondered whether, although we all recognise that VisitScotland has done a very good job and is a very good marketing organisation, there might actually be a disconnect. Earlier this year, Alan Rankin from Aviemore and the Cairngorms Destination Management Ltd said that there is no cohesion and that although such

“work should retain its local flavour and the local businesses must buy into the strategy ... it should be integrated and joined up”.—[*Official Report, Economy, Energy and Tourism Committee*, 23 November 2011; c 563.]

Should VisitScotland's remit be expanded à la Scottish Enterprise to ensure that it not only has a

strong marketing element, but embraces all the other activities associated with driving the business and the Government's economic tourism strategy forward?

11:30

**Fergus Ewing:** I did not hear all of the previous evidence session, but I know that many members touched on that issue. VisitScotland's prime duty is to market Scotland, to bring people to Scotland and to promote Scotland. It has achieved tremendous success.

I hope that we can go on to discuss the film "Brave" as part of the winning years. It is a tremendous coup for Scotland to have become the first country in which a Government agency has done a deal with Walt Disney that will allow hundreds of millions of people all over the world—46 million people have already seen the adverts—to see a tale that promotes the beauties, the mystery and the magic of Scotland. It was a terrific achievement to build that relationship from scratch and we are the only country in the world to have done such a deal. As the convener knows, given that he has young children—I also have a young child—you do not watch Disney films once. Mr McMillan is smiling sagely too. "Toy Story" is on a loop, so you see it 10, 20 or 30 times—so it will be with "Brave".

None of us should underestimate the prime duty of VisitScotland. To put it baldly, its job is to promote Scotland. From my standpoint I see how much engagement there is between VisitScotland and the various parts of Scotland. I see that at first hand in meetings in various parts of Scotland, at which Malcolm Roughead, Mike Cantlay, many other people from VisitScotland and others meet DMOs, local authorities, chambers of commerce and the Federation of Small Businesses. Whether in Ayrshire—I was at a recent meeting there—Peebles, Perth, Kirkwall or the John o' Groats centre, VisitScotland is engaged and accessible all round Scotland.

Where there are difficulties—for example the new VisitScotland website has had some teething problems—these guys have gone to see individual B and B owners. They have not sat in Chateau VisitScotland in Leith, but have gone out to the front line and have spent hours going over the problems that ordinary businesses face. It is important for me to say that, because they may be a bit shy about coming forward. They have a tough job, because there are 270,000 people out there and many businesses have extreme difficulties from time to time with broadband or access to mobile phones—that issue was mentioned and many visitors want such access—or have been affected by the transport difficulties that have bedevilled some areas of Scotland, notably people

who rely on the A83 over the summer, or whose game fairs have been cancelled so they find themselves under financial pressure.

VS is always there to help and it helps as far as it can, but structurally we work closely with local authorities—I welcome SLAED's contribution to events—DMOs and organisations throughout Scotland that have the primary duty to promote their own area, and that is done extremely well in most areas. There is always more work to be done, but the work that VisitScotland does is perhaps not widely known because it does not boast about it or talk about it; it just does it.

**Dr Cantlay:** I will add a quick point to the evidence that I gave earlier this morning, which might help. The industry's ambition is clear from the work of the tourism leadership group and the Scottish Tourism Alliance—a huge amount of work has been done over many years. We have already moved on since the tourism industry strategy was published—it is a very dynamic world. That is one reason why VisitScotland's board decided to invite Stephen Leckie to join them as an observer, which he has willingly done.

The concept that is being put to us by ministers is that VisitScotland's board, as the holder of the vision, should take the industry's ambition forward, advise Government as appropriate, inspire the industry and communicate the vision to some of the industry players that were mentioned previously, which are not necessarily so involved in Scotland. It is important to highlight that we do that in partnership with team Scotland. I regularly meet the chairmen of Scottish Enterprise and HIE. Malcolm Roughead meets colleague chief executives to ensure that we are joined up and that we take the industry vision forward as a dynamic concept. We hope that it will evolve through the winning years and that, by 2015, we will be in a better place.

**John Park:** At last week's meeting, we focused on some of the lessons that could be learned from the Olympic games, with one eye on the Commonwealth games and one on the wider tourism opportunities. What opportunities did the Olympic games provide for Scotland? What lessons can we learn from them, particularly for the Ryder cup and the Commonwealth games?

**Fergus Ewing:** We all enjoyed immensely the Olympic games and the success of the athletes from Scotland and throughout the UK. The common view is that the games were a great success, so I congratulate everybody who was involved in them.

I understand that an independent Lloyds TSB report has already been published—that is incredibly quick—that says that the games resulted in a positive contribution to the economy

and that all UK regions have derived, and will derive, benefits from them. The report goes into statistics, so I am sure that, if the committee wants to, it could study it.

We look forward to emulating that success. My colleague Shona Robison is leading the work to ensure that the Commonwealth games 2014, which will bring the world to Scotland, will be an equal success. We recognise that such events focus a spotlight on London, Glasgow, the UK and Scotland. We hope and expect that that will have a positive effect for all parts. Over time, we will build on that success, using the Commonwealth games in particular.

**John Park:** During the Olympic games, the Scottish Government was based down in London, trying to promote Scottish interests. Were the minister and members of VisitScotland involved in the organisation of events at Scotland house, and what did they do when they were down there to promote the winning years strategy?

**Fergus Ewing:** I was unable to attend those events, as I was fairly heavily involved in other events to promote tourism in Scotland at places such as the marine energy park in Orkney—the UK minister came up for that event.

I cannot speak for my colleagues. Perhaps Mike Cantlay or Malcolm Roughead could answer.

**Dr Cantlay:** EventScotland is a directorate of VisitScotland. It physically organised the management of the event at Scotland house. Malcolm Roughead can tell you about that and about our involvement. We were down there for two specific days on which we used Scotland house for our benefit.

**Malcolm Roughead:** On one of those days, we brought leisure operators into Scotland house. That was only one part of a series of activities that we undertook while we were down there. I will tell you a little bit about those in a second.

We also used Scotland house for an event with our business tourism contacts. We brought in the corporates who will bring their meetings and incentive business north of the border. London is also a good place to meet the organisers of the conferences that Glasgow has won, such as those about whom the minister spoke. That is about relationship building.

A range of agencies and bodies also used the facility, which is why we set it up the way in which we did. Those ranged from cultural bodies all the way through to BusinessClub Scotland, which used the premises for its own meetings.

We were in close proximity to the unofficial media tent, where there were thousands of journalists with whom we wanted to talk. We also had people embedded in the media centre. As a

result of that, we brought 50 key media contacts to Scotland right at the back end of the Olympics. The point was to build a relationship with them in the run-up to the Glasgow Commonwealth games, so we concentrated on journalists from Australia, Canada and so on, feeding them the content that I talked about earlier. When they do their pieces on the fact that the Commonwealth games are coming up, they will use the content that we have provided on Scotland.

The event was multifaceted and certainly more than 1,000 businesses passed through the doors. It is still early days for tangible feedback, but the anecdotal feedback has been very positive.

There is another Olympic games spin-off in terms of lessons learned for the Commonwealth games. We had observers at the Olympics to look at security issues and the games makers, who everyone would agree were absolutely fantastic and made the games—I suppose that that is self-explanatory. Volunteering is therefore crucial. The fact that people got involved meant that the games became the people's games. Those are things that we can take not just into the Commonwealth games but into the bid for the youth Olympic games that is being prepared. If we can harness all that, our bid for the youth Olympic games will be strengthened.

**Dr Cantlay:** Jeepers—the youth Olympic games. What a legacy that is. It is just huge. It is an Olympic event and a product that we worked hard to promote down at the Olympics. Our bid may win. That we have the confidence to bid for an Olympic event is amazing.

**John Park:** You have given us some anecdotal evidence—for example, about building capacity in the world's media, which is obviously positive. The minister might want to answer my question as well. How do you intend to monitor formally the things that were done in those couple of weeks in August and ensure that they have an impact not just on what you are trying to do with the winning years but much more widely on how we take tourism forward as an industry in Scotland?

**Fergus Ewing:** VisitScotland, my ministerial colleagues and I will closely monitor and follow up all aspects of the work that was done in and about the London Olympics. That involves a series of strands of work, from work with the individual companies and organisations that we met and engaged with to continuing with the general marketing effort.

The work is also being done in other ways. Both Mike Cantlay and Malcolm Roughead mentioned the youth Olympics. What a terrific thing it would be to get young people from all over the world to come to Scotland. It would be an experience that they would never forget and which would remain

with them throughout their lifetime, encouraging them to come back when they themselves had children. What a tremendous thing that would be. I praise all those involved in the 2018 youth Olympics bid—we are all right behind them.

We are doing other things, too. It is important to add them because they are relevant to taking us forward and ensuring that all this effort pays off. When my colleagues were at the Olympics, I was attending dinners at the royal yacht Britannia and the Signet library, which was not exactly a hardship, I have to tell you.

**The Convener:** It is a hard life, minister.

**John Park:** Was that a silver medal you got?

**Fergus Ewing:** Yes, indeed. Perhaps I should not dwell on that.

One dinner was for the Professional Convention Management Association, a worldwide organisation whose members organise and manage conventions, in American parlance, or conferences, as we would say. Sixty or 70 of the people who organise the biggest conventions in the world came to Scotland. They were looked after extremely well. They stayed in the finest hotels, played golf and went to the Scotch whisky experience and some of our other brilliant attractions. Every single one of them left the dinner at which I tried to entertain them saying what a great country Scotland is and that they want to organise conferences here. Privately, I know that there have been follow-ups and successes from that already that have not been announced yet. That is great.

The second dinner was for the Trailblazers event, which is about incentive holidays. Again, the event brought together a large number of people, not just from the USA and Canada but from other countries, who organise holidays for the most successful employees in large organisations, including large international companies.

Such tourism is so valuable for so many parts of the country that it was a terrific success for VisitScotland to get those two events to come to Scotland rather than to any other country in the world. I think that Neil Brownlee has been leading on much of that work, and VisitScotland deserves huge credit for that success, which perhaps people do not really know about—that is not anyone's fault; it is perhaps just how things are in media reporting. This meeting gives me an opportunity to sing VisitScotland's praises in a way that the organisation is perhaps loath to do, through innate modesty. I am delighted to be the minister behind such a marvellous team, which is reaching out to the world to bring big and important events and visitors to this country.

I am sure that the team's efforts will bear fruit. We can report back on specific events and progress that has been made as a result of the efforts over the summer. I did not have the pleasure of attending the London Olympics.

11:45

**Dr Cantlay:** On the sports legacy, we perhaps use the word "legacy" too much, but it is something that we are taking seriously. The EventScotland team is focused on delivering the Ryder cup and so on, but we have also been winning significant events for the period 2015 to 2020, such as the world gymnastics championships, which will take place in Glasgow in 2015, the world orienteering championships, which will take place in the Highlands, the European swimming championships, and the European eventing championships, which will be held here for the first time, in Blair Atholl. When we get to the last day of the Ryder cup, we will be looking at the next step for Scotland as it plays on the world stage in sport and business tourism.

**Mike MacKenzie:** Minister, what I am going to say complements what you have said. I get regular e-mails from VisitScotland, inviting me to visit different parts of Scotland. There has been a huge improvement in marketing during the past few years. The marketing is compelling, particularly in comparison with most advertising e-mails, which make me hit the delete button immediately. There is something about VisitScotland's e-mails that grabs my attention.

As I travel around the Highlands and Islands, I am struck that some areas do tourism well and others do not. Of all the local authority areas in the region, Orkney seems to have the most dynamic and vibrant tourism sector. The various agencies—VisitScotland, Creative Scotland, Historic Scotland and HIE—all seem to work well together there, and the lynchpin or the catalyst for that seems to be Orkney Islands Council, which drives tourism and galvanises everyone in the community.

Some areas do not seem to grasp the opportunities that VisitScotland creates as readily as Orkney does. What more can be done to encourage local authorities to take better advantage of such opportunities?

**Fergus Ewing:** Orkney does a terrific job. I visited Kirkwall this summer and the European Marine Energy Centre last summer. I have seen the excellent new visitor centre in Kirkwall and I visited the excellent exhibition centre and museum in Stromness during my recent visit. There is a cohesion in Orkney, where people work together extremely well.

Many people visit Orkney because of EMEC. Orkney is a world-renowned testing centre for marine energy devices, and renewables tourism is increasingly a tremendously successful part of the tourism equation. Members might be interested to know that, with the assistance of the bid fund and through team working with our friends on Glasgow City Council, Glasgow City Marketing Bureau and the Scottish Exhibition and Conference Centre, we have secured the RenewableUK offshore wind conference, with 3,000 delegates. Three thousand people will come to Scotland because of renewables, which are good for tourism as well as the economy and the environment.

My impression is that most parts of Scotland are heavily engaged in tourism and want to promote the attractions of their area. Every area has different attractions and it is right that there should be a locally driven voice. Stuart McMillan raised that issue earlier in respect of his region of Scotland. I would like that engagement to strengthen and increase.

I will shortly meet Stirling Council to work with it on the year of homecoming. I work regularly with local authorities throughout the country—in Fife, the Borders and Perthshire, for example. I have had very good recent engagement with councillors. I would like each local authority to have a positive plan that it pitches, extols and makes more explicit—a plan that identifies the need for accommodation or facilities. More ladies' loos is high up the list of some visitors when they say what needs to be done to improve the appeal of an area.

I would like further engagement by local authorities. However, SLAED's response and the statistics that we received from local authorities about the winning years showed that a tremendous 84 per cent of people were engaged with the winning years and thought that it was good for them—84 per cent is a level of support that politicians can only dream of. We should recognise that local authorities out there are doing a good job. There are those that may need to do a little bit more, perhaps in areas that are not immediately identified with tourism, such as industry. There is more of a challenge there, but it can be met, through SLAED, the Convention of Scottish Local Authorities and other local authority partnership working.

**Dr Cantlay:** I have two quick points. First, I said earlier that I visited all the main island communities at least once. They are all, in one way or another, doing tremendous work. Last year the business community on Arran decided that it was going to be a tough year. Its core market was the west of Scotland, so someone in its midst phoned the lord provost of Glasgow and asked whether Arran could borrow George Square. The

lord provost said, "Okay," so Arran's business community took Arran to George Square. That happened with very little Government support—it just decided to get up and do that.

Orkney's market is very different. Orkney, Shetland and the Western Isles, and smaller island communities such as Mull, Islay and Skye, are getting better and better at defining their product and we are becoming better and better at servicing it.

My second point is a significant one. Businesses are challenged with finding finance to develop. We are seeing significant structural change in the business community throughout Scotland. Broadly, there are those that are able to access finance, depending on their circumstances and ownership, and those that are not. I cite an example of that change. I visited a hotelier in Inverness who said that it had been a very different season—demand patterns had been quite different. We talked about the fact that the Premier Inn chain has opened 140 bedrooms in Inverness in the past year. That is making a profound difference. Premier Inn is expanding and has delivered about 1,000 new bedrooms to Scotland in the past two to three years, despite the recession.

One of Premier Inn's main competitors, Travelodge, has had some major challenges at the funding end and has been selling hotels and so on. The picture is very unpredictable, and I think that the beast will change. What I am trying to say is that local authorities have their challenges, issues and strategies. The business community is moving forward principally where the funding is available. There are some good examples of businesses that are moving quickly, which is creating significant change.

**Mike MacKenzie:** On that point, we all know that the banks are still not lending to businesses across the board as we would like them to, but given the opportunities that will be created, what more can be done to persuade the banks to lend to the tourism sector?

**Dr Cantlay:** The banks are lending to the sector, and we are working closely with them to help and encourage them, but the lending is generally more expensive than most businesses are used to. The banks are lending on the basis of specific criteria, to which some businesses are better suited than others.

**Rhoda Grant:** On that issue, I met a lot of businesses during the summer that told me that, because they are in the tourism industry, the banks will not lend to them. It does not matter what the project is; businesses are being told that, because they are in the tourism industry and

therefore not secure—which seems crazy in the present climate—the banks will not lend to them.

**Dr Cantlay:** I have spoken to the Royal Bank of Scotland and Lloyds TSB, which have assured me that that is not the case. Other banks might believe that they are overcommitted in the sector, but I am not aware of that. If you come across businesses that say that a bank has told them that it is out of the sector, I would love to hear from them.

**Fergus Ewing:** John Swinney and I regularly engage with the banks. We held a bank summit earlier this year and we continue to engage with the banks. We appreciate that they have difficulties. As Mike Cantlay said, the banks have made it clear that they now have funding available. Of course, there is no God-given right to a bank loan. There has to be a demonstration that the prospect is good, and there has to be a strong and properly presented business case. That approach is right and sensible and therefore will apply. However, we are obviously concerned to ensure that there is appropriate lending to good propositions in Scotland. As Mike Cantlay said, we are aware of a number of cases in which bank lending has been secured.

A further point, which I do not think is generally known, is that those who feel aggrieved by a bank's decision to refuse a loan or to change conditions of banking for an existing customer have rights of appeal and that an incredible 39 per cent of all appeals have been successful. In other words, it is not just a theoretical right of appeal, but one that, if exercised, is successful in nearly 40 per cent of cases. In turn, that leads to a requirement for re-engagement in and reappraisal of the prospects.

The news is not all bleak, although I entirely recognise the picture that Rhoda Grant paints of individual businesses facing grave difficulties. All members will know about that. Those are problems that no Government will be able to solve in the short or medium term.

**Rhoda Grant:** During the summer, I also met a number of organisations that are involved with DMOs and some DMOs themselves. They were concerned about future funding. We heard earlier from VisitScotland that it does the marketing, but it is for the DMOs to distribute things on the ground and make the connection between the businesses and those who want to come. If there is an insecurity in the DMO structure, we will have a huge gap in the way in which we build the market. What discussions have you had with local government, which is one of the main funders, and the enterprise companies, which also provide funding, to ensure that those sources of funding are secure and that the DMOs can build and plan for the future?

**Fergus Ewing:** I have had a number of discussions with DMOs and councils throughout the country, which I have already alluded to. It might be better and more useful for the committee if Malcolm Roughead gave a fuller answer, because he is more familiar with the whole picture than I am.

**Malcolm Roughead:** Rhoda Grant puts her finger on the main issue when she talks about planning for the future. That is what the approach is built on. With a business plan or a marketing campaign, organisations need to understand what they are trying to achieve and whether it is product or marketing related. Funding will be predicated on that. All the local authorities are, rightly, considering how they spend money and looking for a return on investment.

We try to work with the DMOs on building a long-term sustainable plan for the area, sometimes through the use of area tourism partnerships or, if they do not exist, some separate forum. That gives them comfort that they have a line to the national strategy. However, that brings us back to Chic Brodie's questions: are there too many of those organisations, and are they aligned well enough? This is a long process—it all takes a bit of time—and we must be able to demonstrate its benefits. If we can demonstrate to a local authority that it can get a good return on its investment, it will be more willing to make that investment.

12:00

We have other interventions—the growth fund, for example—and there are certain event funding opportunities through EventScotland. If the DMOs can align themselves with what we are all trying to do for a local area, those funding opportunities will be there; indeed, we have committed the funds for as long as we can—in other words, three years. We always measure and track these things and ensure that the organisations deliver what they said they would right at the beginning. Having a little bit of focus and prioritisation instead of trying to do everything will allow them to continue and prosper in the area.

**Angus MacDonald:** The work that has been done by VisitScotland and the industry to date is commendable, but the minister might have heard my comments at the end of the previous evidence session about concerns that I picked up over the summer from hoteliers in the Western Isles about the high vacancy rate in the winter months. That is clearly an issue. Has any thought been given to allowing local authorities to provide hardship relief, perhaps for two to three months, to particular hotels that might be finding it difficult to attract custom over the winter?

**Fergus Ewing:** I am not aware of any specific hardship relief proposal. I entirely accept that the problems to which the member refers exist, but were such a relief to be applied to one type of business that has seasonal difficulties filling the shoulder months, it would be difficult to justify not applying the same measure to other areas.

I do not want to sound offensive, but I do not think that that is the way to deal with this matter. I note that the Scottish Government has introduced a number of policies on business rates that have been especially helpful to small business. For example, 85,000 businesses, many of them in the tourism sector and in particular microbusinesses with small premises, have received the small business bonus.

Hotels in various parts of Scotland have lobbied successive Governments long and hard that the rateable values levied on their premises are high. I have seen figures and am aware of the situation—indeed, Ballater springs to mind as an area that has been very vocal on the subject—and I know that hotels in Carrbridge, Aviemore and Grantown on my own patch would say the same thing. I wonder whether the committee might want to look into this issue, especially in view of the opportunity presented by the impending rating revaluation, and examine whether, in light of the valuation issues, the assessor can look at the particular problems facing the types of hotel that Angus MacDonald has rightly mentioned, which of course are not only in the Western Isles but in many parts of rural Scotland, the Highlands, the Lowlands and everywhere else. Filling a hotel in the winter months—and even in the early spring months—is difficult and part of our ambition in Scotland is to make tourism a year-round operation. That is good for business; good for people in the industry who often work on a seasonal basis; good for the economy; and good for everybody.

However, although part of our national work is to build the sector into the shoulder months, I do not think that a hardship allowance is the way forward. That said, we are always happy to look at every proposal. Even if, initially, a proposal does not look attractive, that does not mean that we are unwilling to consider it—of course we are. However, for the reasons that I have given, I think that another route to addressing the matter may be along the lines of a focused consideration of rateable values as they apply to hotels that feel that they are very highly rated. Of course, that is an overhead that must be paid before anything else, so it is a real burden for many businesses that I am aware of.

**Angus MacDonald:** The committee will certainly take on board your suggestion that we should give further consideration to that issue. I

appreciate your response. My suggestion was just an idea off the top of my head.

**The Convener:** I am sure that Mr MacDonald, as someone who has a connection with Aviemore, will be interested in our pursuing the matter further.

**Stuart McMillan:** An area that has not yet been touched on is recreational boating and marine tourism, which I discussed in the meeting that I had yesterday with Malcolm Roughead. How important does the Scottish Government think that sector is? What more can it deliver for the tourism market and the Government's economic targets? Is there anything more that the Government could do to facilitate growth in the recreational boating sector?

**Fergus Ewing:** I know that Stuart McMillan takes a very close interest in matters nautical and that the hard work that he does is recognised in the sector. He has identified an area in which Scotland is achieving strong growth, thanks to a number of key players in the sector. I met Cruise Scotland, which is the organisation that lobbies on behalf of the sector, down at Leith not so long ago, and I continue to work closely with it. Over the past decade, there has been growth in the number of passengers who visit Scotland, which rose from 45,000 in 2000 to 318,000 in 2011. That terrific rise is a tribute to the work of everyone in the sector.

Parts of Scotland have been especially successful, including Stuart McMillan's part of the country—the west of Scotland—and Orkney. We are working closely with the industry to invest in the port and harbour infrastructure that is necessary to support continued expansion. The Hatston pier extension in Orkney is a good example of what has been achieved. Physical infrastructure is not the only issue. I know from my discussions with Cruise Scotland that key factors among the genuine constraints and practical issues are a shortage of tour guides who are proficient in various languages and an insufficient number of sufficiently high-quality buses and transport accommodation to allow tour passengers to enjoy a high-quality experience when they visit the key sites in whichever part of Scotland they choose to disembark.

It is a niche market, but it is a key market. We have an able group of people leading the charge. They deserve our full support and I am delighted that the issue has been raised. I think that we would all wish to see the practical issues addressed to help those people achieve even more for Scotland, the attractions of whose coastal landscape must be second to none.

**Dr Cantlay:** Beyond all the various elements of the work that we do with the EventScotland team,

through the tall ships event, at Portsoy and on cruising and high-end yachting, I would really like to see an appreciation on the part of Scots of our water resources. We live beside watercourses for a reason—that is how almost every town in Scotland is designed. We use and respect them less than we did. The year of natural Scotland must be the year that we do something about that. As ex-convener of the Loch Lomond and the Trossachs National Park Authority, I know that it had an ambitious plan that has not yet been achieved. Providing sustainable transport across Loch Lomond and the Trossachs is extremely awkward.

The transport systems do not work, but the loch systems—Long, Lomond and Katrine—all join at the top. The ultimate objective is that someone can wander down the Broomielaw on their bike, jump on the Waverley and spend the day between bike and boat—and perhaps the train—wandering around Loch Lomond and the Trossachs national park. We need a pier at the top of Arrochar for that, which we will not have for next year, but I am assured that we will have the link between Loch Lomond and Loch Katrine for next year. We must get Scots out down the water on the great ship Sir Walter Scott, for example. There is much that I would love Scots to do to enjoy our water-based recreational opportunities.

**The Convener:** The road out of Inversnaid to Loch Katrine is a tough climb.

**Dr Cantlay:** Well, come on. [*Laughter.*] The plan involves bikes and a form of sustainable buggy transport. The obvious win is Arrochar to Tarbet, which is a mile.

**The Convener:** Even I can manage that.

**Dr Cantlay:** I was not saying that.

The route links to the railways and the water systems and provides a fantastic day out.

**Fergus Ewing:** If I may say so, you are maligning Inversnaid, convener. With a friend of mine, I was foolish enough to spend many Sundays running from Inversnaid, along Loch Lomond, to Cailness, up the back side of Ben Lomond and through to Gartmore—as you do of a Sunday. Sadly, that is in the past.

**Stuart McMillan:** Those answers have been helpful. It is positive to hear about the ambition for Loch Lomond and the Trossachs national park.

I am very aware that a project is under way for the Malin waters—that has come up in the cross-party group on recreational boating and marine tourism in recent months. That project has experienced difficulties, but it is now progressing, which is welcome.

I firmly believe that the recreational boating and marine tourism sector is not just about cruise ships; every area of the country can benefit fully from it, whether that involves inland waterways or coastal towns. A lot of progress has been made in the past four years, but I firmly believe that much more can be done to engage fully.

I take Dr Cantlay's point that a lot fewer people use our rivers and waterways now than did in the past. Much more can be done and I hope that next year can be used as a catalyst for that. I would be keen to be kept up to date on progress by VisitScotland and other bodies with which you work to make that happen.

**Fergus Ewing:** Stuart McMillan is right to point out that I should have said that there is much more than cruise holidays to what he is involved with—especially in yachting and leisure sailing. The west coast of Scotland has a proud history of that and a huge amount of activity in places such as Rhu and Helensburgh, which have yachting clubs.

There is a little world of people who are active in events and who persuade their colleagues and friends to come to Scotland for yachting. Of course we want to build on that, on the development and use of marinas throughout our country and on a range of related activities, which include spending in chandleries, ports and harbours around our country. That world is not big, but it is important for tourism. I hope that the year of natural Scotland will allow us to showcase attractions in that area of tourism, as well as many others.

**John Wilson:** Good afternoon, gentlemen. We heard this morning that we get out what we put in and we heard about a ratio of 20:1. My questions are for the minister, but Mr Roughead and Dr Cantlay might wish to respond, too. Do VisitScotland and the DMOs have sufficient funds to make the most use of the opportunities in the winning years ahead?

The 2006 tourism framework document outlined an aim of increasing tourism revenue by at least 50 per cent. Is that target achievable in the time that is left?

12:15

**Fergus Ewing:** First of all—and I hope that my colleagues do not disagree—VisitScotland has done reasonably well out of recent budget settlements. When Mike Cantlay and Malcolm Roughead have proposed a marketing strategy or campaign such as that for "Brave", we have asked for evidence of what the likely return will be and, having received a convincing case, provided the funding, such as the £5 million plus £2 million for promoting "Brave".

As for the bid fund, £2 million is not a huge amount of money, but we should look at what it is set to deliver, with an investment of just over £300,000 delivering £30 million. Incidentally, around 40 per cent of the business tourists who come to Scotland will come back to or bring others to Scotland. An additional 9,000 people might come out of that, so the return might be even higher than 60:1. Of course, one must study all these projections very carefully and we are once again in the course of doing so.

In addition to VisitScotland's spend—and I repeat that its budget in recent years has been reasonable—other massive spend supports these efforts. For example, investment has been made in some of our major attractions in the public sector. We need only think of the marvellous Burns centre, which I am sure that, like me, members will have visited; the investment in our marvellous galleries, including the Scottish national portrait gallery and the excellent Glasgow transport museum, on which the council has done such a great job; and natural retreats such as those in John o' Groats and the Machrihanish dunes. Tourism is supported not only by the VisitScotland budget but by a whole range of other budgets, notably the Scottish Enterprise budget and the Heritage Lottery Fund. Very often, VisitScotland's idea is to bring together partnerships to stimulate and facilitate the success of local campaigns by DMOs or councils, which rightly argue for the success of their area.

As a result, we should look at the picture not just in terms of the VisitScotland budget. I hope that I am right, but I believe that we have managed to accommodate the organisation's requests for specific funding for specific things. I see that that process will continue. There are always things in the in-tray for consideration and, despite the difficult economic climate, we will do our very best in that regard.

**Dr Cantlay:** To be fair, when we have proposed projects such as that for "Brave" the Government has been extremely helpful. We just need to make a persuasive case.

The bigger issue about the 20:1 target that we should keep in the back of our minds is context. In Britain, tourism is about sixth in industry terms; in Scotland, it is number 1. When we have such projects to hand, what better tool is there to move the economy forward in the very short term, by which I mean over months or a year or two? There is no better way. If we are getting back a minimum 20:1 return on investment, that is, from a Government perspective, pretty hard to beat in the short term; after all, in most cases, that return will come in months or within a year.

However, although that is a strong tool, the only way we can make the winning years really work is

by catching the imagination of Scotland, not just the industry. That is the tricky bit.

**John Wilson:** Dr Cantlay touched on the second part of my question, which was about targets. Minister, are we on target to meet the 50 per cent increase in tourism target that was set in 2006?

**Fergus Ewing:** I alluded to the extremely positive figures for March 2011 to March 2012, which showed a 15 per cent increase in expenditure by visitors. That was a truly remarkable success. I also alluded to the success of the bid fund, which will see expenditure of £321,000 deliver a return of £36 million. A return of 56:1 is a great help in moving towards such targets. There will be five conferences between 2013 and 2015, but there will be as many again thereafter, including the world biomaterials congress in 2020. That is great for the industry and bankers, because it provides an element of confidence in the overall product, which is great for confidence in the sector.

The fact that we have the highest ambitions is exemplified by the target to have 50 per cent growth in tourism revenue by 2015. That target was set in 2006, which was a different era—it was before the recession—so of course it is challenging. We have dwelt on some of the real constraints that exist, which I think that all of us, regardless of our party labels, would recognise are APD, VAT and the highest level of fuel duty in Europe—here it is 59 per cent, compared with 48 per cent in France and Germany, and 43 per cent in Spain. Having to pay 16 per cent more for your fuel is not great when many people have no choice other than to use a car to take a holiday here. Those are the barriers. Unfortunately, they are practical, concrete barriers that make it more difficult for us to achieve our high ambitions.

However, no one will have higher ambitions for Scottish tourism than the three people sitting in front of you today. Working with the leadership of the STA—Stephen Leckie and others—we are doing everything in our power to represent the industry and to drive forward to achieve the ambitions that we have for Scotland.

**John Wilson:** I have one final question; there is a crossover as regards whether it is for VisitScotland or the minister to respond to it. VisitScotland kindly provided us with a background paper that mentioned that the organisers of the Manchester Commonwealth games said that they received 1 million visitors to Manchester at the time of the games. Are there any targets or predictions for how many visitors you would like to see coming to Glasgow as part of the Commonwealth games? It is a major event and the spin-off for surrounding areas could be enormous, particularly when other events will be

held outwith Glasgow. Are we making best use of that opportunity by getting all the local authorities in the surrounding areas and the tourism industry engaged in that process?

**Malcolm Roughead:** I will take that question. There is a very close working relationship between the organising committee—I think that Gordon Arthur was at the committee last week—the Glasgow City Marketing Bureau, ourselves and other agencies. We are pulling together such figures right now, so next time round I will have a better opportunity to articulate that information.

The opportunity is there for people in Scotland, people in the UK and people from Commonwealth countries. Earlier, I mentioned our work with Canadian and Australian media channels. It is clear that those countries will be the feeder markets. They are the markets that we want to attract, for all the reasons that you have outlined.

**John Wilson:** Thank you.

**Dr Cantlay:** In relation to your earlier question, it is fair to say that the tourism industry must be the unluckiest industry. Within two weeks of my coming into post in April 2010, we had the volcanic ash storm. I talked about an act of God. By Christmas, we were talking about acts of God, because we had had the winter storm that wrote off Christmas for many businesses. Since then, we have had last year's summer storm, and we have now had the worst summer for 100 years. We are due some luck soon.

**Chic Brodie:** You must be a jinx.

**Dr Cantlay:** When we are looking to be ambitious, it is tough when we have to deal with factors that are outwith our control, on top of the recession and so on.

In looking forward, I think that it is necessary to be bold if you have ambitious targets. I think that the winning years are about working hard in 2013 and 2014 to set up the second part of the decade. That is what the strategy is focused on.

**John Wilson:** Maybe the year of natural Scotland is all about explaining to people the changes in climate, as well as the opportunities that exist in Scotland.

**The Convener:** We need an explanation of the benefits of taking a holiday in the rain.

I thank the minister, Mike Cantlay and Malcolm Roughead for coming along. That concludes our evidence on the winning years strategy. We will produce a report, which will be published in due course.

12:25

*Meeting continued in private until 12:35.*

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

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