

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Tuesday 27 March 2001
(*Afternoon*)

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE 10th Meeting 2001, Session 1

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

*Miss Annabel Goldie (West of Scotland) (Con)

COMMITTEE MEMBERS

*Bill Butler (Glasgow Anniesland) (Lab)
*Mr Duncan Hamilton (Highlands and Islands) (SNP)
Nick Johnston (Mid Scotland and Fife) (Con)
*Marilyn Livingstone (Kirkcaldy) (Lab)
*George Lyon (Argyll and Bute) (LD)
*Mr Kenny MacAskill (Lothians) (SNP)
*Mr Kenneth Macintosh (Eastwood) (Lab)
*Des McNulty (Clydebank and Milngavie) (Lab)
*Elaine Thomson (Aberdeen North) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED :

Mr David Davidson (North-East Scotland) (Con)
Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)
Mrs Margaret Ewing (Moray) (SNP)
Alex Fergusson (South of Scotland) (Con)
Rhoda Grant (Highlands and Islands) (Lab)
Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab)
Maureen Macmillan (Highlands and Islands) (Lab)
David Mundell (South of Scotland) (Con)
Dr Elaine Murray (Dumfries) (Lab)
Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

WITNESSES

Mr Alasdair Morrison (Deputy Minister for Enterprise and Lifelong Learning and Gaelic)
David Wilson (Scottish Executive Enterprise and Lifelong Learning Department)

CLERK TO THE COMMITTEE

Simon Watkins

ASSISTANT CLERK

Linda Orton

LOCATION

Committee Room 1

Scottish Parliament

Enterprise and Lifelong Learning Committee

Tuesday 27 March 2001

(Afternoon)

[THE CONVENER *opened the meeting at 15:03*]

Tourism (Foot-and-mouth Disease)

The Convener (Alex Neil): Good afternoon and welcome to the 10th meeting in 2001 of the Enterprise and Lifelong Learning Committee. The meeting is dedicated to the problems arising from the foot-and-mouth disease outbreak that are faced by the Scottish tourism sector.

I welcome the Deputy Minister for Enterprise and Lifelong Learning and Gaelic, Alasdair Morrison, and I thank him for agreeing to come to the committee at relatively short notice. I also welcome David Davidson, Elaine Murray, Rhoda Grant, Maureen Macmillan, David Mundell, Alex Fergusson, Margaret Ewing, Fergus Ewing, Jamie Stone and Cathy Jamieson. Those MSPs are not members of the committee, but are here to participate in the proceedings.

The turnout by MSPs who are not members of the committee and the fairly full turnout by committee members indicates the seriousness of the situation for the tourism sector in Scotland, particularly but not exclusively in the rural economy.

I ask the minister to make an opening statement, which will last about seven to 10 minutes. After that, we will ask questions.

The Deputy Minister for Enterprise and Lifelong Learning and Gaelic (Mr Alasdair Morrison): The official on my right is David Wilson, who is head of the enterprise and tourism division of the Scottish Executive. I echo what the convener said about the seriousness of the issue, which is reflected in the turnout of MSPs from all parties.

I welcome the opportunity to discuss with the committee the effect of foot-and-mouth disease on the tourism industry. It might assist the committee if I outline the measures that we are taking to help the industry through the difficulties. The tourism industry is suffering badly because of cancelled bookings and a lack of inquiries for the season. Dumfries and Galloway will feel the worst effects,

but all Scotland is experiencing a down-turn. The cities are not exempt; this is not just a rural issue. The cities have been more insulated to date, but the down-turn in places such as Edinburgh and London gives cause for concern.

To gauge the effects, I visited tourism interests in Dumfries and Galloway and Perthshire to hear and see things for myself. Earlier today, Wendy Alexander and I met several tourism representative bodies from around Scotland, to find out what assistance they feel that we need to provide.

Foot-and-mouth disease is a UK problem and the solutions must be delivered on a UK basis. I will set out the position in relation to UK initiatives. As the committee will be aware, my Westminster colleagues have instructed the Inland Revenue and HM Customs and Excise to treat sympathetically applications from affected businesses to defer payments of taxes and national insurance contributions. The procedures for allowing jobseekers allowance to be paid to affected individuals will be made as fast and flexible as possible. I am happy to advise the committee that ministers will announce tomorrow a package of support initiatives for Scottish businesses. We will outline a rates relief package for Scotland and we will further outline the crisis support that will be available to the industry, which will be delivered through Scottish Enterprise and Highlands and Islands Enterprise. We will also announce an emergency package of additional assistance for the tourism industry.

The enterprise networks have put in place initial support arrangements, which will be kept under constant review. Further action will be taken if necessary. Last week, I met representatives of Scottish banks, who assured me that they will be genuinely sympathetic to businesses that experience difficulties. Much of the recovery effort will fall to visitScotland and its marketing activities.

Earlier today, the First Minister announced that Peter Lederer would be the next chairman of visitScotland, with Mike Cantley as his deputy. Peter's considerable experience of tourism and his knowledge of the industry will make him the ideal person to lead visitScotland during this challenging time. He will be ably assisted by Mike Cantley.

A draft recovery plan for the industry has been produced by visitScotland, and Peter Lederer has undertaken to consider urgently which elements need to be implemented now. Immediate action is likely to concentrate on the UK market. As I have said, there will be help for Dumfries and Galloway. Tomorrow, Wendy Alexander will visit visitScotland to discuss further with the chairman various items relating to the recovery plan.

I am well aware that leisure activity in the

countryside has been badly disrupted and that tourism has suffered as a result. As Ross Finnie said during last week's debate in the Parliament, access is high on our list of priorities. I am sure that the committee appreciates that it has been necessary to take a cautious and balanced approach. As the committee will know, we issued guidance more than two weeks ago, on 7 March. We issued revised guidance last week, which included "The Comeback Code". Already, several areas have reopened. We expect blanket bans on access to disappear and many more restrictions to ease between now and Easter, especially in the area north of the Forth-Clyde valley.

We all appreciate that one of the greatest problems is the media coverage that foot-and-mouth disease has been getting overseas. We are doing everything that we can to ensure that the correct picture is being put across. Last week, I met Brian Wilson at the Foreign and Commonwealth Office to ensure that all our overseas offices are fully briefed and that they emphasise that Britain is open for business. Brian Wilson told me that a personal instruction from the Prime Minister has been issued to the head of every UK diplomatic post in the world with the instruction that ambassadors are to engage in vigorous public diplomacy campaigns to promote the message that Britain is open for business. Also, the British Tourist Authority's overseas offices are being briefed daily.

The greatest problem with perception is in north America, which is also our biggest overseas market. My colleague at the Department of Culture, Media and Sport, Janet Anderson, has just returned from America, where she talked to influential media, including travel trade media. Just before I came to the committee, I was handed an Irish Government advert that suggests that people in that country should keep Ireland free of foot-and-mouth disease by not travelling to Northern Ireland or Great Britain. Even close to home, we have a lot of work to do to inform potential visitors.

Next week, I am going with Henry McLeish to the BTA offices in New York, where we will speak to as many tour operators, travel agents and travel media representatives as we can. Wendy Alexander will also use her attendance at tartan week events to ensure that the message gets across that Scotland is open for business.

The Convener: I believe that you have between an hour and an hour and a half with us, minister. Is that right?

Mr Morrison: I am in your hands, convener.

The Convener: In that case, we might be here until 9 o'clock tonight.

Will there be specific measures and additional funding to deal with the marketing of Scottish

tourism abroad? You have referred to misinformation and disinformation that is being spread in the United States—via the BTA, allegedly. Will you make additional funds available to help market Scotland in the period ahead?

Mr Morrison: I am delighted that you said "allegedly". A great myth has developed that the employees of the BTA were coming up with stories such as the one about people being fined in the Highlands and Islands. A great deal of froth has developed about the BTA.

It goes without saying that the package that will be announced tomorrow will deal with marketing. Again, I should stress that the detail of the initiatives is still being worked on by my Cabinet colleagues. It is important that members appreciate that the industry is helping to inform a response. The summit that we had today was useful because it allowed the industry to set out its priorities formally. Obviously, marketing Scotland will be important, both outwith and within the UK, but the UK market is especially important for Easter breaks.

We have a lot of work to do. We could spend millions of pounds in north America, only to see all that work being undone by a two-and-a-half minute report on CNN. That is why the appointment of Peter Lederer is important. He is an experienced individual and he is taking charge of the situation as of today. The detail will be made clear tomorrow.

The Convener: Are you in a position to quantify the impact of the crisis on the tourism sector? This morning, a report said that the sector would lose £100 million in the next six months.

Mr Morrison: As members will appreciate, it takes a while to get a firm grasp on the situation and analyse it properly. Anecdotally, we know that the crisis is having a drastic effect on Scottish tourism. If I recall correctly, visitScotland anticipated losses of between £100 million and £300 million for this season, but I stress that that is only an estimate by one organisation.

Miss Annabel Goldie (West of Scotland) (Con): Given the gravity of the situation, do you agree that it is necessary to distinguish between Dumfries and Galloway and the rest of Scotland? Farmers and other members of the commercial community in Dumfries and Galloway have an absolutely appalling commercial problem.

If that is the case—it seems pretty obvious to most of us that we must make that distinction—is your view that tourism in the areas that are concerned would be helped not just through a plea from your colleagues at Westminster to the Inland Revenue and to HM Customs and Excise to defer requests for payment, but by that request being extended to, for example, a deferment of

employers' element of pay-as-you-earn contributions, of national insurance contributions, of corporation tax and, in some respects, of council tax? Some businesses are conducted from premises that are associated with residence, and the business owners might be paying council tax because of that element of personal occupancy. Are those all areas that you think merit further investigation? Such measures would go a long way towards trying to alleviate cash flow problems for hard-pressed operators.

15:15

Mr Morrison: Annabel Goldie makes a good point in relation to two distinctive approaches to recovery in the Scottish tourism industry. As we all appreciate, Dumfries and Galloway is the epicentre of the foot-and-mouth outbreak, and I hope, for the sake of the rest of Scotland, that foot-and-mouth disease continues to be contained in that part of the south-west.

Obviously, we need to assure tourism leaders—we have already done so, in fact—that Dumfries and Galloway will be a special case. At visitscotland and Scottish Enterprise levels, we have ensured that Dumfries and Galloway will receive additional support. As for what we do for Dumfries and Galloway after the foot-and-mouth outbreak, we have given a cast-iron assurance that the area will be given extra help to ensure that it regains its rightful place as a Scottish tourist destination.

The issues of local and national taxation are being discussed. I cannot comment on the up-to-date position at Westminster, but in a preliminary statement a week ago today, Michael Meacher told the House of Commons that

“Ministers have asked Inland Revenue and Customs officials to take a very sympathetic approach to businesses experiencing financial problems as a result of the outbreak”—[*Official Report, House of Commons*, 20 March 2001; Vol 365, c 192.]

and to defer payment of VAT, income tax and national insurance contributions.

Miss Goldie: My plea to you, minister, would be for you to liaise with your colleagues in the Scottish Executive—not only the Minister for Enterprise and Lifelong Learning—and colleagues down south to try to ensure that clarity is given immediately to the beleaguered operators in Dumfries and Galloway. At the moment, they might not know how they will pay for tomorrow's food bill, let alone for anything else.

They need some reassurance about what help is forthcoming and when it is forthcoming, so that they can, if nothing else, have meaningful discussions with their lenders. Lenders might be able to be sympathetic in their treatment of

overdraft facilities if they have some understanding of what mitigation the Government and Scottish Executive might offer in relation to other areas of outgoing. The people who are involved are in a dreadful situation at the moment, and only the communication of that clarification as soon as possible will offer them a ray of light.

Mr Morrison: Miss Goldie makes another valid point. Our first priority in the short term is to reduce those people's liabilities. I know that the Inland Revenue and Customs and Excise will move sensibly and in a coherent, co-ordinated fashion.

The issue of clarity is all-important. No one out there should be wondering what on earth they should be doing. Whether we are talking about bed-and-breakfast operators in Lochaber, or about somebody working in the epicentre of the outbreak in Dumfries and Galloway, we will ensure that they have access to the information and clarity that we all seek. That is being worked on.

Mr Kenny MacAskill (Lothians) (SNP): I welcome the appointment of Peter Lederer as chairman, but can you tell us a date by which a chief executive will be appointed to visitscotland? If not, why not, given the crisis that we currently face and the fact that we are apparently using high-grade recruitment consultants at great expense? In short, when are we getting a chief executive?

Mr Morrison: A chief executive should be appointed in the next two weeks.

Mr MacAskill: Okay. Thank you.

Secondly, will the Executive run television and local radio adverts on foot-and-mouth disease, given that we do so for things such as influenza vaccinations and lagging of pipes in winter? Would not it be appropriate to start a Government information campaign in the mass media forthwith, which would let people know what they can and cannot do, and where they should and should not go? Will such a measure be implemented?

Mr Morrison: The guidance that was published two weeks ago was quite clear as far as I am concerned. It has been revised, and that revision was published last week by my colleague, Ross Finnie. The bottom line is that the same rule applies to anybody anywhere in the United Kingdom: you must not go anywhere near livestock. It is as simple as that.

Mr MacAskill: I know that, but my question is whether you will use the mass media of the 21st century—television and local radio—rather than simply putting an advertisement in a paper. Can we expect the same sort of effort to be given to this crisis and to trying to save the Easter season as was given to lagging pipes during the recent

winter freeze, and to getting granny inoculated when there was an outbreak of influenza? Will there be a television and radio advertising campaign?

Mr Morrison: We will use any and every means at our disposal to get the message across. It is vital that we reinforce that message—perhaps what Mr MacAskill suggests is an appropriate course of action.

However, the situation is ever changing. Perceptions are changing and the crisis is changing, and it is vital that we get the message across that Britain is open for business and that Scotland is open for business. However, we must also put safeguards in place.

Mr MacAskill: Surely, if the situation is ever changing, that is all the more reason for using television to address it speedily and to keep people up to date? Will there be a television campaign?

Mr Morrison: The television campaign is always running, with ministers and experts from the state veterinary service giving advice. We can give due consideration to Mr MacAskill's suggestion. I am not ruling it in, but neither am I ruling it out.

Mr MacAskill: I will ask a final question. Who is in charge? Is it you, or is it the over-worked Minister for Enterprise and Lifelong Learning?

Mr Morrison: I do not understand your question, Mr MacAskill.

Mr MacAskill: Who is in charge of the current crisis in tourism? Is it you, or is it Wendy Alexander?

Mr Morrison: The First Minister is in charge, and Wendy Alexander is the minister who has responsibility for tourism and for the enterprise department. I do not really understand the question—I thought that Mr MacAskill would have understood clearly who was in charge.

Mr MacAskill: Are you saying that the First Minister is taking personal charge of the crisis in the tourism industry?

Mr Morrison: I am saying that the First Minister is in charge of the Scottish Executive. As you would expect, the First Minister takes a daily—in fact, hourly, if required—interest in tourism. Ms Alexander heads up the enterprise and lifelong learning department, of which tourism is a part.

Mr MacAskill: On the specific matter of tourism, who is calling the shots—you or Wendy Alexander?

Mr Morrison: Wendy Alexander is my boss, and she is the boss of the department.

Mr MacAskill: Why is she not here, then? Why

have you come along?

Mr Morrison: The convener kindly invited me, and I was only too happy to come along.

Mr MacAskill: Why are you going to the United States, rather than Wendy Alexander?

Mr Morrison: Mr MacAskill is absolutely wrong. Had he listened carefully to my opening remarks—I might have rushed them, although I do not think that I did—he would know that Ms Alexander is going to Dumfries and Galloway on Monday and that her next official engagement thereafter is a tourism engagement in the United States.

The Convener: I am quite anxious for members from the Dumfries and Galloway area—even if they are not members of the committee—to be given a fair hearing, given that the epicentre of the problem is in that area. I call Elaine Murray.

Dr Elaine Murray (Dumfries) (Lab): Thank you, convener. I am grateful to you for allowing members of other committees to take part in the meeting.

I have a series of questions, but I appreciate that a statement is to be made tomorrow and that there might be some information that I am unable to elicit from the minister today, because it will be reserved for tomorrow's statement. However, I want to ask about support. The minister will be aware of the considerable concern about the levels of support that will be available and about when that support will be available. A relaxation—or extension—of small business rates relief has been suggested. Are you able to comment on the fact that some businesses that are being badly affected are not eligible for small business rates relief? Will attention be paid to the difficulties of those businesses?

On the short-term problem of keeping open visitor attractions—which I raised in Parliament last week—some important visitor attractions in Dumfries and Galloway might not survive if immediate assistance is not given to them. That will have a long-term impact on the tourism industry in Dumfries and Galloway. I echo Annabel Goldie's point that the time scales are important—people need to know what assistance is available and when they will receive it.

I also want to address the co-ordination of announcements between the Scottish Executive and Westminster, which seems to be slightly unco-ordinated at the moment. We are hearing some announcements from Westminster, but people are not sure whether they apply in Scotland. Can we address the way in which information is broadcast so that people are clear about what information is available in Scotland, and whether it is the same as that which is available in Devon? It is not helpful for people in Dumfries and Galloway to be

unsure what is being announced. Finally, do you know whether any support is available from Europe?

Mr Morrison: I am delighted that we have resumed a mature discussion on this important issue. Elaine Murray was quite right to ask whether we will move swiftly. We will move swiftly. Everyone wants clarity on this issue. As far as distinguishing what is applicable to England and Wales, Scotland or Northern Ireland is concerned, Michael Meacher's statement mentioned taxation, which is obviously applicable on a UK basis. When he spoke about the rating system, what he said was, of course, applicable only to England. There might have been confusion immediately after that statement. Tomorrow, the Scottish Executive will announce the Scottish rates system and I boast proudly that we will make our system as responsive as possible. It should also be less cumbersome than the system that is being discussed actively in England just now.

Dr Murray: I also wanted to know about visitor attractions and about European assistance.

Mr Morrison: The European funding issue is something that officials are working on, and we shall come back to members with further information on that. I do not have any specific details that I can give the committee on European funding at the moment but, once we are fully across that area, we shall see where we can go.

Dr Murray: Will the short-term survival of visitor attractions also be addressed tomorrow?

Mr Morrison: The package that will be announced by ministers tomorrow should outline a number of areas, and I do not want to be drawn on the specifics.

Marilyn Livingstone (Kirkcaldy) (Lab): A point of clarification is vital before I ask my question. The minister is here today because the committee asked him to come. We agreed as a committee to ask Alasdair Morrison here because he is the minister who has responsibility for tourism. That is why he is here. We were all agreed on that. Alasdair has come here at very short notice to discuss a very serious issue. We wanted to ask him questions and determine progress, and that is why he is here today.

The Convener: I made it clear at the beginning of the meeting that we invited him at short notice, and we appreciate the fact that he is here.

Marilyn Livingstone: Thank you. I just thought that that was well worth saying.

As Annabel Goldie said, there is obviously a need for immediate short-term support for some small businesses, especially in the areas that are affected by the outbreak. We need a medium to long-term strategy for helping business. You

mentioned Scottish Enterprise and Highlands and Islands Enterprise. Can you give us more details on what role they would play, or is that a matter for tomorrow's statement?

Mr Morrison: Tomorrow's statement will deal with the short-term emergency measures that are being put in place. It will also take cognisance of the fact that UK measures have been put in place. The enterprise network has already responded and it is worth pointing out that, in any redundancy situation, we expect the enterprise network to show responsiveness and flexibility. Given the unique nature of the crisis, that is exactly what Scottish Enterprise and Highlands and Islands Enterprise will do. We know that that is also the top priority of other enterprise networks at the moment. Tourism is their biggest and most important customer issue.

Mr Duncan Hamilton (Highlands and Islands) (SNP): I am sure that the minister understands that no one bears him any personal ill will and that we are always delighted to see him. The point of the line of questioning that I would like to continue briefly is to discover—merely for the sake of clarity—whom in the Government we are meant to hold to account. The minister was asked about the appointment of a chief executive for visitscotland. We are concerned about that because we sometimes feel that the tourism industry is rudderless at this crucial time. Just as that applies to visitscotland, so it applies to the Government. I understand that Alasdair Morrison is the minister who has responsibility for tourism and that another minister has responsibility for enterprise. I also know that the First Minister is in overall charge but, for the avoidance of doubt, whom does Parliament hold to account for the political management of the tourism crisis?

Mr Morrison: I assume—I have no doubt about it—that Wendy Alexander and, ultimately, the First Minister are accountable. I cannot believe, convener, that members of the SNP are wasting the committee's time asking questions—

Mr Hamilton: With the greatest respect, minister, it is not up to you to decide whether we are wasting your time or not. You are here to answer questions. The reason for asking that question is that it was raised with me at two meetings in your constituency at the weekend, because people were concerned that there was no real direction. That is why the questions were put, but there still seems to be a degree of confusion.

Earlier, you answered the convener by saying that the story on the British Tourist Authority was froth. Are you saying that that story was completely untrue?

15:30

Mr Morrison: There is no confusion in my mind—and I suspect that there is no confusion in anyone else's mind—over who is ultimately responsible. The First Minister is ultimately responsible for the actions of the Executive. Wendy Alexander is in charge of, and runs, the enterprise and lifelong learning department. I am her depute minister—not right across the portfolio, but according to specific demarcation. I am delighted that Mr Hamilton visited my constituency, but I must say that I have not yet met any constituents who have demonstrated any kind of confusion.

Mr Hamilton: What about the BTA question? Is the story true?

Mr Morrison: The story is not true.

Mr Hamilton: You investigated and you discovered that the story was completely untrue?

Mr Morrison: I discussed it with BTA officials. It is simply not true.

Mr Hamilton: Right. If anything positive has come out of the current crisis, it concerns how we can sell Scotland abroad more effectively. Given that the thrust of Scottish tourism marketing has been specifically about the niche market and the brand of Scotland, why are we better off selling Scotland through the BTA?

Mr Morrison: I know that Duncan Hamilton knows and appreciates the American situation. We have great difficulty with north American perceptions, which we have to combat at UK level. As I said in my opening statement, the Prime Minister has instructed all UK diplomatic outposts throughout the world to engage aggressively with the local media. The BTA is doing a good job for Britain and, of course, it is doing a good job for Scotland.

Mr Hamilton: You would accept, however, that—even if all that is true—it is not working.

Mr Morrison: We have to accept—anyone with a full appreciation of the situation would accept—that the way we deal with and market tourism has to be revisited and rethought. There is no doubt about that. Naturally, everything that we do in relation to agriculture is up for debate and restructuring. The situation is similar with tourism. That is demonstrated clearly by the fact that we will announce a number of measures tomorrow to deal with short-term impacts. We will also outline our long-term aims.

Mr Hamilton: Well—

The Convener: I am sorry to interrupt, Duncan. This discussion is specifically about tourism problems that are related to foot-and-mouth disease. We will have the opportunity to question

the minister later in the year on the wider tourism strategy.

Mr Hamilton: I understand that, convener.

The Convener: I am anxious—especially because some members here are from badly affected constituencies—to concentrate on problems that are related to foot-and-mouth. I will allow you one more question.

Mr Hamilton: Fortunately, I have only one more question, which concerns the thorny issue of consequential compensation. Will the minister tell the committee what he understands that term to mean?

Mr Morrison: That will be outlined clearly in tomorrow's statement. We will introduce a number of measures—both short term and long term—and it will be perfectly clear to Mr Hamilton and to the rest of the country what consequential compensation means.

George Lyon (Argyll and Bute) (LD): For the record, I want to remind members that the need for a meeting to question the minister with responsibility for tourism was first suggested by me at a meeting of the small group of representatives from each political party. The SNP representative, Mr MacAskill, was so interested in the state of the tourism industry that he did not even bother to turn up for that meeting. He was doing a television interview. That puts things into context.

The Convener: I do not want this to develop into a row. We are here to question the minister and to elicit information.

George Lyon: It is a matter of record, I am afraid, and I think—

The Convener: I am asking all members, on all sides, to stick to the subject in hand. The issue is very serious and I am sure that the people who are watching the proceedings want information.

George Lyon: On Friday, I learned that people from Islay do not understand exactly what they are supposed to say to customers who phone to ask whether they can still come on holiday. I have heard the same thing from people from Mull. Tourism and agriculture in the Highlands and Islands are utterly interlinked and interdependent. The operator and the farmer are often one and the same. It is difficult for them to know whether to tell people they can come and walk in the countryside. They need clear guidance on what to tell their customers, especially those customers who are looking a little further down the line, towards the summer months. What information will you issue and by what mechanism?

The United States situation is very worrying. A number of the bed and breakfasts and hotels that I

visited on Friday were getting e-mails from American customers asking whether the food was safe to eat or whether they needed to bring food and bottled water from America. That is how ludicrous the situation has become. The foot-and-mouth and BSE issues are being confused. Much work must be done in the US market to try to redress that.

The last thing that we need is Government scientists making apocalyptic statements. That happened on Friday at the annual general meeting of the Argyll, the Isles, Loch Lomond, Stirling and Trossachs Tourist Board and it sunk the morale of many of the operators there. We need some indication in statements from Government advisers about what the eventual outcome of the foot-and-mouth epidemic might be. Their statements have a severe impact on our overseas tourism market.

Mr Morrison: George Lyon raises the valid point that we cannot divorce agriculture and tourism in rural Scotland. The same is true throughout the country. It applies to the crofting counties and the farming ones. Many people in agriculture offer self-catering accommodation and caravans and are involved in tourism.

The same rule applies to the guidance that is issued to visitors and the advice to someone who is involved in tourism in an island setting. It is fiendishly difficult for someone on a croft who is running a bed and breakfast. They have to explain fully to people the safety issues and the limitations to their visit. A landlady in Islay would have to explain to any visitors that they cannot walk—as they may have done last summer—through fields where animals have been grazing.

George Lyon: There is fear about where people are coming from. For clarification, what is the scientific risk? Is it a risk for people to drive through Dumfries and Galloway on their way to Islay, Mull or Kintyre? Do they need to have come into contact with animals? No one is sure. Anyone who sees strangers coming into an area such as the Highlands and Islands, which is, fortunately, free of the disease, is desperately concerned about the origins of those strangers: where they have travelled from and whether they have travelled through specific areas. That is the kind of basic, scientific information that must be disseminated throughout tourism businesses so that they can advise their customers.

Mr Morrison: I agree that the scientific advice should be clear. All politicians have a responsibility to ensure that the advice is conveyed clearly.

We are all aware of media reports about the USA and we all have relatives and friends in the USA who inform us about the nature of the reporting there. It is an horrific story. Britain is

taking a severe doing in the north American media.

George Lyon also mentioned Government vets and their apocalyptic statements—I will not try saying that again with a sore throat. Thankfully, they do not have to answer to me. I suspect that Mr Lyon should make his concerns known to Nick Brown.

Alex Fergusson (South of Scotland) (Con):

As a stranger to the committee, I thank you for welcoming me. As far as political banter is concerned, the committee is much livelier than the one I normally sit on. That has been an eye-opener.

The Convener: This is a quiet day.

Alex Fergusson: The issue is serious. One thing that has emerged is that tourism and farming are inextricably entwined, as the minister and George Lyon have said. That is important. No area reflects that more than Dumfries and Galloway. As in all parts of Scotland, the tourist season in that area starts at Easter. Unfortunately, for Dumfries and Galloway, the Easter season will begin in 2002 rather than 2001.

I am grateful to my colleague, Annabel Goldie, for suggesting that Dumfries and Galloway may have to be treated rather differently. I think that George Lyon said why that should be so. To a certain extent, there is a stigma attached to Dumfries and Galloway. It could become a sort of pariah state within Scotland if serious questions are asked about whether people can travel out with the area. I am sure that Elaine Murray, my colleague David Mundell, and anybody who lives in the area knows—as I do—of business people who have nothing to do with agriculture but who are having orders cancelled simply because they come from Dumfries and Galloway. The area's economy has a serious problem for the foreseeable future.

The minister referred to Scottish Enterprise and HIE having input to tomorrow's statement. I do not want to pre-empt that statement, but I was not encouraged by my meeting last week with the chief executive of Scottish Enterprise. It seemed that the thinking was tightly enclosed within Scottish Enterprise's remit. I want to impress upon the minister—and I am grateful for the opportunity to do so—the need for radical and innovative thinking. Survival seminars and business gateway programmes are not enough to deal with the problems that exist in Dumfries and Galloway.

Some measures that have been mentioned, such as deferment of income tax and VAT, are fine for the present, but there will be no income for many businesses in the near future. They will not be paying any income tax. If businesses are not taking in money, they cannot charge VAT, so there

will be no repayment.

We need radical, out-of-the-box thinking. I would be grateful if the minister would consider the establishment of a hardship fund to which businesses could apply to see them over this serious period.

Mr Morrison: Alex Fergusson has made a number of valid points. The reality is that, for almost everyone in Dumfries and Galloway, the Easter season will indeed begin in 2002.

There is no doubt that Dumfries and Galloway should be treated differently. Dumfries is the centre of the outbreak in Scotland. Let us hope that the outbreak is contained and eradicated in Dumfries and Galloway. At the end of the day, we cannot logically talk about an end point until that happens in Scotland and other parts of the country.

Alex Fergusson's comments on the impact on other industries are right. The issue is cross-sectoral—that is clearly demonstrated in Dumfries and Galloway.

Alex Fergusson also mentioned Scottish Enterprise's reaction. As I said at the outset, we should be—indeed we are—fluid and responsive in our reaction to such situations. We always expect and ask our enterprise network to be responsive and to show sensitivity in dealing with such issues. Sadly, this is unique and new territory for us. I assure Alex Fergusson that Robert Crawford appreciates the situation. The minister in charge, Wendy Alexander, has transmitted the seriousness of the situation.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I thank the committee for having us.

As the minister knows, in Lochaber, Badenoch and Strathspey, many people are suffering severe financial consequences as a result of the restrictions that flow directly from the need to eradicate foot-and-mouth disease. People accept those restrictions. Most mountain guides, skiing instructors, tour guides and path repairers do not have premises on which they must pay business rates, but many have lost all their income over the past few weeks. That is extremely serious and the consequences for such people have been dire.

What exactly did the First Minister mean by the phrase "consequential compensation" when he told Parliament last Thursday that the Executive hopes

"to be able to develop consequential compensation"?

Will that include compensation for loss of income?

Mr Morrison: I thank Fergus Ewing for his extended question, as it gave me time to eat one of the Locketts that Annabel Goldie gave me. That

has done wonders for my throat.

Fergus Ewing is absolutely right as far as the situation in his constituency is concerned. We know that people who work in the activity holiday sector are suffering, as are others. In the package that Wendy Alexander will announce tomorrow, she will outline exactly what the Executive means by helping and assisting the tourism industry.

15:45

Fergus Ewing: "Compensation for consequential losses" has a well-defined and clear legal meaning. It means compensation for loss of income. Deferment of taxes, rates and national insurance payments does not in any way amount to compensation for consequential losses.

I ask the minister again whether the Executive supports compensation for consequential losses, or was the First Minister confused last Thursday when he said:

"we hope to be able to develop consequential compensation"—[*Official Report*, 22 March 2001; Vol 11, c 877.]

Mr Morrison: The First Minister was absolutely right when he said that the Executive, along with colleagues in the UK Government, will work to help and assist the tourism industry. That will be made very clear tomorrow when the package is announced. We have discussed the package with the industry and we have taken wide-ranging soundings. I have been to Perthshire and to Dumfries and Galloway and, today, we met representatives from right across Scottish tourism. Senior ministers are working on the matter and the package will be announced tomorrow.

Fergus Ewing: Have the officials whom you have just referred to been asked to provide specific information about compensation for consequential losses, by which I mean loss of income? If they have, ministers would be able to develop proposals, which the First Minister said were being developed, to address the need that exists for consequential compensation.

Mr Morrison: Wendy Alexander will make it very clear tomorrow that we recognise the needs of the industry in the short and the long terms.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I thank the convener—

The Convener: I suggest that Jamie Stone moves forward, so that he is sitting closer to a microphone. For the minister's benefit, I point out that Jamie Stone is sitting to his extreme left.

Mr Stone: Possibly not politically.

As the minister knows only too well, the Highlands and Islands are—mercifully—free thus far of foot-and-mouth disease. Let us hope that it

stays that way. The minister will also be aware that Highland Council has introduced a policy of putting disinfectant mats across the main routes into the Highlands. At Inverness airport, on arrival, passengers have to step into a disinfectant foot-bath. Proprietors of those rivers that are open to fishing are ensuring that, before people go up and down the river banks, they step into disinfectant foot-baths.

Perhaps I should know the answer to the question that I am about to ask, but surely it would be possible for hotels, bed and breakfasts and other tourism businesses to follow similar procedures? When guests arrived and before they walked up the hill or whatever, they would have to step into disinfectant foot-baths. Given that there are go and no-go areas, that precaution would apply only in go areas. Is the minister and/or his department considering issuing guidance to that effect, possibly via area tourist boards or, if possible, directly to the hotels, bed and breakfasts and other tourism industries? By issuing such guidance, the minister would be seen to be taking a belt-and-braces approach to helping to ensure that areas that are mercifully disease free are kept that way. My question is linked to one that was asked by George Lyon.

Mr Morrison: The first of Jamie Stone's questions is legitimate and one with which I can empathise. Similar measures have been taken at airports, by Caledonian MacBrayne and by the local authority in my Western Isles constituency. I am thankful that it is not up to politicians to determine what disinfection schemes and other precautionary schemes are put in place. We are, rightly, required to rely on the expertise of the state veterinary service, which advises us on what should and should not be done.

Mr Stone asked about advice to individual hoteliers in his constituency and I suggest that they contact their area tourist board. The ATB websites are being updated continually when new information becomes available and as the crisis unfolds. The best available source for such data should be available locally.

I am speaking in a public forum and the last thing the tourism industry needs is for another politician to come up with a theory that could do damage—as Mr Lyon alluded to in his comments about the Government vets. I do not want to make any statements about what individual businesses should or should not do. That information is available locally and businesses can consult locally. There are local experts, in the shape of the divisional vet, in every part of Scotland. Tourism businesses should have ready access to their local experts.

The opening up of the countryside should not be determined centrally. Our guidance is useful

because it devolves the local decision to whoever the landlord happens to be—the local authority, Scottish Natural Heritage or Historic Scotland. The landlords can, in consultation with local experts, make their own risk assessment and determine whether they should open or in some—although thankfully not many—cases close.

George Lyon: Will the minister clarify who is giving the guidance for making the risk assessments that are needed to open up some walks and trails? Is the guidance being given by local vets or are vets from the Scottish Executive rural affairs department involved in the process?

In the Argyll forest park in Cowal, for example, it has been possible to open only about two paths because the rest of the land has sheep or cattle on it. There is an absolute linkage between tourism and agriculture; the two cannot be separated. That makes it difficult to understand how we will be able to relax restrictions and allow people to come back to the countryside.

Mr Morrison: That should be straightforward. For example, if someone on Islay owns a tourist walk round the shoreline, all that they have to do is invite the divisional or local vet to come and apply the risk-assessment criteria. The divisional vet can then say whether the walk can open for business.

Local authorities can do the same. I have Perthshire in mind. There are large swathes of Scotland that should open if the risk-assessment criteria are applied. It is important that such decisions should not be taken by some desk-bound bureaucrat in Edinburgh. They are best taken locally, informed by the divisional vet and the local expert. Let us start a programme of opening up the countryside.

George Lyon: Once such a decision has been taken, how will it be publicised nationally so that everyone knows which areas and walks are open and which are still closed?

Mr Morrison: The system works in reverse. The local ATB informs visitscotland, whose website is updated. The beauty of websites is that they can be updated hourly.

George Lyon: Is that being done?

Mr Morrison: Yes.

David Wilson (Scottish Executive Enterprise and Lifelong Learning Department): SERAD issued guidance on risk assessments, as it calls them, that public and private landowners should take into account when deciding whether to open a particular property or area. The decision is made by the individual landowners on the basis of the guidance. They get local advice from the vet, as the minister said.

If a landowner opens a property, that will be

advertised through the landowner's publicity machine. For example, the National Trust for Scotland is making available clear information about which of its properties are open. In addition, the standard Scottish Tourist Board telephone line has details of which visitor attractions are open. It can give links to the National Trust and other landowners.

Machinery is in place to ensure that people can access the information on which properties are open.

Mr Morrison: A related issue about some private landowners was brought to my attention this afternoon at the summit that we held with representatives from the tourism industry. There is concern in the industry and the wider community that some—I emphasise that word—private landowners have put up “Keep Out” signs and are not showing any willingness to take them down although there is no recognisable risk.

I will investigate that matter. It greatly concerns me that a private landowner would erect a “No Entry” sign and show reluctance to remove it.

The Convener: Do you intend to follow up those cases?

Mr Morrison: I most certainly do.

The Convener: David Davidson has been waiting a while to get in.

Mr David Davidson (North-East Scotland) (Con): I welcome the minister's making himself available this afternoon to those of us who are concerned about the impact of foot-and-mouth disease on tourism.

In the light of the minister's opening comments, will he assure us that those businesses that do not deliver a direct tourism product but which are dramatically affected—for example, butchers who service the hospitality industry—will be included in the thinking behind his statement tomorrow?

Mr Morrison: As your colleague Alex Fergusson said, this is a cross-sectoral issue, and tomorrow we will recognise the need for a cross-sectoral approach to it. Our enterprise network is equipped to respond on that basis. Further clarification of what will happen will be given tomorrow.

Mr Davidson: Let us turn to the issue of foreign impressions. Yesterday evening, I took part in a BBC programme on which the chief executive officer of a New York travel organisation gave an interview. He made it clear that the last thing that he and his colleagues needed was horrendous pictures of funeral pyres in the media, rather than the beauties that are available for visitors to this country. What contact have the minister, the Executive and the UK Government had with our media and the foreign media based in the UK to

draw them onside so that they help to clarify the situation?

Mr Morrison: The damage that is being done by the foreign media is awesome, as much misinformation is being peddled. The Foreign and Commonwealth Office is using its networks of embassies and consulates to engage with the media of whatever country they are in. They have been instructed by the Prime Minister to engage positively with the media and to conduct a robust campaign to counter adverse publicity. The influence and reaching power of a station such as CNN is phenomenal. We must ensure that we counter that adverse publicity.

Along with the First Minister and the Minister for Enterprise and Lifelong Learning, who has responsibility for tourism, I shall visit the United States next week. We will make ourselves available to the American media outlets and will use every means at our disposal—at both Scottish and UK levels—to get our message across. As you rightly say, the present coverage does not make pretty listening or viewing.

Mr Davidson: Has the Executive contacted the Treasury about accessing UK contingency funds—as this is a UK problem—for longer-term and short-term relief? If you have done so, are you trying to ensure that the area tourist boards will be funded directly? Councils cannot afford to fund the extra activities that are being taken on board.

Mr Morrison: There is no doubt that we are having to review the way in which we approach the funding of tourism. Treasury contact continues on a daily basis and an important statement will be made by Wendy Alexander tomorrow. As Mr Davidson rightly suggests, we are responding at both UK and Scottish Executive levels.

Rhoda Grant (Highlands and Islands) (Lab): Given that the situation is fluid and a lot of local authorities, Government departments, tourist boards and the like have put information on their websites, would it be worth while to set up a website dealing just with foot-and-mouth disease, which could have links to all those other organisations' websites, so that people could access all the information that they needed in one place? Many people tell me that the situation has changed, and we know that things change and will change week by week and day by day. However, people do not understand why that is. Therefore, it might be useful to indicate on a website which parts of the countryside are now open, with an explanation of why they are open, including any new scientific evidence that has been received. That would be a good resource for tourist information offices as well as for individuals seeking that information.

Mr Morrison: That is a good point. It is

important to transmit to the world information about which parts of Scotland are open. The best support that industry can get is from people coming through hotel and restaurant doors who have booked from across the world by e-mail or telephone. That support is what the tourism industry desperately seeks. I am neither qualified nor inclined to give advice on website construction. Perhaps my colleague, David Wilson, has that inclination.

David Wilson: We had to decide whether to use the websites of visitScotland, the enterprise network and the National Trust for Scotland. There are already many places where people expect to get information about tourism, and visitScotland was keen to use its website to disseminate advice about foot-and-mouth disease to visitors. Likewise, much of the dissemination of advice to landowners is being done through the standard websites. There is an option, which has not been ruled out, to draw together all that information in a new website. That is being kept under review, but we wanted to use what is already there, because many people expect to go to the websites of the National Trust for Scotland, visitScotland or local ATBs as their first port of call.

16:00

David Mundell (South of Scotland) (Con): I thank the convener for allowing non-committee members to participate.

A number of the issues that I wanted to raise have already been raised. First, could you clarify, from a different angle, the ownership of some of the issues? I understand that Ross Finnie is chairing a group that is looking at the economic impact of foot-and-mouth disease. How does that activity dovetail with your activities?

Secondly, I do not need to emphasise that the focus of the crisis is Dumfries and Galloway. I welcome the fact that you came down to the area, and particularly that you chose to meet people from the affected industry. I hope that when Wendy Alexander comes next week she will meet people who are directly affected, rather than the usual suspects whom ministers tend to meet. You will appreciate that Scottish Enterprise Dumfries and Galloway and the local tourist board are resourced for the population that they have and not to deal with a major crisis of this nature. Will you give us an undertaking that they will have the necessary human and financial resources so that a recovery plan can be built and we can have some of the out-of-the-box thinking to which my colleague Alex Fergusson referred?

Thirdly, I have an example of an organisation that needs hardship money. The wildlife park at Kirkcudbright needs money, not for foot-and-

mouth disease, which, unfortunately, is affecting so many livestock in the area, but because there are no visitors. The animals cannot be moved, and the park faces bankruptcy and ultimately the slaughter of the animals within a short period. That is an exceptional consequence of the current crisis, but for which it has been made clear no funding exists.

Mr Morrison: David Mundell raises a number of valid points. My visit to Castle Douglas last week was not pleasant, in the sense that, as Mr Mundell described, I met real people who were feeling real pain. One of them was a gentleman who runs an animal centre—I cannot recall his name—and who was visibly upset, because the animal centre has a revenue problem. That is distressing to that gentleman, and we do not want a situation in which animals are suffering in any way.

I can assure Mr Mundell that when Wendy Alexander visits Dumfries and Galloway next week she will meet people from across the sector. She will meet people with local enterprise company and tourism responsibilities. Obviously, she will wish to inform herself by speaking to people who are directly affected, because in a dire situation the best thing to do is to speak to those who, sadly, are facing difficulty.

I assure the member that personnel will be bolstered in Dumfries and Galloway, because a small LEC such as Scottish Enterprise Dumfries and Galloway is nowhere near equipped with the resources and personnel to deal with a situation on this scale.

I can but pay tribute to all who are involved—the LECs, the tourist board, Dumfries and Galloway Council and the other authorities in that part of Scotland—for the way that they have handled a particularly distressing and awful situation. To answer David Mundell's question directly, I say that I can happily give the assurance on Scottish Enterprise Dumfries and Galloway that he seeks.

David Mundell: And how do Mr Finnie's activities dovetail in?

Mr Morrison: My apologies. Mr Finnie chairs the ministerial group that deals with foot and mouth. People from the rural affairs, local government and finance as well as enterprise and lifelong learning portfolios sit on that group. Mr Finnie and his colleagues feed reports on foot-and-mouth disease to the Cabinet, which is—as one would expect—briefed on a weekly basis. The First Minister is briefed daily and, if need be, a number of times a day. As Mr Mundell appreciates, the situation is ever changing so it is important that those in charge are kept up to date and in the loop.

The Convener: Which ministers are represented on the Whitehall working party?

Mr Morrison: Mr Finnie is the Executive's representative on Michael Meacher's task group, which I attended last week. The group includes Department of Trade and Industry officials and a Treasury minister. David Wilson will assist me.

David Wilson: Also represented on the task group are a minister from the Department of Trade and Industry; a minister from the Ministry of Agriculture, Fisheries and Food, Elliot Morley; a Department for Culture, Media and Sport minister, Janet Anderson, who has responsibility for tourism; the employment minister; and representatives of the Wales Office and the National Assembly for Wales. I think that that is all.

The Convener: Before I let the three members who have already asked a question come back in with a quickie, do those members who have so far not asked a question want to ask the minister about anything?

Elaine Thomson (Aberdeen North) (Lab): As I arrived late I am sorry if this issue has already been touched on. Given the severe difficulties that many businesses face, what discussions has the minister had with the banks? Businesses' relationships with their banks and the extent to which banks treat business loans and other matters sympathetically can have a considerable impact. The banks can make a big difference to whether an organisation can stay in business.

Mr Morrison: Last Wednesday evening, I met the four Scottish banks, including the Royal Bank of Scotland, which operates internationally and not only in a Scottish or UK context. The Scottish banks appreciate the cyclical nature of crofting and farming and all the other rural industries. David Wilson was with me at that meeting. The banks clearly established at the outset, when they made their pitch, that they will be genuinely sympathetic. Like all of us, they will revisit their thinking on how they deal with their customers. The banks wanted to get the message across to customers everywhere that customers should immediately contact their local bank manager, who is best equipped to deal with their inquiries. The banks' head offices have given a directive that bank managers should respond sympathetically and listen to people to see what can be done to help them through exceptionally difficult times.

We hope that tourism will take off in most parts of Scotland, including parts of the south-west. The solution that businesses are looking for is to see trade coming through the doors and people sleeping in bed and breakfasts and hotels. Obviously, parts of Scotland, such as Dumfries and Galloway and the rest of the south-west, will have short-term, medium-term and long-term difficulties. The banks are genuinely sympathetic and we welcomed their input.

Mr MacAskill: Will you clarify what you said about the leadership of visitscotland? You acknowledged that the Easter season was vital to the industry and said that it was your intention that a new chief executive be appointed within a fortnight. Will the chief executive be in situ and in charge in a fortnight or will he still need to give notice to his current employers?

Mr Morrison: We are fortunate to have a capable interim chief executive, who has done a good job for the Scottish Tourist Board.

Mr MacAskill: When will the new chief executive be in charge?

Mr Morrison: My understanding is that the new chief executive will be—

David Wilson: May I answer? The important point is that the chief executive is appointed by visitscotland rather than by the minister.

Mr Morrison: It is a board appointment. The new chief executive should be in place in the next two weeks.

Mr MacAskill: Will he be in charge as opposed to just being appointed by then?

Mr Morrison: Chief executives obviously head up their organisations. I have no doubt that, when he or she is appointed, the new chief executive will be in charge.

The Convener: Once you have checked with the board, would you give us an answer in writing?

Mr Morrison: I would be delighted to send you an answer. In fact, I would be delighted to update Mr MacAskill verbally when the new chief executive is appointed.

Mr MacAskill: Good.

Des McNulty (Clydebank and Milngavie) (Lab): It is important not to choose the chief executive on the basis of their being available the next day. What is important is that the organisation functions.

The focus of the meeting has been the immediate crisis in Scotland and especially in Dumfries and Galloway. I ask you to invite the new chair and vice-chair of the tourist board, and the chief executive when he or she is appointed, to consider at an early stage the medium-term recovery strategy for tourism in Scotland, especially in Dumfries and Galloway. I am conscious that tourism has a long lead-in time in terms of publicity and marketing, bookings and so on. Dealing with the immediate problems is obviously necessary and vital, but that does not completely rule out the process of looking at the medium-term recovery strategy. How that strategy is put in place and implemented will be important.

Mr Morrison: Des McNulty makes valid points. Tomorrow, we will announce emergency measures for the industry, but we are continuing to push ahead with our recovery plans. Wendy Alexander will visit visitscotland's headquarters tomorrow and will discuss short-term, medium-term and long-term issues with Peter Lederer, who will be an excellent chairman. He has a great track record in the tourism industry and, as chairman, he will be in charge.

Mr Hamilton: I have a short question in response to one of the minister's answers, which is relevant to remote and island communities in the Highlands and Islands. The minister correctly said that areas would be opened up on the basis of specific assessments and that the people making those assessments would be the local vets. One of the problems that have been raised with me concerns the availability of vets, particularly in island and remote rural communities. Given that the lack of those vets could be an unnecessary barrier to the opening up of tourist enterprises, can he give us a commitment that the availability of those making the assessments will not be an issue? If it already is an issue, will he tell us what efforts are being made to address it?

Mr Morrison: I am happy to give the assurance that the availability or non-availability of a vet is not an issue in the Highlands and Islands. We have a divisional veterinary manager in the Highlands and Islands, and there is a first-class network. I assure Mr Hamilton, and I know that he will appreciate this, that opening up islands is my top priority.

Mr Hamilton: I raised that point with the minister because it was raised with me on my much-fabled visit to the Western Isles, where people were experiencing problems in getting access to a vet. Can I leave that specific issue with him, on a ministerial and a constituency basis?

Mr Morrison: Yes.

George Lyon: I would like to come back to the announcements that have been made at Westminster to say that the authorities will deal sympathetically with delays in payments of tax, national insurance contributions and VAT. How do they determine which businesses will qualify for the help? Tourism businesses are obviously right in the front line of the need, as are farming businesses. Unless farms have had a case of foot-and-mouth disease, they get no compensation, and are therefore in exactly the same position as that of tourism businesses in that they have no cash flow. Those two types of businesses will obviously qualify, but what about the rest? There are auction marts, small businesses that supply the agricultural trade and other businesses that are linked to tourism. What are the qualifying

criteria that allow businesses to say to the VAT authorities or the taxman that they need to delay payments because their cash flow has completely dried up?

16:15

Mr Morrison: The Inland Revenue and HM Customs and Excise have been instructed by Treasury ministers to be sympathetic. I cannot quote chapter and verse on the exact criteria, but businesses will have ready access to local information and there is an Inland Revenue helpline. Businesses will be able to contact their local tax office and their case will go up the line. The Inland Revenue will not treat individuals according to a strict formula for deferral. Decisions will be made on a case-by-case basis, and the individual circumstances of each business will be taken into account. One business and a neighbouring business just 100 yards down the road could be very different, and the case that each neighbour makes could be totally different, even though both are in the same village.

George Lyon: Is your message to all business people who think that their cash flow is being affected by the crisis that they should go to their local office and ask for guidance on how to submit their bid for a holiday or a delay for payments?

Mr Morrison: Absolutely. That is my message to businesses in Scotland, and that has also been the Inland Revenue's advice.

The Convener: Obviously, the emphasis has been on assistance for affected businesses. However, there have already been lay-offs in the tourism sector, particularly in Dumfries and Galloway. Will programmes such as partnership action for continuing employment, which is operated by the enterprise network, be activated where there are significant job losses?

Mr Morrison: Yes. In fact I would expect there to be more than the PACE arrangements. The PACE arrangements can be tailored according to the situation. A year ago, the BARMAC situation brought a significant change to cyclical patterns of work in the oil fabrication industry in the Highlands and Islands. The current situation is a different ball-game altogether. Wendy Alexander has sent the message to the chief executive of Scottish Enterprise that appropriate measures should be put in place. Our response in Dumfries and Galloway will be different from our response in Orkney and Shetland or in the Western Isles, but you are quite right to say that PACE arrangements will be important.

The Convener: As you said, it is a fast-moving situation. Will you update Parliament, this committee and the Rural Development Committee regularly?

Mr Morrison: If you so wish, I will do so. I was delighted to take up your committee's invitation to come here today as the deputy minister with responsibility for tourism to update you on the situation. I am grateful for that opportunity.

The Convener: We are grateful to you. This has been a helpful session, and I thank you and Mr Wilson for answering our questions.

Meeting closed at 16:18.

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