

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

Wednesday 4 September 2002  
*(Morning)*

Session 1

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# CONTENTS

Wednesday 4 September 2002

Col.

TOURISM INQUIRY .....	2690
<b>SUBORDINATE LEGISLATION</b>	
EDUCATION (STUDENT LOANS) AMENDMENT (SCOTLAND) REGULATIONS 2002 (SSI 2002/282) .....	2738
EXTERNAL MEETINGS.....	2739

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## ENTERPRISE AND LIFELONG LEARNING COMMITTEE

† 22<sup>nd</sup> Meeting 2002, Session 1

### CONVENER

\*Alex Neil (Central Scotland) (SNP)

### DEPUTY CONVENER

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

### COMMITTEE MEMBERS

\*Rhona Brankin (Midlothian) (Lab)  
\*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)  
\*Mr Adam Ingram (South of Scotland) (SNP)  
Gordon Jackson (Glasgow Govan) (Lab)  
\*Marilyn Livingstone (Kirkcaldy) (Lab)  
\*Mr Kenneth Macintosh (Eastwood) (Lab)  
David Mundell (South of Scotland) (Con)  
\*Tavish Scott (Shetland) (LD)  
\*Andrew Wilson (Central Scotland) (SNP)

### COMMITTEE SUBSTITUTES

\*Mr David Davidson (North-East Scotland) (Con)  
Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)  
John Farquhar Munro (Ross, Skye and Inverness West) (LD)

\*attended

### WITNESSES

Seán Browne (Stevens and Associates)  
Dr Roger Carter (Adviser)  
Chris Graham (Scottish Executive Enterprise and Lifelong Learning Department)  
Professor Terry Stevens (Stevens and Associates)

### CLERK TO THE COMMITTEE

Simon Watkins

### SENIOR ASSISTANT CLERK

Judith Evans

### ASSISTANT CLERK

Jane Sutherland

### LOCATION

The Hub

† 21<sup>st</sup> Meeting 2002, Session 1—held in private.



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

*Wednesday 4 September 2002*

*(Morning)*

[THE CONVENER *opened the meeting at 10:04*]

**The Convener (Alex Neil):** Welcome to the 22<sup>nd</sup> meeting in 2002 of the Enterprise and Lifelong Learning Committee. I have received apologies for absence from David Mundell and Adam Ingram. Gordon Jackson and Brian Fitzpatrick have informed me that they are going to be late. I welcome David Davidson as the substitute member for David Mundell.

**Mr David Davidson (North-East Scotland) (Con):** Annabel Goldie is trapped on a train, but she is on her way.

**The Convener:** Thank you.

**Rhona Brankin (Midlothian) (Lab):** Because I have to speak to amendments for the Land Reform (Scotland) Bill, I will have to leave the committee early.

**The Convener:** Okay. I shall hand over to you now, Rhona, for item 1, which is a report back on the case studies. Because Rhona has to leave early for another appointment, I invite her to kick off with her report on the golf and business tourism case study.

## Tourism Inquiry

**Rhona Brankin:** Tavish Scott, Adam Ingram and I went to St Andrews and met various bodies there. We looked at business tourism and golf tourism. I shall talk a bit about business tourism first, then move on to some of the issues in golf tourism.

The statistics about business tourism came as a surprise to us. It seems to be a neglected area of tourism in Scotland, although it is worth £1 billion to Scotland and £6.6 billion to the UK as a whole. Scotland is a major destination for business tourism and a strong feeling was expressed that that must be recognised.

Points were made about business tourism playing a much wider role in tourism, given the number of people who visit Scotland for business tourism and the fact that they have to book up to 18 months or two years in advance. To maximise the benefits from wider tourism, there must be integrated forward planning to enable business tourism to link in with leisure tourism, for example.

The point was made that only a relatively small amount of money is spent on marketing business tourism in comparison with what is spent on other sectors of the tourism industry. As well as raising the profile of business tourism, it would be useful to get ministerial support for some of the high-profile business tourism events. The view was also expressed that business tourism should be an integral part of the major events strategy. The number of people who come to large conferences in Scotland brings immense economic benefit. However, it is also important that we plan in an integrated way and ensure that major events do not clash.

Golf tourism is worth £100 million to the Scottish economy, of which £70 million comes from the UK and £28 million comes from the USA. Golf tourism forms one of the niche markets in VisitScotland's tourism strategy. Some specific issues were raised with us. There is an arrangement whereby the St Andrews Links Trust controls tee times. A private deal has been set up to market the tee times on the Old course with a company called Keith Prowse. Although that has been commercially successful for the St Andrews Links Trust, concern has been expressed by tour operators that tee times are becoming increasingly difficult to get. As access to the Old course is essential in encouraging the top end of the American market, that is important. It is perhaps worth considering that in evaluating how well the golf strategy is working.

It is important to differentiate between the different sectors in the golf tourism strategy—the higher and lower ends of the market. It is also

important to think about opening up new markets such as Scandinavia and Germany. The Scottish Golf Union recognises that golf clubs need to modernise and change their attitudes in order to encourage visitors. The fact that many more golf clubs are opening means that membership is an issue for a few of the smaller clubs, which is helping to concentrate the mind.

As expected, transport issues were raised again, particularly the need to develop direct flights into Inverness and Aberdeen in order to open up the north to short-stay, high-spending North American golfers. There was also the interesting possibility of the development of RAF Leuchars and, of course, the exciting opportunities in the ferry development at Rosyth.

Finally, it was suggested to us that the opportunities created by major golfing events such as the Scottish Open championship and the British Open Championship could be maximised. For example, the British Open is held in Scotland in six out of 10 years and over 200,000 visitors come to each of those Opens. There is a great opportunity there.

That is probably a quick scamper through the report.

**The Convener:** Great. Thank you, Rhona. I take it that we will be getting a written report later.

**Rhona Brankin:** Absolutely.

**The Convener:** Do you want to add anything to Rhona's report, Ken?

**Mr Kenneth Macintosh (Eastwood) (Lab):** It was Tavish Scott who was on the golf visit.

**The Convener:** Sorry.

**Tavish Scott (Shetland) (LD):** Rhona has given a fair assessment of an interesting two days. The only point that I would make is that I had not appreciated how big a business convention tourism is and the potential for that in Scotland. The representative from the Scottish Exhibition and Conference Centre made illuminating points about the fact that Glasgow competes against four or five world destinations and that we need to provide Scottish support for that venue. In addition, only 14 per cent of the time that a delegate is in Scotland is spent sitting in the conference centre. All that other time presents a huge opportunity. We found those issues interesting and worth further study.

**The Convener:** Good. As there seem to be no other comments or questions, I thank you, Rhona.

We now go on to Andrew Wilson's report on urban tourism and dispersal.

**Andrew Wilson (Central Scotland) (SNP):** We have a written report also. I would like to thank Murray McVicar and Ross Burnside from the

Scottish Parliament information centre, who supported the event well. It was a big success and a lot was learned, certainly from my perspective. We have many statistics, as with the business case, to back up how important the cities are as gateways to Scotland. I will run through key issues that arose, many of which are beyond the scope of urban tourism and dispersal and impact on the overall tourism strategy.

First, the marketplace is changing. The key point is that we should not be complacent about the great success we have in Edinburgh and elsewhere in Scotland, because the marketplace is becoming increasingly competitive. For example, one particular city, Tallinn, came on the market recently and there are others, from Prague to Amsterdam and elsewhere, which are providing increasingly stiff competition. Therefore, although we are performing well at present, we need to keep an eye on where we will be in 10 years' time.

Secondly, support for the changing marketplace and how the Government intervenes was questioned. There is a sense in which market failure is the key driver of Government intervention. Sometimes that comes before the supporting of market success. We can put more flesh on that in due course.

An interesting suggestion is that return visits are more important than dispersing people on their initial visit, because their programme may predetermine the length of their stay in Scotland. Therefore, one of the things that can be done to enhance dispersal is to encourage people to return and go elsewhere in Scotland. Their initial visit provides an opportunity to market Scotland to them for the future, rather than to encourage them to get out of Edinburgh into Lanarkshire, Ayrshire or other parts of Scotland.

On the structural front, a big question mark was put over the inclusion of tourism with sport and culture, instead of its being part of the enterprise department. That situation was questioned by several witnesses, who felt that it provides a less than focused area for the tourism sector, given that it is viewed as a cost, rather than an economic investment. They wondered whether access to the enterprise department's budget might be more beneficial in the long term. There is a big question mark over the current structure and the confusion that may have arisen from it.

Likewise, the general structural diversity—for want of a better expression—of Scotland's public sector interventions in the market was questioned. We discussed the central agencies and the local networks, such as area tourist boards, local enterprise companies and local authorities. There is a view that there must be better communication between those bodies and that the overall structure must be more coherent.

10:15

VisitScotland lacks a clear funding formula. I mention again market failure and market success. No logic is applied to the distribution of funding. For example, there seems to be a marked difference between the share of dispersal funding for cities and for rural areas. Who should be responsible for dispersal funding? Local councils may have a significant share of the area tourist board's budget, but the incentive for the local council is to keep people inside their economy for as long as possible. Those issues are worth raising.

Infrastructure was probably the most important point; everyone returned to it as a key constraint on dispersal and as a constraint in urban centres. One issue for the committee is to try to pick through the varying demands on infrastructure investment. We all want a massive increase in investment, but the issue is how to prioritise within fixed budgets. Cities have different priorities from rural areas such as the Highlands, the north-east and the south of Scotland. We should give that some thought.

There was a big discussion about flights, which covered direct flights to Scotland and internal flights. Clearly, that is about more than simply dispersal. The key issues were flights inside Scotland and public service obligations and their use.

There was a question mark over the value that we get from the UK tourism authorities. It was asked whether there is a hidden Britain aspect to the UK campaign. The attempt to unlock Britain seems to keep most of Britain hidden, at least from a Scottish perspective. That is not a party-political point—all the politicians at the evidence-taking session agreed wholeheartedly, even though there was only one.

Financial issues are important. Some of the issues that were raised might be difficult for the committee to get into, even though they underpin big economic development questions. We might wish to consider the value and price of land and how that impacts on investment costs and the pricing structure of hotels and other land-intensive investments. There was a feeling that the value of land leads to differential pricing between Scotland and some of our competitor regions. That makes it difficult for businesses to get into the market without substantial capital and to set prices in a way that will help them survive, invest and achieve a competitive level in the tourism mix in Europe.

Another significant issue was the euro, which is obviously important for price transparency. The balance of taxation—between VAT and business rates—and the potential for a tourism or bed tax were also concerns. Those issues relate to more

than dispersal, but they were raised.

The fall in capital investment in cities was also discussed. Perhaps Murray McVicar or Ross Burnside will correct me, but I think that the evidence from Edinburgh was that significant capital investment stopped about five years ago. Such investment is critical to ensuring that the momentum in urban tourism is kept going to meet the competition from Tallinn and elsewhere.

As an exercise in evidence taking, I thought that the session was a first-class idea and that it was well organised by the clerks and the people from SPICe. We should support such sessions in future.

**The Convener:** The next case study visit was on e-tourism. David Mundell and I visited VisitScotland to see its website and to discover what is happening with e-tourism. I have four or five key points.

There is no doubt from the evidence that e-tourism will be a major marketing tool for Scotland. All our competitors are already up and running. It is not enough to use the web simply to market Scotland. There is a strong business case for a continuum between marketing and the ability to book and sell. The VisitScotland website is designed to achieve that. The website is innovative and it is the first time that it has been possible to achieve something on that scale in Scotland. It is anticipated that over the next year or two about 176,000 bookings will be made through the VisitScotland website. About 100,000 of those are the existing bookings that would be made through the tourist information centres in any case. It is hoped that the vast bulk of the remaining 76,000 will be bookings that might not otherwise have come to Scotland, but will come as a result of the website.

There has been a lot of nervousness about the project because of the history of the Ossian project, which, as members are probably all aware, has had a lot of problems. It is fair to say from the evidence we took that the new management team at VisitScotland has learned the lessons of the Ossian project and has taken them on board. One of the key lessons was that the Ossian project was basically done in-house, whereas the VisitScotland project has been done through a public-private partnership. The technical expertise has been external to the organisation. VisitScotland has found major advantages in that.

We probed VisitScotland on the risk to the public purse if for any reasons the project goes belly up. We are satisfied that the terms and conditions of the PPP that were reached with the private company are favourable to the public sector. If anything happens that causes the project to falter, any financial liability will be met by the private

sector company and will not fall on VisitScotland. That is a plus from our point of view. There are also conditions in the contract that would require the private company to invest up to another £3 million under certain conditions. That is a legal requirement. Irrespective of what happens, the copyright and ownership of the VisitScotland website will remain with VisitScotland and will not disappear into the abyss in the event of this particular project falling through. We are satisfied that the new management team had negotiated a reasonable contract as far as defending the public purse was concerned.

One note of regret is that two of the 14 area tourist boards have so far not agreed to participate in the project; those are the Greater Glasgow and Clyde Valley Tourist Board and the Western Isles Tourist Board. We spoke to Eddie Friel, chief executive of the Greater Glasgow and Clyde Valley Tourist Board, who gave his reasons for that tourist board's not participating. One of the matters that we wanted reassured about was that tourism businesses in Glasgow or in the Western Isles would not suffer as a result of the area tourist board not having signed up to the project. David Mundell and I felt—we will say this in our written report—that, particularly as regards Glasgow, it was a case of the tourist board trying to have its cake and eat it. The tourist board will retain the revenue stream from its own booking system, which is understandable, and it will not contribute to the VisitScotland website. Nevertheless, it should benefit from the website, as Glasgow makes up a large chunk of the urban tourism market in Scotland. That raises the question as to whether, when a body such as VisitScotland puts money into area tourist boards, the boards should continue to receive such a substantial subvention from VisitScotland if they refuse to sign up to what is effectively a key part of the national strategy. We only pose the question; we have not at this stage made any recommendations. That is a policy issue that must be addressed. Having said that, if I were in Eddie Friel's shoes, I would probably try to get away with what he has done, which is to get the benefits without having to pay any of the penalties.

Another concern was about the benefits of the system to the smaller end of the market, especially bed-and-breakfast businesses, and the cost of their using the system. Although it was not put to us in this way, David Mundell and I felt that what in effect is happening is that the bulk of usage of the system at the medium to large end of the market cross-subsidises the bed-and-breakfast end. That is of benefit to everybody. I repeat that that was not how the point was put to us, but *de facto* that is what happens.

Finally, there is a need to continually benchmark the services that are provided through

visitscotland.com with those of our competitors to ensure that we remain ahead of the game and that we monitor progress. On the whole, we were very impressed with what VisitScotland has done on the project. We think that the project is viable and that it should be supported. After a four to six-year period, it should produce a profit, allowing VisitScotland to reinvest its share in the marketing of Scottish tourism.

**Brian Fitzpatrick (Strathkelvin and Bearsden)**

**(Lab):** I am delighted to hear such a ringing endorsement of PPP where that is appropriate. The e-platform's success will turn on aspects of the co-operation and information sharing between TICs and ATBs that I tried to tease out at yesterday's briefing session. I am talking of the "arms-round-the-jotter" syndrome that has plagued Scottish tourism to a large extent.

Even at this stage, I would be interested to know of the extent of the exchange of information from the ATBs to the e-platform operators in respect of the frequently-asked questions about tourist destinations that are put to the ATBs. The point that the convener made about public subsidy hinges on the fact that, if a body is given public money, it has to co-operate and share information in order to make the e-platform a success.

I was pleased to hear the convener using careful language when he spoke about Mr Friel, as I do not think that we are talking about cadging off the VisitScotland platform. The positioning of Edinburgh and Glasgow as tourist destinations is a real issue. They are the big boys on the field. Some sympathy has to be shown for the view that Glasgow can manage to do a lot of what it does very well by itself, as can Edinburgh. We have to allow for an element of flexibility and for the fact that bodies such as VisitScotland and the e-platform will have to prove their worth to the likes of Mr Friel.

As I said earlier, the convener raised an interesting point about public subsidy. We have to have a serious discussion with Glasgow and Edinburgh about what they will contribute to the project, although, in a sense, their greatest contribution is to make Glasgow and Edinburgh good tourist destinations. To some extent, Glasgow and Edinburgh deserve quite a lot of credit for the way in which things have been turned around.

**The Convener:** It is precisely for that reason that David Mundell and I were reluctant to go as far as to say that ATBs should be forced into the project before they get their money. That would be a pretty draconian measure.

**Brian Fitzpatrick:** I take it that they will still get access to the portal. I am not so concerned about the territoriality of it, but about whether the portal will allow hits into Glasgow and Edinburgh.



**The Convener:** Yes—absolutely. The businesses in those cities should not suffer directly as a result. I should have mentioned in response to Brian Fitzpatrick's first point that the website is managed by an intermediary company called Tourco, which is similar to the public services trust that we proposed.

**Brian Fitzpatrick:** No, it is not.

**The Convener:** I had to put that in. The area tourist boards and VisitScotland are represented on Tourco. In effect, the area tourist boards and VisitScotland have a veto over anything in its business plan about which they are unhappy. A built-in mechanism exists to ensure that Tourco's business plan is geared towards the general strategy that is being developed by VisitScotland and the area tourist boards.

We interviewed the chief executive of the Perthshire Tourist Board, which covers the whole of the Perth and Kinross area including Highland Perthshire. More than 90 per cent of his businesses are signed up to participation in the project, and 70 per cent of them have already allowed online booking through the project. The clear impression that we got from him and from others was that the area tourist boards are tied into that project and regard it as a key part of their strategy.

We interviewed the chap who runs Tourco and people from two or three of the area tourist boards, and their view was that the flow of information, and the system set up to ensure a continual flow of up-to-date information, seem to be working well so far. We should bear in mind that the project has been operational for only two weeks, so it will probably be a year from now before we can make an objective judgment about where the successes and failures have been. However, our impression at this stage is that it has been well planned, and everything appears to be going to plan.

10:30

**Mr Davidson:** Did you get on to the subject of smaller operators, such as bed-and-breakfast providers, having to dedicate beds, leaving them no reserve if somebody knocks on the door or sees the sign at the end of the lane?

I have also spoken to a lot of people, particularly in golf tourism and regional tourism, who already have websites. All they wanted was to have a hyperlink from their own sites straight into the package, but they seem to be having tremendous difficulty in getting into the scheme because they are not individual businesses. I have not heard of those difficulties being resolved.

Do you know when the project will be live on a

basketing exercise, where people can go round and tick the bits that they want to purchase? I gather that that is still not on stream.

**The Convener:** I can assure you that your colleague Mr Mundell exhaustively probed the issue of bed-and-breakfast allocations. There seems to be a misunderstanding on the part of some B and Bs about what is possible on the system and how much flexibility exists. If the B and B has given an allocation, even of just one room, the whole process can be conducted on the web with no need for follow-up phone calls. If a B and B has not given an allocation, the booking can still be made, but it requires a phone call from Tourco to the relevant B and B to check that the rooms will be available. In other words, those businesses that keep the system up to date with what is available will benefit enormously in terms of speed, but we were assured that no business should be lost, even by those B and Bs that have not updated their availability. That would simply result in a phone call to check that they have available rooms at the right time. We explored that issue and there may be a need for further exploration.

David Mundell pointed out that the meeting for bed-and-breakfast proprietors that was held in Dumfries and Galloway concentrated rather too much on the technical side of the operation. Perhaps people were a bit mesmerised by that and did not fully appreciate the flexibility in the system. We told Tourco and VisitScotland that explaining the system to the smaller businesses, particularly B and Bs, must be done using language that people who are not au fait with computer systems and websites can easily understand. We were assured that there is enough flexibility to cater for the situation, and David Mundell was satisfied that that is the case.

On linkages, the purpose of the whole enterprise is that it should link into a whole range of visitor attractions, transport facilities and airlines, as well as accommodation sites. The priority has been to link into accommodation and to ensure that accommodation booking facilities are up and running on the site. Once that has been completed, the project will move on to other activities, such as visitor attractions and airlines. We must bear in mind that the project is in the early stages of development. By this time next year, the visitor attractions of Historic Scotland and all others should be on the website and accessible, as well as the projects that David Davidson talked about. It is early days. Accommodation is the priority at present and work on that must be completed.

Basketing is in the plans, but it is still early days, as I said. The people whom we met were open about the fact that many facilities have still to be

added. Rather than waiting for the all-singing all-dancing website, they have decided—rightly—to make a start and ensure that the website runs properly with the accommodation providers. The website will continually develop and will not be static. It will need to be continually developed and improved.

**Mr Davidson:** I appreciate that, because I have met Tourco and others, too. What did you learn from your inquiry into some of the issues that appear to be creating difficulties with acceptance of the new system?

**The Convener:** Those involved are working on all that. It will take time to iron out the issues. Some are teething problems, but some are more long term. It is appreciated that development is at an early stage and that much work remains to be done. The people whom we met were up front about that.

**Brian Fitzpatrick:** I am fascinated by the problem with booking into B and Bs. I take it that what is involved is just saying, "Sorry, we have filled our bed." People do not have to hold beds until 10 o'clock at night to discover whether someone will come down the lane with an e-booking voucher in their pocket.

**The Convener:** That is right. If the system does not have an allocation, Tourco phones the B and B to check whether a bed is available.

**Brian Fitzpatrick:** So people will not turn up and be disappointed.

**The Convener:** If no allocation exists, a booking will not be made without double checking.

**Brian Fitzpatrick:** So Joseph and Mary will not be left—

**The Convener:** They should not be. However, I am not in a position to give that guarantee.

**Brian Fitzpatrick:** It is simply a 21<sup>st</sup> century version of taking down the vacancies sign. If people cannot be bothered to check their e-mail, they are stuffed.

**The Convener:** That is right. Any such booking system relies on updating by those who use it. If they do not update the system, problems can arise. However, if no allocation exists, we are assured that Tourco will phone the B and B involved.

**Mr Macintosh:** I did not hear what you said about the figure for those who would not otherwise come to Scotland. Did you say that that figure had been estimated?

**The Convener:** I will be careful with my words. The number of bookings that will be made in the first year is estimated at 176,000. About 100,000 of those are bookings that would normally be

made through TICs. The other 76,000 will be a mixture of bookings that would be made by other means—people who would come to Scotland anyway—and bookings that would not otherwise be made. The division between the two categories within that 76,000 cannot be estimated at this stage. The system will eventually be designed to obtain feedback. Such additional estimates will probably not be available until the end of the first year.

**Mr Macintosh:** It is interesting that the figure of 176,000 is known—it is exact.

**The Convener:** To be fair, the figure was said to be 176,000 or thereabouts. It is a target.

**Mr Macintosh:** I am intrigued by the fact that, although that target has been obtained, the 76,000 cannot be broken down. That is a concern. We must return to that.

**The Convener:** To be fair, it is not known what impact the website will have or how many folk will visit it and compare it with other countries' websites. As an economic consultant in a previous life, I can say that it is difficult to be precise about such figures.

**Mr Macintosh:** I appreciate that.

**Brian Fitzpatrick:** An estimate of 175,000 might have looked a bit obvious.

**The Convener:** The number might be 175,500.

Please can we have Annabel Goldie's report?

**Miss Annabel Goldie (West of Scotland) (Con):** I apologise for being late. I hope that a message about my train reached the committee.

Ken Macintosh and I made our way to Dumfries and Galloway. We seemed to spend much time driving at considerable speed, being piloted by Mr Mundell through the highways and byways of Dumfries and Galloway. The experience was interesting.

It is important to point out that we were in only one part of the geographic area—we visited Langholm, Canonbie, Gretna Green, Lockerbie and Moffat. We were hospitably received and highly impressed when we had to sample the tourism industry products in that area, which were professional and high value.

We met a number of tourism business operators from the area, the chief executive of the area tourist board and a representative with responsibility for tourism from the local enterprise company. Perhaps it is surprising that a relatively small number of operators participated—both of us think that it is important to mention that. Any suggestions or proposals that we put forward should be viewed in that context.

A positive message that emerged is that there is a good record of repeat business—around 60 to 70 per cent, which, we gather, is typical in Scotland. However, we also got the impression that the area is seen as a stopping-off point rather than a primary destination. The point was made to us that the M74 may be a great artery, providing access to Scotland, but it invites people to keep going. I will discuss signposting later.

First, we wanted to find out what impact foot-and-mouth disease has had on the area. Unexpectedly, the impact seemed to vary hugely and depended on the type of business. Some businesses had actually benefited as a result of the high number of personnel—government officials and army personnel—who had moved into the area. However, there was a feeling in the Gretna Green area in particular—which has a captive market in respect of the wedding industry—that there may have been complacency, in that business comes to the area anyway, so it does not have to worry too much about marketing initiatives. A product is simply produced and there is a demand for it.

The mass market—which includes coach tours, particularly from the United States and Japan—was definitely affected by 11 September. We heard that US visitor numbers had significantly decreased. It seems that that section of the tourism market is high value and so the problem is particularly relevant to areas such as Gretna Green, where high-value outlets are deliberately targeted to serve such tourists.

No particular mention was made of the additional moneys that were made available post foot-and-mouth disease, apart from in respect of the increased marketing facility that was given to the area tourist board. There was an infusion of money into the area for that purpose and there was no doubt that the improved marketing facility benefited the area and helped to put it on the map. That certainly resulted in improved visitor figures. However, I caution against too much being read into the lack of mention of additional moneys, as we spoke to only a small number of businesses.

There was no doubt that the foot-and-mouth disease acted as a catalyst for some businesses. It was clear that some businesses were really put to the wire and had to take a more collaborative approach with other businesses and public bodies. That approach is being fostered, but it takes time and is not necessarily easy.

Marketing is becoming more sophisticated and some operators, although not all, recognise that the market is changing. Kenneth Macintosh and I learned a new phrase—SKI-brogues, which refers to spending the kids' inheritance and wearing brogues. The future is perceived in the area as being for high-end SKI-brogues and short breaks.

That seems to be a quality and spend end of the market, for which the area is particularly suited, and there is a definite attempt to try to tap into that market potential.

Quality issues arose and were put to us forcefully by one or two professional operators who provide high-quality service in well-run establishments—I am sure that Kenneth Macintosh would agree with that description. They said that there are lifestyle businesses, whose owners are involved in tourism to support their own needs, rather than professional businesses that are aimed at customer support. In some cases, but not in all, that can obviously lead to a lack of quality.

There is possibly over-supply in some areas, with not enough quality provision in the right parts of the market and too much provision in other areas.

We were told that the Scottish quality assurance scheme, which is operated by VisitScotland, is highly regarded because it focuses on service rather than on programmes. People think that the scheme adds value. Whereas other schemes dot boxes for the provision of certain facilities although the service may be appalling, the Scottish quality assurance scheme concentrates on service provision.

One or two businesses were strongly of the view that there should be compulsory registration, as that would drive up standards and maintain a sense of professionalism in tourism businesses. One business made the point that there are currently no entry barriers to operating a tourism business. That may be an interesting view, but it should be taken in context, as it was expressed by only one or two operators.

10:45

Training is a key issue. We were interested to learn that the LEC has initiated a scheme whereby all sixth-year pupils in the area undertake "welcome host" training. That is a positive initiative, which was praised by someone who was local to the area and who, having returned from university with a qualification in tourism, was now a well remunerated and effective employee.

It was also pointed out that it is important that people who go into the service-provision end of tourism have the right attitude. People may not necessarily be attuned to that. Careers guidance may need to deal with the perception that tourism is a short-term job rather than a career. That is particularly relevant in areas such as Dumfries and Galloway, in which people have a clear desire to stay.

We identified a need to promote the benefits of training to business. We heard that small

businesses are more likely to listen if successful business people give that message. There is a role for local collaboration and co-operation to try to drive up standards.

Signposting came up repeatedly. Initially, we were not clear what the complaint was. Although signposting is not a strategic issue, it is nonetheless clearly of major concern to businesses. The issue revolves around two aspects: first, people want signposts on the motorway to say that Dumfries and Galloway is a tourist area that has a lot to offer; secondly, it seems that, to erect signposts within Dumfries and Galloway, one must go through a mind-boggling bureaucratic maze.

People talked to us knowledgeably and tried to explain the confusion about blue signs, brown signs and green signs. I must confess that the procedures were confusing. We identified the fact that clearly defined procedures are needed to establish how one gets signposts erected and who is responsible for them. Once the procedures have been sorted out, they must also be better promulgated. Although signposting may seem fairly insignificant in the broad scheme of things, it proved to be an absolutely vital local issue and it is right that we have acknowledged that.

There is also an issue about the nature and designation of the tourist destinations that qualify for signposts. Apparently, purely commercial destinations are excluded, which may mean that a developing tourism market—in particular, the in-UK tourism market—is being missed.

Technology is clearly a critical area—having come in late, I picked up only the tail-end of Alex Neil's comments—which is certainly important to accommodation providers and is likely to become more so. Those with straight internet use—without reference to the new e-tourism facility—were finding that more and more customers book using the internet.

We heard considerable concern from some small B-and-B providers about the new e-tourism facility. It was our impression that there may have been a slight hiccup in the transmission of information to operators about what the scheme involves. The first fear that was expressed to us was that B-and-B operators would be excluded from the scheme. When we inquired further, it was explained to us that the scheme operates in such a way that allocated rooms provision would be in the Rolls Royce category. Ken Macintosh will correct me if I am wrong but, as we understood it, it is very unlikely that any B-and-B operator would want to be involved in that part of the scheme. B-and-B operators will not want to work on an allocated-room basis, because they do not have enough rooms to make that commercially sustainable. They probably want to work on a

registration basis and the fear that David Davidson articulated was echoed to us.

However, it was interesting that, at one of our meetings, a particularly anxious B-and-B operator was able to speak directly to the chief executive of the area tourist board and was then able to understand that there was no need for fear or apprehension and that the scheme might be the saving of many B-and-B operators. I also understand that B-and-B operators can register for a free holiday for a year. They can use that period to assess how they are getting on and to make known any worries that they might have. We emphasise the point that if they have any worries, they should make them known, not just to the ATB, but to VisitScotland.

The role of the area tourist board also arose. As I said in my earlier remarks, the additional funding for foot-and-mouth enabled the ATB to undertake effective marketing. Some operators raised the question of funding levels, the stability of funding and, to a lesser extent, the adequacy of funding. One operator suggested that we lever in funding from industry with match funding from Government. Another suggestion was that we free area tourist boards from local authority/central Government control. A question remains about how to fund the promotion of tourism in the future.

Perceptions of the area tourist board varied. Small businesses seemed to have an unrealistic expectation of the service. I think that there is a basic fee of approximately £120 per annum, which is significant for a small operator. We heard remarks such as, "What do we get for that?" and, "They should do this and do that", but, to be realistic, the ATB has to operate commercially and we felt that some small businesses did not truly understand its role. There was a general problem with the understanding of that role and the question whether the ATB was a public support body or a membership association. That issue is important, because it goes right to the heart of what the critical function of the ATB is and what its accountability and obligations are. That issue will have to be considered in more depth.

With regard to the ATB, large businesses found that there was a lack of vision and an unwillingness to commit money. We discovered in Gretna Green that there was a huge new commercial development, which seems to be successful, for which the planning permission involved one part being allocated to a tourist information facility. The operators of the development said that a significant area had been set aside for the facility but, when they spoke to everybody, they could not get agreement on who would man it or who would contribute funding. It is unbelievable that the area has remained empty since the completion of the development and it is

disappointing that a revised planning application might be made to allow it to be used for retail purposes.

That seemed to us to be an unfortunate development, because if anyone stops before they head off anywhere in Scotland, they stop at Gretna Green, which has the capacity to signpost to all over the place, not just Dumfries and Galloway but elsewhere. Gretna Green was the most obvious place in which to locate the information facility and we thought it regrettable that that had not happened. No one leader could be found to take ownership of the project, so it just did not happen.

There were calls for more strategic leadership from the centre, which would bring ATBs together. Indeed, one suggestion was that individual ATBs could take the lead in marketing particular niches for Scotland, such as golf. I might be wrong but I gather that that might be happening anyway. I think that that might be part of VisitScotland's intention, if I understood yesterday's briefing correctly.

There seems to be room for more innovative approaches to the use of public funding to support tourism. We were quite struck by the fact that in one area where there is a tourist information centre, which is obviously publicly funded, there is another tourist facility, which was formed through charitable funding. Its function is interesting but it will struggle for survival. It crossed our minds that in an area such as Dumfries and Galloway there is capacity to try to conjoin facilities. If public money is being used, it might be possible to join the facilities physically in one place. At least then a function might not be lost because one particular facility is in danger due to lack of funding.

We found good interagency working, even with the benefit of coterminous boundaries. The publicly funded players seem to work well together. We met someone from the LEC, and the chief executive of the area tourist board. We also met a co-ordinator who I think was a council employee—is that correct?

**Mr Macintosh:** Yes.

**Miss Goldie:** Their role is to try to facilitate harnessing all those linkages together.

I will finish up with a general point about small businesses having a problem coping with all the burdens of being a small business—doing the accounts, dealing with marketing, and coping with the regulations that apply to business. Many such businesses are probably two or three-man operations—possibly family functions—and they find it difficult to cope with tasks over and above providing the facility.

The point was made to us that manufacturing is no longer the main source of income in the area.

Tourism is more important to business.

Seasonality was also referred to. Dumfries and Galloway is an area that is sensitive to seasonality. There is probably room for expansion if means can be devised of broadening the tourist season, or perhaps considering the Christmas and new year holiday period for focused marketing purposes.

There are local festivals such as walking festivals, folk festivals and mention was made of a book festival taking place somewhere else in the area.

**Brian Fitzpatrick:** Wigtown.

**Miss Goldie:** That seems to be an opportunity to expand business in those months. Such events attract people. People come to support them and good work seems to be going on to try to expand those opportunities collaboratively.

The final point made to us was that there is a lack of a single big attraction in the area. There is no big draw and there is probably not extensive provision of indoor facilities. People felt that more work had to be done to lead visitors to the area and then through the area, pointing out the attractions that are available. That probably goes back to the issues of signposting and providing information to people before they get to the area.

Ken, has anything been missed out?

**The Convener:** When we were at VisitScotland, we heard the story of a couple from overseas who thought that they had booked in to Gretna to get married and ended up in Girvan. There is no blacksmith's shop in Girvan.

**Mr Macintosh:** I am sure they were happy.

Annabel Goldie, Judith Evans and I spent quite a lot of time putting together this comprehensive report and I apologise if members feel as if they have been on the trip without experiencing the food.

Annabel has covered all the points, but I emphasise that one of the main reasons for the report and for going to Dumfries and Galloway was to consider the impact of foot-and-mouth disease. It is worth emphasising that, despite the fact that foot-and-mouth disease had a dramatic and potentially devastating effect on the area and on its industry, the worst fears do not seem to have been realised.

It is difficult to draw any firm conclusions because our evidence was anecdotal, but from the tone of the concerns that the limited number of people who came to see us brought to our attention, it is difficult not to conclude that the industry is relatively content and that foot-and-mouth is not a huge issue. At the same time, it was difficult to find evidence of exactly where all

the money that went into foot-and-mouth was spent. We know that it went into rates relief and loans. We were told that it went into a loan scheme to do up shop fronts, but some local businesses had to be cajoled into signing up for it. The anecdotal evidence was that the marketing had been successful.

**The Convener:** Are there any questions?

11:00

**Brian Fitzpatrick:** As we go along with this inquiry, we will bump into the notion of compulsory registration. Were you able to tease out from those who urged compulsory registration what that would comprise, beyond classification, quality and assurance?

**Miss Goldie:** I think it was quite brutal, was it not, Ken?

**Mr Macintosh:** Yes.

**Miss Goldie:** People who supported compulsory registration took the view that they were providing a first-class professional service, and that their reputation was being tainted by others who were providing, in their view, a non-professional service. Basically, they wanted to see those operators eradicated.

**Brian Fitzpatrick:** Was it a “stop up the doors”-type—

**Miss Goldie:** Yes. One operator was as blunt as that. He said, “I just don’t see why these people should get away with shoddy service and poor facilities. There should be a registration system, like a licensing system, and if you don’t comply you close, and if you breach you close.” That goes to one extreme. Another operator was also supportive of the registration scheme. Those two were both hoteliers, and took the view that standards are raised by eradicating poor operators. That should be weighed against the positive remarks that we heard about VisitScotland’s own assurance scheme, which seems to be well regarded.

Those who supported registration were as blunt as that. The view was that it was like getting a liquor licence to operate a bar: you must comply with certain conditions. If you do that you get the licence, but if you breach the conditions you lose it.

**Brian Fitzpatrick:** Aside from the prejudice—I use the word in its broadest sense—was there evidence of people who had come along, had their palates burned and been put off? There is a nice place in Portpatrick that is at the top end of the scale. I cannot imagine that people would roll up and try to get in there without having investigated what they were paying money for.

**Miss Goldie:** The operator who spoke to us was in a small, middle-of-the-range establishment, but it was high quality and very good. He took the view that people do arrive in the area on chance and end up booking into an establishment. If they have a bad experience they say, “That was dreadful. I’m never coming back to this area again.”

**Mr Macintosh:** It is interesting that quality arose throughout the visit. We could not conclude that everybody supported a compulsory registration scheme, but those who did talked about it being built on the current quality assurance scheme, and about it being run and set by industry members themselves, not imposed by Government. What mattered was not driving everybody up to the top end, but getting value for money throughout the range. The point was made strongly that a so-called one-star establishment—one-star refers to the facilities, rather than the quality of service—can be excellent, whereas some three or four-star establishments can be poor because the service is poor. People said that they wanted a service-driven approach to quality assurance. However, the view was brutal: there should be a licence to trade and that licence should be removed if you fall below a certain standard.

**Andrew Wilson:** That was news to me when we were briefed yesterday. What were the views of other committee members? The comparison with a licensed premise is curious. Friends and colleagues who use such premises have told me that, although many premises are licensed to meet a certain standard of health and safety, the quality can be variable. Businesses compete on that basis in the marketplace, and those that cannot do so go out of business.

I wonder whether we are deadly serious about having state intervention that makes it possible to register people out of the marketplace for not having the right quality of service. That is bizarre. Instead, we should explore the adequacy or inadequacy of existing quality branding. Whether a tourist board commendation is a good enough badge in the marketplace to ensure that an outlet gets more business than any other is surely a bigger question than whether we should impose the scheme on everyone. Is it just me, or does the proposal go completely against the grain?

**Miss Goldie:** I was merely reporting what we were told and passing the information on to the committee for the purposes of the case study. I would be opposed to such a scheme. For a start, it is unworkable. The issue is more about education and raising quality in its variable forms. The challenge is to provide in areas throughout Scotland a catalyst that is instrumental in raising quality.

**The Convener:** We must move on. I remind members that, at yesterday’s session, we asked

Roger Carter to provide a research brief on the experience in Northern Ireland, which has had a similar scheme since 1948. Perhaps we will be able to discuss the matter further when we receive that brief.

**Mr Macintosh:** I want to make it clear that the report highlights what people suggested to us; it certainly does not contain our own suggestions.

**Andrew Wilson:** Understood.

**The Convener:** We have given a good airing to the case study reports. It is past 11 o'clock, so we need to move on. I remind everyone to switch off their mobile phones, because we have received some complaints about feedback from the broadcasting people.

I ask Professor Terry Stevens and Seán Browne to join us. Members may remember that we commissioned Terry and Seán to undertake some research over the summer. Members should have a copy of their report; anyone who does not can get a copy from Simon Watkins. After Terry and Seán have given us a presentation on the key findings of their report, I will open up the meeting to questions.

**Professor Terry Stevens (Stevens and Associates):** We thank the committee for inviting us to present a synthesis of our work. Members have received the full report, which includes a fairly hefty summary of the findings of the 16 case studies that we considered. As I said, this is a synthesis and an analysis of our research findings and obviously does not include our own comments.

The report demonstrates that the generic reasons why the 16 case studies—including the eight that we examined in particular detail—appear to be doing well share much common ground. That common reasoning provides the synthesis that we have produced for the committee.

The appendices include an awful lot of facts and figures and other useful material that I hope members will choose to return to, particularly if any case study takes their fancy. Although between us Seán and I have 55 years in the industry, we were often surprised in the course of our research by the clarity of thinking illustrated in the case studies and by the facts and figures behind some of the activity. For example, we came across a small town of 10,000 people in northern Italy that I had not heard of before we undertook the study. The number of international tourists that it attracts represents about 20 per cent of Scotland's annual figure. The reasons for that are covered by the report's generic conclusions; the committee might want to explore that later. As I said, we found lots of inspiration and some interesting material from which we tried

to draw conclusions for the committee.

I begin with a reminder about the objective of the study, which was to compare the tourism industry in Scotland with the tourism industry in other countries and territories. Initially, we were asked to look at seven or eight countries or territories. For reasons that we can go into after my presentation, we chose 16, which we then boiled down to a detailed comparison with eight and a lesser comparison with the remaining eight.

We apologise for the fact that there are league tables in our document, but that was inevitable given the comparative nature of our report, certain aspects of which placed Scotland in a league table with the other 16 countries or territories that we looked at.

We were asked to look at good practice that might be applied in Scotland. We attempted to do that by asking the respondents in the eight detailed case studies to tell us, in a non-attributable way, about the initiatives that they thought were making a difference. The facts speak for themselves but, in order to get under the skin of the situation, we asked the respondents to point us towards the initiatives in those places that were really making a difference. As a result, members have before them the good, honest opinions of the people who have seen tourism grow in their countries and territories.

We eventually decided to conduct detailed case studies of Catalonia in Spain, Denmark, Ireland, Ontario in Canada, Slovenia, Switzerland, Veneto in Italy and the west country in the UK. We conducted slightly more superficial case studies of Austria, Belgium, British Columbia in Canada, Cumbria in the UK, Estonia, the Netherlands, Tasmania and Trentino in Italy. In the detailed case studies, we undertook face-to-face interviews with those key players, both in the industry and in the public sector, who were responsible for tourism in those countries and territories.

The eight countries and territories that we chose for the detailed case studies had to have in common with Scotland at least four of the criteria that we identify at the bottom of our third slide. At every stage, we agreed those criteria with the committee's representatives—that is, with our client.

The case studies, which are in the appendices, have a common format, including an examination of the geography of the country or territory, the volume, value, organisation and structure of tourism, financial support for tourism and various reviews and reports. We encourage members to look at the detailed analysis of the case studies, some of which contain important messages that we could not include in the generic synthesis.

In order to start a more detailed debate, I will

flag up what is happening in Europe, which is the prime arena within which Scotland performs. In our report, we take some time to stress the fact that, although tourism in Europe is growing, it is growing at a slower rate than in the rest of the world—Europe must become more competitive. Scotland is facing more competition from new destinations within Europe. Members should be aware of the new geography that is emerging in Europe. Just as Europe must become more competitive, so must the UK and Scotland. From what I have heard members say this morning, I can tell that they are already picking up on those issues.

We would like to highlight the following points about the new geography as a backdrop to our analysis of the detailed case studies. A new geography is definitely being created at an unprecedented pace to which none of us in the industry is attuned. There is a new dynamism in tourism in Europe, which is leading to the rapid emergence of central and eastern European destinations, particularly in the western part of eastern Europe and the eastern Mediterranean basin. The liberalisation of air travel and the emergence of low-cost airlines fuel that dynamism.

Those factors have created not only new destinations but new regions of activity. For example, bmibaby—the low-cost British Midland airline—has opened new routes from Cardiff, including to Prague. Ryanair flies to Treviso and Graz and is opening up Slovenia and new destinations in eastern Europe. A corner of northern Italy—from Milan almost to Ljubljana in Slovenia and Zagreb in Croatia—is served by about 11 international airports, which in turn are served by low-cost airlines. Within five days of bmibaby opening up nine new destinations from Cardiff, the company took 10,000 e-mail bookings. We must be conscious of the previously unrecognised pace of those changes.

Global sporting and cultural events are being used as the catalyst for the development of tourism in many countries. Investment by multinational and international hotel groups is making a significant difference. A 300-bed hotel in the Marriott chain in a new destination will take as many e-mail bookings in a year as VisitScotland aims to take. That is the reality of the marketplace. Often companies' investment strategies are geared to the things that Ryanair, easyJet and Go are doing, rather than to the dynamics of tourist boards' policy. One must be aware of the external factors that are leading the change in tourism globally.

11:15

There is a strong tendency towards the re-emergence of the city state or city region. That

was alluded to in the report on urban tourism and many of our case studies refer to it in detail.

We addressed performance analysis. In our quantitative analysis we included the performance of all those countries and territories that showed common data. We had to compare the data that Scotland is returning with the data that others are returning. The quantitative analysis places Scotland near the bottom of the list of places studied. Because the analysis is detailed in our report, I will not spend time on it now.

We also considered critical success factors. We have provided the committee with guidance—which I am sure it does not need—on the factors that are within the Parliament's control, that are partly within its control and that are outside its control. We have tried to relate our analysis of the case studies to those factors.

I am conscious that we are short of time, so I will not address this matter in detail. However, under the heading of critical structural success factors I want to highlight the importance of clear strategic vision and leadership from the centre, of a central leadership role for the private sector and of market-focused national branding.

The range of common economic factors is narrower. They include limited, but focused, state involvement in product development. The key is to create conditions that allow the private sector to invest with confidence. That applies as much to Slovenia, which until recently was a communist state, as to western, more mature economies.

Under product and services, we highlight the importance of environmental initiatives, commitment to quality and commitment to integrated transport. Tourism is all about travel. If people cannot get to a place, they will not come to it. Accessibility is important.

Under enterprise, we highlight the importance—at whatever level is required—of product or geographic partnerships to deliver what the market needs. Our case studies provide some interesting information on the issue. In Ontario and Slovenia there is less emphasis on geography and more on product, because that is what the market is seeking. Among the four product clusters that Ontario is promoting are canoe paddling and spas. Slovenia is concentrating on casinos and spas. The Venice region of Italy is also promoting spas. It is important to create high-yielding products that the market wants.

The next slide lists 10 truths behind the facts—the non-attributable but common ground. Strong strategic leadership is important. There needs to be an emphasis on marketing for high-yield tourists and on making a country or territory accessible. There should be focused consultation. It is important to work with winners—this is not



about paralysis by analysis, but about doing things and responding quickly. That may mean setting aside some of the traditional niceties of democracy and consultation. It is important to take risks, to innovate and to engage fully the private sector.

We need work on qualitative predictive research. Where the markets have been is not what is important. The tendency of most of the public sector is to look at trends. Tourism is a perishable industry—a bed unsold last night is irrelevant to the future. It is about knowing where the market is going. In all the case studies, there was quality, predictive research about what the markets will want in three or five years' time. We need to invest in young managers—although that might be a death knell for Seán and me. There need to be new ways of doing business and getting around some of the bureaucracies. We need a commitment to quality and a commitment to the environment.

When we translated all that into a series of performance criteria, embracing some of the qualitative and some of the quantitative, we judged where Scotland sat in the overall mix. As the slide shows, Scotland is in ninth place. Overall, we were particularly impressed by the four top-ranking regions: Ontario, Venice, Catalonia and Ireland. If the committee has limited time, those are the case studies on which to concentrate.

There were several key lessons. First, there must be a clear and focused national tourism strategy that involves leading private sector representatives. Secondly, we must encourage different types of products and service providers to establish strategic alliances that get to what the markets want. Thirdly, we must encourage product innovation based on clear market evidence, but incorporating a degree of risk. Fourthly, a national tourist board should promote the nation at the expense of the regions. In a global, competitive situation, it is important to get Scotland known and to allow other partnerships to come in behind that with the products and services that the market wants to buy. It is important not to give mixed messages. Finally, it is important to ensure that there is an adequate and well-resourced quality research base that supports future planning, rather than cogitating on what might have been.

That concludes the summary of our work. We are happy to answer any questions. Seán Browne is one of the architects of the Irish success story and you may wish to take advantage of pursuing that particular case study in more detail.

**The Convener:** Thank you very much. Speaking as someone who used to be a consultant, I would like to say that the report is one of the best, in terms of content, style and presentation, that I have ever read. I have had quite a lot of feedback from members of the committee and others,

congratulating us on commissioning the report and on its contents. It is nearly as good as some of the reports that I wrote.

We have heard much about the special position of Glasgow and Edinburgh. Your message seems to be that we should think not in terms of individual geographies, but in terms of promoting Scotland—to the detriment of particular parts if necessary. We kicked off the tourism inquiry in Shetland and we heard about the particular problems that people there face and about the cost of getting to the islands. Clearly, tourism in the Highlands and Islands is a major part of the local economy. On the Glasgow-Edinburgh scenario and the difference between that and the Shetland-type scenario, what would you do about tourism in those areas in the light of your comments?

**Seán Browne (Stevens and Associates):** Before I answer the question, I would like to dissociate myself from the fact that Ireland arrived at the top of Terry Stevens's league table—I was at least 4,000 miles away when that was finally produced.

I will try to answer your question in the Irish context. The subject is one of the top three burning issues in Ireland. Although Ireland has been very successful in getting tourists to the destination, in order to grow, we need to understand how we can make the spread as wide as possible. Like most tourist destinations, Ireland has a capital city that has been extremely successful in the city tourism business. The issue is one of market segments; it is not an either/or question. The growth of city tourism in Scotland's capital—perhaps I should say twin capitals—will inevitably help to increase awareness of Scotland and the perception of it as a destination.

The kind of things that will bring tourists to remote locations such as the Highlands and Islands are not the kind of things that will bring tourists to the large cities. Those niche markets must be identified and the areas must be promoted to them—the niches must be treated as if they were independent target markets. There will always be a crossover between those markets and some people will dip into half a dozen options in their destination. However, the quintessential customer for Shetland will be dramatically different from the quintessential customer for Glasgow or Edinburgh.

**Professor Stevens:** Our case studies have taught us that, by promoting a country, one creates an environment that allows various groupings to come up with a business case for the marketing of their sub-destinations or sub-products. Therefore, one would promote Scotland while, at the same time, creating an environment wherein Edinburgh and Glasgow could promote themselves aggressively. In response to a

question that was asked earlier, the issue is not about insisting that, as Glasgow is getting public money, it must come in as part of the scheme. Rather, one would almost allow Edinburgh and Glasgow to present a business case relating to what they want to do with the public money and to support that on the basis of their targets and the business that they are proposing to do as a separate marketing activity for their cities or products.

The issue of wider dispersal relates to accessibility. One has to ensure that the niche markets that want to get to the Highlands and Islands are able to get there. I draw your attention to the fact that, six months ago, Slovenia was not a particularly accessible country. Now, Ryanair fly to Graz, which is 50km from Ljubljana, and to Klagenfurt, which is also near Ljubljana. All of a sudden, Slovenia has been opened up because of two regional airports in Austria. Regional airports are fundamentally important in the new geography. To get people into the remote areas of Scotland, one has to be able to get them there quickly and relatively cheaply, because most of the markets have limited time frames.

**Marilyn Livingstone (Kirkcaldy) (Lab):** Key lesson 4 on your slides relates to investment in e-commerce for destination marketing. All the submissions to the committee have highlighted the huge rise in the number of people who book holidays through the internet. We have heard that a web platform to enable central booking of holidays in Scotland will be available later this year, but I would like to know how what we are doing compares with what is being done in Ireland and whether you think that we are doing enough.

**Seán Browne:** That is too complex a question to allow me to provide you with a pat answer. I would hate to start evaluating Scotland's performance on the issue of e-commerce in relation to other countries without having done a detailed analysis of it.

Ireland has been in the business a long time. Our first efforts to get into e-commerce date back to the mid-1980s. If one lesson has been learned along the way, it is that the whole effort has to be visitor led, or tourist led. Some of the biggest mistakes made in Ireland—mistakes that slowed development—were in the efforts to satisfy the needs of different trade groupings, different representative bodies and different area, regional and other public sector bodies. That is a pitfall to be avoided at all costs. The general message is this: identify the target markets and provide them with access to the services that they want. Do that and a lot of other things will look after themselves.

On a separate issue, members should remember how fast hardware and software is changing. Beware, beware, beware of over-

investment in hardware that will be redundant in a very short time.

11:30

**Professor Stevens:** Members should reflect on the pace at which the commercial sector is getting its booking systems up and running online. The role of the central body, if I may call it that, may be to understand what the markets are looking for and to ensure that there are adequate hyperlinks so that people can make real bookings.

**Miss Goldie:** I am interested in establishing how Scotland has performed against the critical success factors. Scotland is bottom of the list. Is that because of failure across all the criteria or is one failure more significant than others?

**Professor Stevens:** That is a fair question. We have made our judgments across the board. You may want us to go back for a more detailed look at Scotland. In our process, we looked at Scotland and 16 other areas. We took raw material from the information on Scotland but did not analyse the Scottish situation in itself. I am sure that some elements would be more prominent than others.

**Miss Goldie:** Would it be helpful to get more information, convener?

**The Convener:** Yes, absolutely.

**Professor Stevens:** We could certainly do that.

**Tavish Scott:** I am picking up that things should be led by the industry as opposed to by the niceties of democracy, to paraphrase what you were saying. Does the evidence that you have gathered—especially in the four top-performing areas that you identified—indicate that industry drives innovative change? You have spoken about hyperlinks and given the example of Marriott being able to take a huge quantity of e-mail bookings. Is that the international experience?

The west country is the only other part of the country that you looked at in detail. How are people doing things there and what are they doing well?

**Professor Stevens:** The main finding was private sector leadership, with the public sector creating a supportive environment. That idea was especially well articulated in the Veneto case study. We could provide supplementary evidence on the performance of one small town in the province of Padova. That evidence would show how the private sector, in a town of around 10,000 people, with 104 hotels of the highest quality, leads in determining how things are going in what is one of the biggest and most important tourism regions in Europe. If you would permit it, we could submit that as additional evidence.

In some of the league tables, the west country

comes below Scotland. We were asked to embrace an English region as part of our case studies. As you might have heard, Cumbria refused to participate unless we were prepared to pay. That represents an interesting twist on entrepreneurship. We chose the west country. The case study reveals how honest the west country was. The need to make things happen differently there was acknowledged. Relatively small consultative panels of industry leaders are being established. Those panels are telling the local authorities and the public sector what is required of them to ensure that the industry drives forward. The public sector—whether the South West of England Regional Development Agency or South West Tourism—is coming in behind to provide support for the industry to go where it wants to go. Research by the industry, particularly the big investors, is much further ahead and more predictive than research in the public sector. That is an important fact.

**Seán Browne:** I have an extra thought on the word “control”. The traditional national tourism organisation model that many of us came through used banners such as leadership and direction. The public agency set out to control what was happening. In my early days at the Irish Tourist Board, it seemed that Bord Fáilte felt that if it did not know that something was happening, it was not happening at all.

If I had been asked to discuss the issue five years ago, I would have said that the ideal model involved achieving a proper balance between control and facilitation and that the emphasis should move towards facilitation as a destination becomes more mature. I would have said that with mature destinations such as Ireland and Scotland, which have matured at approximately the same rate over a couple of hundred years, one should move towards putting greater emphasis on facilitation.

To echo what Terry Stevens said, I think that the pace of change in the tourism industry is now such that we are saying to very new tourism destinations, some of which have been mentioned in the case studies, that they must have a strong emphasis on empowerment of the private sector, even in the early stages of development. That will really make a difference. One has to master providing such an emphasis at the same time as giving the strategic leadership that only a public sector body can give.

**Tavish Scott:** I want to ask about the size of the different businesses in the industry. I would be interested in what you found in the four highest-performing areas. I presume that there is a danger that the larger private sector providers, such as Marriott, have the people and the expertise at senior management level effectively to drive the

industry. Did you find evidence of concern in the small business sector—among bed-and-breakfast owners, for example? Was there a feeling that small businesses were squeezed out of the decision-making process?

**Professor Stevens:** I will turn your question on its head. In the traditional destinations, such as the west country, Cumbria and my base, Wales, we found that bed-and-breakfast owners were often hijacking the debates. As people with lifestyle businesses, they had the time to turn up to area tourist board meetings. That leads to a situation in which someone who has only three bedrooms and who is open for only nine months of the year can become chairman of the area tourist board. In other words, a bias in the opposite direction has been created by organisations that contribute little to the economy and to the overall tourism product, if not to the bank balances of their owners.

In the words of the chief executive of the West Country Tourist Board, such businesses are not in the industry. He estimated that 75 per cent of businesses in the West Country were of that ilk and contributed very little to the uplift of the economy or the drive of the industry, but were often the ones that were responsible for the disappointing experiences of visitors. They also contribute very little bed space. We have just done some work in the Forest of Dean, where fewer bed spaces were provided by businesses in that sector than would be provided by a 120-bed hotel, yet those were the businesses that were controlling where the industry was going. It is a matter of ensuring that the balance is right. We should not let things go too far the other way either, so that the manager of a big hotel chain is dictating everything. However, the past has been riddled with small businesses dictating where the industry should go. That might be appropriate in certain rural areas, but overall, rising tides lift every boat.

**Tavish Scott:** Key lesson 4 on your briefing sheet is:

“The National Tourist Board should promote Scotland aggressively”.

I am interested in your use of the word “aggressively”. In international comparative terms, do you find that national tourist boards generally regard tourism as a competitive market and that, therefore, strategies that accompany their efforts are of that ilk?

**Professor Stevens:** Yes. The case studies show that many national tourist boards have international offices in their key markets. Aggressive is the word that I would use.

**Seán Browne:** Aggressive can sometimes mean having big budgets. The harsh reality of competition in international tourism is that many destinations are able to assemble substantial

budgets. Tourism is increasingly about reaching out directly to the consumer rather than going through the travel trade, which dominated back in the days of Thomas Cook. Certain markets are now much more expensive to reach. One of the reasons for the success of Ireland over the past decade—the evidence in the case study bears this out—has been the ability to muster substantial advertising funds for direct consumer advertising. Admittedly, a country must be well-planned and branded, but I think that Scotland is well aware of that. It must be funded well enough to be advertised on television in the main markets, to reach out to consumers. That applies right down to every level.

A member of the committee mentioned Tallinn, and Terry Stevens talked about our findings in Estonia. I first went to work in Estonia in 1995, when the country was just emerging from the Soviet-type tourism economy. At the moment, I am working there putting together the country's European structural fund tourism programme. I have two things to say about the situation. First, the difference between that country's tourism industry now and what it was like seven short years ago is staggering. Great progress has been made. Secondly, one must consider how much faster that progress will be when the country has access to well-planned structural funds. Estonia will start to spend structural funds on tourism with very good, European Union-funded advice. In Ireland in 1989, we were making it up as we went along. Tallinn's marketing budget is double that of the Estonian Tourist Board, which is an interesting statistic if one is considering how competitive the business has become.

11:45

**Brian Fitzpatrick:** You have given us some cautionary tales on the care with which we should approach synthesis. You have shown how complexity can get lost in synthesis. I am all for nicking good ideas from round the globe, but we cannot hope to replicate some elements of Catalonia, such as the climate and geography. According to your report, 50 per cent of visitors to Catalonia come from France; they are probably not affected by the provincial branding or the work of the Generalitat. The new tourism there, which makes use of the available accommodation, has everything to do with the incidence of second-home ownership in and around Catalonia, which owes everything to General Franco's rent freezes from the 1930s to the 1960s. Thankfully, we cannot replicate that.

What is the utility of international comparisons and benchmarking as an instructional device for Scotland? How can we better nick good ideas? I am deeply intrigued by the empowerment of the

private sector and how to create better partnerships at a strategic level so that folk can grab opportunities. I am not personally attracted to a future in which Marriott hotels populate the great glen, but I am sure that we can gather some ideas. What do we need to do to work out what the various tourisms for Scotland might be? How will we scope that out and grab the opportunities?

**Professor Stevens:** Our report alludes to a number of other benchmarking studies. Not long ago, VisitScotland undertook a study that benchmarked Scotland against Costa Rica and South Africa. We scratched our heads about that, because those were ludicrous destinations to use as comparators. We firmly believe that benchmarking has merit but, in future work, the analysis of whom to benchmark against must be done carefully. Some lessons to be learned are about qualitative aspects that go beyond the facts. It is important to get close to and talk to the people who matter.

Care must be taken to choose a select number of destinations, although they might change over time. More big exercises are not needed. You know where you are now. You must ask where you want to be and how to get there. When you get there, you should then consider whom to benchmark against. Inevitably, there is some aspirational benchmarking and some reflective benchmarking.

Benchmarking has value. We gave the clerk a CD-ROM containing three other benchmarking studies that were not commissioned, but which might be of use to the committee. The bottom line is to decide where you want to be and how to get there. After that exercise, you must decide which competitors to judge yourself against. You must be more ruthless in deciding whom to spend time looking over your shoulder at. There is merit in benchmarking, but lessons must be learned in preparation for the next five to 10 years.

**Seán Browne:** Yet again, we learned from the exercise that, with benchmarking, it is essential to have accurate figures and to get under the superficial information. I repeat that, because loose benchmarking is a quagmire.

In carrying out our study, we discovered that the most significant findings are often in the softer areas rather than in areas where there can be hard comparisons. It is easy to compare structural issues and to give guidelines on how the public and private sectors should be organised, but the study often came down to more nebulous matters. For example, we found that successful destinations had got over the destructive criticism phase. People in those areas had something in their hearts and were working together towards a common goal, without trying to score points.

Why were certain people innovating? Perhaps they were innovating, as Terry Stevens said, because although they had done the market research and the analysis they did not allow it to paralyse them. They were prepared to use common sense and they were confident enough. I will finish on the word confidence. That kept cropping up all the time. It is important to build confidence so that private sector entrepreneurs can move ahead in the knowledge that they have the full support of a public sector that has set a clear goal for tourism and will resource it to make sure that the goal is achieved.

**Brian Fitzpatrick:** Just to assuage my curiosity, is Verona the small town to which you referred in the Veneto?

**Professor Stevens:** It is a place called Abano.

**Brian Fitzpatrick:** I have never heard of it either. Sorry, this is not "Celebrity Squares". I was just interested.

**The Convener:** There is still hope for Kirkintilloch.

**Brian Fitzpatrick:** There is always hope for Kirkintilloch with a Labour MSP.

**Andrew Wilson:** Moving swiftly on, I, like Alex Neil, think that the work is excellent. It begs many more questions for us in producing our report. As the committee has found with other inquiries, we must move through substantial evidence taking and consideration of ideas about where strategy, broadly speaking, should be directed, to make specific recommendations that we can press the Government to pick up. That is a challenge for the Parliament.

I will raise some issues for you to comment on now, although I think that we will want to come back to you. I do not know how the committee feels about that, but I suggest that we might want to do that.

Given that the bulk of growth is happening in city breaks, what should Scotland do about aggressive marketing of the national brand? In the past, and also in the present from what I gather from the evidence that we have heard today, the biggest brand that we identify with tourism has been the Highlands and Islands region and the more rural, remote areas. How can we square that circle when deciding on a national brand?

Secondly, Ireland tops the list on transport. That is no surprise, although we take Mr Browne's point about his geographic remoteness from that decision-making process. We assume that there was no telephone communication or use of information and communications technologies. With the greatest respect, Ireland is a country that I frequently promote as one that has a worse transport infrastructure than Scotland, yet

transport has probably been the key factor that people have mentioned to the committee. That points us towards the one aspect of transport in which Ireland is probably ahead of Scotland, which is airline traffic. What should we take from that? How has Ireland dealt with the internal dispersal question? It gets a high volume of traffic in. From what Seán Browne has said, the debate in Ireland is focused on that matter, and it is an issue that we must tackle early on.

The third point, and I guess my final major point, is that unless I am much mistaken all the top four regions that you have identified as market leaders have—you may have alluded to this—only one major city centre, so they can develop that city region identity. In Scotland, we have a capital that has a significantly smaller cityscape than our major industrial centre in Glasgow in the west. We also have significant competing city regions in Dundee and Aberdeen, a developing one in Inverness and arguably one in Perth as well. What do we do about the fact that there is more than one centre? How do we partner up the cities and deal with internal competition? Those are opportunities as well as constraints, but I wonder how we will pick through them.

If you had to pick action points or recommendations for the Executive, what would you pull out of your own work as the key priorities? Those priorities could perhaps be considered later in our deliberations. That is probably not a question that you could usefully answer now, because to an extent you have already covered it in your report, but perhaps it is a matter that you could think about.

**Professor Stevens:** You have asked three pretty hefty questions, to which we will not be able to do justice in a few minutes. On the role that the city plays in the dispersal issues that you have been examining, a clear lesson that has emerged from countries where tourism activity has a dominant urban base is that visitors do not just visit once. For example, a young professional might visit Barcelona as an introduction to Catalonia, return later in life for a beach holiday with their family and then go for a walking holiday in the Pyrenees when they are 45-plus. It has become clear that markets can be captured several times during their life cycle and that different products will appeal to people at different stages. As a result, instead of considering the urban base as a one-hit opportunity, we should regard it as an experience in its own right for a short break and create opportunities for people to return by making it a gateway to the country.

We should perhaps consider the Venice region as a means of answering your third question and partly answering your second. Verona and Padova would take issue with people who thought that Venice was the only city in that area. In the report,

we allude to the fact that accessibility is vital there, and that Padova is served by seven or eight airports. As for Ireland—and Seán Browne will take up the issue of access—Sligo, Farranfore, Galway, Killarney, Waterford and Cork all have airports that serve Dublin and international markets. International air travel emerges as a key issue time and again.

I am sorry that we cannot do justice to all your questions.

**Andrew Wilson:** That is more than enough information.

**Seán Browne:** Despite the fact that Terry Stevens has conveniently left it to me, I will try to sidestep any glib answers about the question of accessing transport. It became a key issue in Ireland the minute that the Government tried to take a great leap forward in tourism. However, Ireland is an island. Although some people there believe that that is one of the most wonderful things about the country, it has made tourism growth rather difficult. As we know, the air access situation is changing all the time and there are no quick answers to your question.

Everything is linked to the challenge of satisfying the different areas of a destination. As I said, the only way of satisfying the competing claims of the rural and urban parts of the country is to make each of them identify the tourism experience in which it can aspire to excellence, go out and find customers for the experience and market and provide it to a high standard.

The issue that links that approach with your other big question about branding is how to find an overall brand that facilitates all that. One country that has not featured in our discussion is Spain. However, its great slogans over the years include "Everything under the sun", which was replaced by "Passion for life". That is also the essence of what Ireland is currently trying to do by branding itself as a memorable experience. Although the national brand has to be meaningful, it must also be an effective umbrella; if it is not, we will screw ourselves down and exclude markets that have real potential not only for tourism growth but for dispersal around the country.

**Mr Macintosh:** I am sorry but I, too, have three questions—pens at the ready.

**Professor Stevens:** My pen has run out of ink, but I will borrow one.

**Mr Macintosh:** The first question is just to get a general idea of the situation. I appreciate what you have done in the study and the comparisons that you have made, but I am unsure about the bigger picture. I cannot work it out. Is tourism in Europe declining or increasing? We had a briefing session yesterday that showed that tourism numbers in

Scotland and Spain were declining. I cannot work that out. Is that picture common to the whole of western Europe? Are tourists going much further afield? For example, are they going to eastern Europe or Africa? I do not have a picture in my head yet about what we are competing against and whether tourism numbers across Europe are declining.

12:00

**Professor Stevens:** Could I answer that question first rather than have a list? Is that acceptable?

**Mr Macintosh:** Absolutely.

**Professor Stevens:** Tourism is growing in Europe, but its growth rate is slower than that in other parts of the world. For example, tourism in the Pacific rim is probably growing at about 7 or 8 per cent per annum. Tourism in Europe is growing at about 3 to 4 per cent per annum, but the rate of growth within Europe is not common across Europe. Tourism is growing faster in some places than in others. Statistics on Europe—just to be unhelpful—are dependent on how the World Tourism Organisation defines Europe. Therefore, Europe as a region includes western Europe, central and eastern Europe and the east Mediterranean basin. Across that patch the rates of annual growth far exceed rates in other parts of Europe.

Overall, tourism in Europe is in growth, but it is not growing as quickly as in other parts of the world. Europe is losing market share to the new competitive destinations. You are right that the ability for long-haul travel means that people are willing to go that bit further for their longer holiday. New destinations are constantly opening up.

**Mr Macintosh:** Would it also be fair to say that we should expect tourism in Scotland to be increasing?

**Professor Stevens:** Yes, if volume of tourism is taken to be the key issue. However, it could be decided that other measures might be more relevant to a country. For example if the measure is the yield—which is the amount that one gets from tourism—the strategy could be to grow international tourists, who are high yielding, at the expense of domestic tourists, who are less alluring. It is a case not just of looking at the volume of tourism and tourism nights, but of looking at the mix.

**Seán Browne:** It is also cautionary when looking at comparisons and league tables to consider what strange things might be causing disruptions or bubbles—which always happen. For example, we have not spoken much about prices today. Any examination of international tourism trends in Britain must take account of the strong

position that sterling has had for several years now.

**Mr Macintosh:** Indeed. I am also interested in the issue of investment because when you spoke about economics as one of the critical success factors you specifically said that limited but focused involvement in product investment and taxation are not crucial issues. However, I am still unsure about the state's role and the scale of its investment in tourism in Scotland and how that compares to the position in, for example, Ireland. You seem to think that substantial amounts of money should be invested in marketing. I do not have a feel for how much we are investing in marketing now compared to, for example, what Ireland invested in marketing five or 10 years ago or what successful destinations are investing.

**Professor Stevens:** We have provided supplementary evidence to the clerks about all the countries' marketing budgets. That evidence came after we had finished the report, but I am sure that it can be made available to you.

**Mr Macintosh:** That would be useful.

**The Convener:** We will have that evidence circulated.

**Professor Stevens:** The make-up of the budgets is undefined. The countries simply gave us the figures, so I am afraid that we cannot tell what has been included and what has been left out. We need to be a little cautious, because the figures may not be directly comparable. However, they give us some guidance.

Case studies show that public sector investment in infrastructure and transport is more important than public sector investment in what might be seen as visitor attractions. If one takes the route of investing in visitor attractions, one should be honest and say whether the attraction is truly a tourist attraction or whether it serves socio-economic regeneration objectives. One might say that the Glasgow Science Centre does not attract too many international tourists. It is an attraction that tourists might visit once they are here, but it is not a reason for visiting. Perhaps investment in the centre should be sold not as a tourism investment but as a socio-economic regeneration investment. The lesson from case studies is that one should be honest about investment in tourism. One has to ensure that the investment raises the tourist appeal of the destination. The case in Ireland is more complex.

**Seán Browne:** The investment in Irish tourism over the past 15 years has been dramatic. In 1989, someone called to tell me that I would be administering the structural funds budget for tourism. My budget to support tourism investment for the whole country had been less than €1

million but it was going to be about €40 million for the coming five years. It was akin to being able to do in one year what might have taken 75 years before that.

At that stage, the needs of Irish tourism were very severe. The product was extremely jaded and had lost any semblance of vibrancy after a couple of decades of stagnation and depression because of the situation in Northern Ireland. It was not especially difficult to define how investment needed to be spent. It needed to be spent almost right throughout the product.

As the situation developed in Ireland over the two subsequent programmes, different strategic objectives were identified. In the second five-year programme, the focus was on getting the balance of growth right in different regions of the country. The focus of the current programme is more on managing that growth and trying to ensure that the success that has been achieved does not eventually erode so that we end up with an impersonal product that no longer appeals to the loyal markets that we have built up.

There are two key issues in product investment: identifying the key strategic needs and then finding out what is necessary to get the private sector to invest with confidence.

**Mr Macintosh:** That is very helpful. I hope that it does not reflect on our tourism economy that I struggled for a few minutes to work out what €40 million was. I think that it comes to around £30 million. Is it £0.67 to the euro?

**The Convener:** Yes, at the moment.

**Mr Macintosh:** I want to pick up on something to do with international tourism that my colleague Tavish Scott picked up on earlier. You said that the Marriott chain picked up far more bookings in a year than did VisitScotland. We should try to work out what that means. What have you concluded about an electronic booking system as a public-private investment for the Government? Is that the right way to direct funding? Will the private sector do things far better? We are speaking about a semi-private operation, but what conclusion have you drawn? Is a conclusion to be drawn?

**Professor Stevens:** Forgive me for being hesitant, but we have not considered the matter in detail and I am certainly not an expert on it. Case studies have suggested that the markets use e-commerce to put together packages that are wanted for the visits that people want. People want to be able to buy a cluster of things for a weekend visit—therefore, directing them to only one spot to buy one accommodation for one night is not the answer. If a person decides to go on a well-being holiday, they will ask, "Where will I go?" and will want a package. They might want to come

to Edinburgh for the weekend, so they might check accommodation. They will ask, "What else can I do?" They will want a full destination marketing system. They will want to be able to book theatre tickets and restaurant seats for the night and know what football matches are on. A gateway to accommodation is only part of the answer.

The mass of other things that are happening in a destination must be linked to allow a person to put together the package that they want before they arrive at the destination. They might put together such a package on a Thursday night before they travel on a Friday morning. People decide to book low-cost tickets on Thursdays. They ask themselves, "Shall I fly to Barcelona tomorrow?" They buy tickets, but something can then crop up and they end up not going—only £10 will have been wasted. When they book on the Thursday night, they ask, "What shall we do tomorrow night in Barcelona?" Everything is done on the internet. The issue concerns the provision of joined-up access.

**Seán Browne:** I had three tickets to fly from Dublin to Edinburgh today. I am not complaining. I used one ticket, but the other two were so cheap that I can afford to throw them away.

**Professor Stevens:** We are finding evidence that young professionals book flights every weekend with Ryanair or Go that may cost £29—which is the cost of a night out—and they do not go. They book flights to Prague, for example, for the weekend, but do not go. The pace of change and the nature of decision making are dramatically changing. If one goes down the e-commerce route, it must be able to deliver what is required. I fear that the dynamic is greater than what we see in public-led e-commerce initiatives.

**Seán Browne:** To return to the Marriott hotel chain, people do not book in such numbers with Marriott because it has a wonderful website—although perhaps it has—but because they have been convinced to stay in Marriott hotels. The same applies to all tourist destinations. A wish, want and desire must be created to holiday in a place or take a golf holiday or a business tourism holiday, for example. At the same time, a facility must be provided so that e-commerce can be done efficiently. That is the second part of the task.

**Professor Stevens:** The e-commerce site for Lancashire's hill country is probably the best such site that we have encountered. It is not one of our case studies. It has developed its own software so that if one wants to golf, go into hill country, eat in pubs, walk or cycle, the site can produce lists to marry up every niche interest against what one has inquired about. It then sends information to the private sector operators to allow them to do the direct marketing. The site is impressive.

**The Convener:** I have let the session continue as we must give due respect to the report's science and importance.

**Mr Davidson:** In your presentation, you discussed structure, roles and who does what. The report must produce something that will be useful to Scotland and comparisons are important.

Ken Macintosh mentioned limited but focused state involvement in product investment. Are you talking about the fact that Scottish Enterprise, for example, has invested all the money that is building Loch Lomond Shores at the south end of Loch Lomond, where Scottish Enterprise will also run the facility? In a sense, that exercise is totally state owned. There will be shops attached to it, but that is not quite the point.

Where do you see the division? In other countries, there appear to be clear distinctions between who does what in marketing. Brian Fitzpatrick mentioned Catalonia, where there is clear segmentation between the support that is given by the state and the delivery of the product by the private sector.

That leads me on to mention the slide that mentioned a professional skilled and trained work force. At the moment, we have only two or three universities and a few colleges that are getting into such training. Obviously, it is essential that people get jobs at the end of it all.

Another slide highlighted business support. Such support is usually deemed to come from the public sector. Will you be able to help us to pull together some options from your report that will give us choices between different structures and roles for the private and public sectors?

12:15

**The Convener:** Before Professor Stevens answers, I remind members that the contract was between the Parliament and the consultancy. Any request for additional work would be allowed only if there was enough money left in the budget, which is managed by SPICE. I have to make that qualification.

**Mr Davidson:** I can rephrase my question. Out of the work that has already been done, could Professor Stevens point us at some choices that are already paid for?

**The Convener:** I know you are always glad to save public money.

**Professor Stevens:** We would be happy to do further work for you.

Again, a lot of issues have been raised. As was said earlier, the report raises more questions than it provides answers at this stage.



I return to a point that I made earlier. If Loch Lomond Shores, as an example, was about an investment to uplift tourism in Scotland, one would probably question that investment. If it was about achieving other things, it is probably a wise investment. An early decision has to be made on that investment and what it is about and whether it will uplift the tourism markets for the country, as opposed to displacing spending within a region.

On other aspects, such as business support, the Venetian region is into mentoring. Bigger businesses work with smaller business. There is very little in the way of public intervention there. For example, in the spa cluster in Abano, the bigger hotels work with the smaller hotels to ensure that their business is synergistic and that one can learn from the other. That mentoring idea is private-led and has a little public funding to support it.

That is the opposite to what is done in Wales, where the public sector sends in advisers who have never worked in the industry and who do not necessarily always give the right advice. We need to ensure that there is clarity on the right roles and responsibilities. Most of the case studies that we saw involved relatively few public bodies. There is not a morass of public agencies all doing a little bit and trying to influence things a little. We need clear roles and responsibilities and few public bodies.

**Mr Davidson:** I accept what you are saying and you are being cautious, as was your colleague, in not running away with notions that might not be deliverable. However, one of the biggest issues in tourism is the delivery sector's confidence in what the public sector is trying to achieve. As you mentioned, that is about direction and leadership. However, you also believe that leadership should come from the industry, which I think reflects a rising tide of opinion. In all that, do you believe that the current state of public sector bodies such as VisitScotland has reached a plateau and that there needs to be a change of direction?

**Professor Stevens:** You must forgive us for being cautious. Our brief for the study was to bring you evidence from 16 other places. We have not had the privilege of looking at Scotland. We might be able to give you personal comments on that, but they would be uninformed.

**Mr Davidson:** I accept that.

**Professor Stevens:** Let me answer based on the case studies. We found destinations that changed their structures and organisations, often quickly, to meet the requirements of the marketplace. That is evidenced through them all.

**Seán Browne:** The one thing that jumps out is the need for flexibility, which tends not to be present in public structures. We had a farming

leader in Ireland once who put it wonderfully. He was seeking reformation of some of the quangos in the Irish agriculture industry, and he said that it was like letting young calves out to fresh pasture in the spring. You open the gates, let them out of the barn, and they rush happily into the grass, but the next thing you have to do is knock down the shed or they will come charging back in again after half an hour or so. His point was that public bodies in all parts of the world tend to have a self-perpetuating mode.

Tourism is changing very fast. Our report shows that. If you are to ensure that form follows function, as the textbooks say, by definition there has to be constant evolution of public sector structures to reflect that.

**The Convener:** I have to bring this session to an end, so I thank Terry Stevens and Seán Browne for their report and their evidence this morning. It has been extremely helpful.

I call as a witness Dr Roger Carter, who has been appointed as our special adviser for this inquiry. We recognise that, in the past, perhaps we have not used our advisers as well as we might, so we have asked Roger to prepare an issues paper and formally give evidence.

**Dr Roger Carter (Adviser):** Good afternoon, ladies and gentlemen. I was told by the clerk that I should declare interests. Recently in Scotland I was involved with Dumfries and Galloway Tourist Board in undertaking its new tourism strategy, which included the marketing programmes to which reference was made earlier. I was also involved with VisitScotland in undertaking an e-tourism business planning session.

Initially, I examined the remit that I had been given and the specific questions that were asked, and I divided them into three broad headings: strategy, the tourism support structure and specific operational issues. My comments will be made under those three main headings.

I will begin by talking about the strategic issues. Our basic reference document at the moment is the Executive's report "Tourism Framework for Action 2002:2005", which provides an excellent structure for thinking about the tourism strategy. It sets out a number of key principles, but it is relatively light on detailed policies. The inquiry's concern must be with the way in which specific policies are developed within that framework. I understand that a substantial amount of activity is now taking place on an interagency basis in that respect, and that is to be welcomed, but the committee may wish to know more about that process.

In the appendix to the paper, I set out some of the key factors that I believe are important in looking at future strategic policies. I will take

members through some of the key points in the appendix. The first issue that I want to highlight in relation to tourism strategy is the point that Terry Stevens made about the importance of understanding the dynamics—the dynamics of the marketplace and the dynamics of the ways in which organisations work, or should be working.

I referred initially to changes in the nature and pattern of demand, which are critical factors in understanding why Scotland's performance is relatively poor—the benchmarking study that Terry Stevens discussed demonstrated that—and, more specifically, why there has been a decline in Scottish tourism since 1997. We must understand the factors behind that decline and identify the opportunities for growth in the future. My core interest is in attempting to pinpoint the growth markets. We must identify those markets and obtain some idea of the scale of the growth potential. That will enable us to assess whether we have realistic opportunities for developing tourism in Scotland.

Under the heading of changes in the nature and pattern of demand, I referred to several specific factors: more and shorter holidays; shorter lead times, to which Terry Stevens referred; more independent travel; more demanding customers, which is a key issue; and the fact that growth in international tourism is outpacing domestic tourism in many markets. That has been a key factor in Britain for about the past 20 years. Domestic tourism has, at best, remained static, while international tourism has grown. In many parts of Scotland, domestic tourism has been declining. Twenty years ago, tourism in the Highlands and Islands consisted principally of a two-week car touring holiday market. Large parts of that market have disappeared altogether—they have gone abroad. We need to examine what is replacing the parts of the market that have disappeared as more people have begun to travel internationally.

To some extent, the answer to that question can be found in a number of key growth segments. However, those growth segments are not necessarily in the traditional destinations. That is why we have differential factors around Scotland. For many years, the west and north of Scotland have found tourism difficult. The cities have been sitting on the main growth segments. To consider the overall strategy for tourism, it is important to understand all those factors.

My final point under that heading was the key role of the cities in stimulating major growth markets, which we talked about earlier. I also referred to an increasing demand for niche experiences that are based on activities, special interests and self-fulfilment. That trend, which has been obvious for many years, highlights the increasing importance of the experience rather

than the destination.

We raised that issue in reference to the case study of Dumfries, where there are no icon attractions to motivate travel. It is important to focus on experiences in such cases. If one goes south of the border, one finds that Dumfries and Galloway is absent from most people's mental maps of Scotland. What will attract people to such destinations? Creating an awareness of a destination is an uphill struggle. It is possible to sell experiences. The area tourist boards, together with VisitScotland, can work to develop and promote niche markets, which will bring traffic to the areas that can supply for those niche markets.

Changes in the way that people plan and book travel are important. We have mentioned the internet. That scene will change with the advent of third generation mobile devices, which will provide full internet access to people on the move. Such access will be available as people travel to their destination and once they have got there. The ability to use the internet in the destination area will create a new scene, which will raise issues about getting information to people when they are in Scotland. There will be implications for information centres, to which I will return.

Terry Stevens discussed key factors in relation to changes in air transport. There are two sides to that coin. Low-cost flights are a source of new business, which we must exploit. They are also a generator of competitive products, for example in regional Europe and in the key market of London and south-east England. Terry Stevens pointed out that bmibaby flies into Cardiff and East Midlands airports and that Go flies into Bristol and East Midlands airports. Competitive products are increasingly being made available in many of our key markets south of the border. The airports that I mentioned act as hubs for active promotion.

The next point is about the way in which the most effective organisations undertake their business. The concept of e-business enables organisations to work more effectively and efficiently. That relates to changes in the ways in which businesses and organisations can work together. There are opportunities for Scotland's tourism organisations and businesses to work together more effectively as a network. That relates to the feeling of togetherness.

12:30

We heard from the previous witnesses about the dangers of constant criticism and people working only in their own domain. We need to do a range of things, including using e-business, to get everybody working together as a real family. If people work off the same networks and have access to the same information and business

tools, that becomes much easier. I talked in my paper about using the internet as a common platform for communication and knowledge exchange and transaction.

In the paragraph on basic principles, I talked about defining the right market mix, which highlights the point that Terry Stevens made about bringing together the right segments. If we understand the market, we can identify the real growth segments. It is important to get the right mix of markets so that we get good business all year round. We are talking about how to bring together business and leisure segments and Scottish, UK and international markets. Getting a high level of business all year round is the absolute key to private sector involvement.

When I started running the Edinburgh and Lothians Tourist Board, hotel occupancy was 59 per cent over the year and 55 per cent of business was in the third quarter. The key task was to generate more business in the shoulder months, which we heard about earlier. We examined the segments that could bring in business at other times of the year, such as business tourism in particular and short breaks from within the British market. That illustrates my point about getting the right market mix in order to raise occupancy. At the end of my time at the tourist board, occupancy was up to 75 per cent all year round. As soon as occupancy passes about 65 per cent, one starts to get serious investment interest.

The second key principle that I outlined in the paper is maximising the lifetime value of the customer, which Terry Stevens touched on. That has two implications, the first of which is that delivering a high-quality product will bring people back and enable them to recommend places to friends and relatives. The other is that it helps to maintain the relationship with the customer. The jargon terms are customer relationship management and customer relationship marketing and they are all about using new technology to enable us to obtain information about our customers and to build it up so that we really know them on a one-to-one basis.

As we heard earlier, a customer can have different profiles. Somebody who is going on a family holiday at one time of the year could also be a business traveller and a short-break traveller with his or her partner. We need to acknowledge that those different profiles change over time. We heard that someone who has one motivation for coming now might come back in 10 years' time for a different reason.

The lifetime value of the customer is important, but we have to balance that importance. We know from VisitScotland that a large proportion of its business is repeat business. That is good, but we cannot rely only on repeat business. We have to

have new business coming in, so getting the right balance between new and repeat business is important.

The final point that I made in the annexe concerns the health of the industry. We need to understand, region by region, the health of the industry. In particular, we have to understand to what extent we have truly innovative and customer-driven businesses. In some regions the proportion of such businesses is very small and that creates an issue about whether we have the basis for growth. That is very much in the local enterprise companies' and Scottish Enterprise's area of interest.

I shall move quickly through the rest of the paper. Foot-and-mouth disease was a key issue in the brief, but after what you have heard from Annabel Goldie, it is perhaps a smaller issue. There are two key points relating to the outbreak: what it has told us in strategic terms about the importance of tourism for rural economies, and what we have learned tactically from the substantial amounts of money spent on the FMD recovery plans. There are quite good case studies of areas where more money has been pumped in, and it would be useful to know what that money has achieved.

The brief mentions the events of 11 September. That points to the need to have a good diversity of market segments, although that is important anyway in getting good business throughout the year. We must not rely only on the US market, for example. We must recognise that the domestic market will continue to be important to us.

We have already discussed the support structure, and I will not repeat those points. However, I would like to emphasise a point made by Terry Stevens about the importance of leadership and expertise. It is one thing to talk about the support structure, but the other side of the coin is understanding how the industry regards the support structure. It is important to see both sides. I talked about the advantage of adopting a zero budgeting approach when putting together our recommendations. In other words, if we were starting from zero activity of a support structure, which are the things that we would put in first, which are giving the greatest return on investment and which are not giving the best return? Those are key questions. My submission highlights some specific issues. I will not go through them one by one, but the bullet points that start at the bottom of the first page and continue on the second page highlight some of the areas about which we may want to ask questions when talking about different parts of the support structure.

I shall move on to the third general heading in my submission, which covers the three specific operational issues in the committee remit. Niche

marketing must undoubtedly be a key element of future marketing for Scotland. It is important to review the impact of the niche marketing activity that has been implemented since the publication of "A New Strategy for Scottish Tourism". That publication—the one before last—was the one that really took us into niche marketing and we must examine what has happened in those niches that were identified at that stage and see how successful it has been. We must also understand what other niches will be productive in delivering new business in future.

With regard to tourism e-business, I have highlighted two points. One concerns the broad question of the impact of e-business on Scottish tourism. The other, more specific point concerns the role of eTourism Ltd. Members should not assume that they are the same thing. eTourism Ltd has a specific and important job to do, but there is a much wider role, concerned with taking advantage of e-business, that extends well beyond that. The enterprise network is certainly putting a lot of effort into that area, but members may want to ask about it.

I would like to take advantage of the tourism e-business peg to touch on two of the questions that were raised earlier. Marilyn Livingstone asked where we sit in relation to competitors. My company has done a lot of work on that, and it is fair to say that Scotland has fallen well behind the competition in tourism e-business. I hope that the activities of eTourism Ltd will bring Scotland forward quickly, but there is a lot of ground to make up. There are a number of competitors who have invested in tourism e-business. Ireland started investing heavily in 1991. It made many mistakes along the way, and there are many lessons to be learned from those mistakes, as well as from the good things that were done. The Irish went down the PPP route in 1997 when they set up Gulliver. There are lessons that eTourism Ltd can learn from where Gulliver has succeeded and from what it has found more difficult. As we have seen from the benchmarking study, in general terms our position is not good. We have a lot of work to do.

Ken Macintosh talked about the example of Marriott hotels and what we can learn from Terry Stevens's comments on that. I would say that the example of the Marriott website emphasises the importance of the information side for the support structure. Traditionally, the support structure has delivered information that will motivate people to come and will help them to plan their visit. In general the support structure has not involved transactions, except for bookings at a local level, across the counter at information centres. In looking to the future, the support structure should be majoring on delivering information across the many new channels available and ensuring that

there is scope to facilitate the transactions.

However, Terry Stevens's points about scale are important. We must recognise that eTourism Ltd is not going to deliver all the tourism e-business and e-commerce in Scotland. It is important that we have eTourism Ltd as a support mechanism, but we must also deliver business to the private operators, many of which are well equipped to take electronic business. That was the point that David Davidson made earlier. The linkages from what is done by the support sector in to the private sector's existing mechanisms for booking are critical.

The final point was the funding and management arrangements for Scotland's network of TICs. That is important. Tourist information centres give away free information and cost a lot of money to run. That is what underlies the problem in Gretna that Annabel Goldie mentioned earlier. The new technology will bring other means of distributing information to people when they are at the destination. That raises a real question about the role of the information centres. It also raises the question of the role of eTourism Ltd's call centre. We are thinking about people getting information in advance, but a call centre can serve people when they are at the destination. If people are accessing information from the mobile device in their hands and then want to make a booking, one of the easiest ways to do it is to press a button and go straight through to the call centre. The call centre can also be used as a helpline if people have problems.

**The Convener:** I am sorry Roger, but I have to ask you to speed up a wee bit, as we are getting short on time.

**Dr Carter:** I have very little more to say.

The final part of my paper considers the key points in the Stevens report and relates those to what is already within Scottish Executive strategies and to points that I have touched on elsewhere. I will not go through all the bullet points in my paper, but I will say that we need to ask questions about all those issues. We can be assured that, on some subjects, there is on-going activity that can be developed and will address the points that Terry Stevens and Seán Browne made. There is one point on which I have had some reassurance since I drafted the paper, which is the importance of encouraging and investing in talented and innovative managers. We have heard that the enterprise network is very active in that area.

**The Convener:** We do not have time for a detailed question-and-answer session that would do the paper justice, because most members have to leave by 1 o'clock. We will need to focus on key issues for our inquiry rather than cover all the

ground—we could be here for three years and not even cover half of it. Between now and the next meeting the paper might help us to crystallise our thoughts on where we want to concentrate our effort. We do not want to rewrite VisitScotland's strategy—there is no point in our re-inventing the wheel.

I would like to postpone discussion of this paper until we can give it more time. Once we have seen the written reports from the case studies, which will also help us digest the information that we have had so far, we will be able to zero in on what we think needs the most attention. Would that be agreeable to the committee?

**Members** *indicated agreement.*

12:45

**The Convener:** Another point is that we are free to use Roger Carter, our adviser, to follow up any of the detailed points on an on-going basis.

**Brian Fitzpatrick:** We could go down lots of rabbit holes in this inquiry and it would be helpful if we had an opportunity to discuss the structure of the inquiry with Roger. It would be useful if the clerk could let us know what resources are available to us, and what we need to do about accessing them.

**The Convener:** My intention is to try to ensure that, the next time we focus on tourism, we work out the areas that we want to zero in on during the rest of our inquiry. As we learned from the lifelong learning inquiry, the urge to dot every i and stroke every t prevents us from zeroing in on the key points. I think that everybody is of that view.

## **Subordinate Legislation Education (Student Loans) Amendment (Scotland) Regulations 2002 (SSI 2002/282)**

**The Convener:** As part of our statutory duties, our next item concerns the consideration of a statutory instrument subject to the negative procedure. Chris Graham from the Scottish Executive is here to answer our questions, if we have any. Do you have any points to make first, Chris?

**Chris Graham (Scottish Executive Enterprise and Lifelong Learning Department):** There is nothing significant in the instrument. It concerns a minor, standard matter.

**The Convener:** I think that we would all agree with that.

As this instrument is subject to the negative procedure, we do not pass it as such; we say merely that we have no recommendation to make. As members of the committee have no questions, that is what we shall do.

Thank you for coming, Chris. I hope that you did not have to come from Glasgow for this.

**Chris Graham:** I did, but it was worth it.

## External Meetings

**The Convener:** The need for an external meetings policy arose when we were getting requests from everyone and their auntie to hold meetings all over Scotland. We agreed that, rather than simply saying yes or no to invitations as they were made, we needed some kind of guidance on the matter. We will be the first committee in the Scottish Parliament to have set up such guidance.

I want to hear members' views on the paper that we have before us. If we agree on the proposals in the paper, we could suggest that they become the basis for a general policy across the Parliament. While it is right that we get out and about in order to ensure that we are not seen to be simply a central belt Parliament, there is a danger that we could end up meeting all over the place without taking a systematic approach to where we go.

**Brian Fitzpatrick:** You talked about our being seen to be a central belt Parliament, but we have to reflect Scotland's population distribution. It is a matter of regret that we have not been to Fife, Dunbartonshire, the Lothians or even, dare I say it, Lanarkshire. Rather than having a geographic spread, I would want us to have a population-based spread. There is a growing mood in the west of Scotland that this is not a central belt Parliament, but an Edinburgh Parliament and we have to reflect on that. I do not share that view, but it is being encouraged by some for political ends—Mr Sheridan being the most recent culprit.

I do not see why we should say that we will meet outside the Parliament buildings only twice a year. That seems to be a hostage to fortune.

We are a wee bit po-faced about what we say in the paper about people offering us public venues, given that we are likely to be made the offer by an organisation such as Highlands and Islands Enterprise or whoever were our kind hosts in Shetland. What is important is transparency. No one can convince me that, should Robert Crawford give me a cup of coffee in Glasgow, I would suddenly be bound to reflect what Scottish Enterprise wants me to. The same applies to HIE.

**The Convener:** Members should bear in mind the fact that we held one of our most successful meetings at the IBM offices in Greenock.

**Andrew Wilson:** I agree with most of Brian Fitzpatrick's comments about the regional spread of our meetings.

The only amendment that I want to make to the paper is to the second paragraph of the draft policy, which says that we should not meet

"outwith Edinburgh for the sake of appearance".

We should be careful about that. I remind members that the first motion lodged in the

Parliament was signed by members of every party and was lodged by one of the more forward-thinking, progressive members. That motion said that we should be seen to be meeting around the country for the sake of appearance, if you like, in order to reinforce the fact that the Parliament is not Edinburgh based, that it is a roving Parliament and that its tentacles reach across the country. There is a case to be made for meeting outwith Edinburgh, and I take Brian's point that areas such as Lanarkshire should be part of the mix.

**Tavish Scott:** I agree with Andrew Wilson and Brian Fitzpatrick about both those points. Appearance matters, and we should reflect that in our paper by dropping the reference to

"2 external meetings a year".

I am attracted to such meetings by the fact that about 80 per cent of the total enterprise and lifelong learning budget is delivered by quangos. We should not feel restricted in any way from using the offices of HIE, Scottish Enterprise or the Scottish Qualifications Authority as locations for meetings when we scrutinise their budgets. In fact, doing so might be appropriate, as that would deal with Brian's point about meeting in the areas in which those bodies are located. Andrew's point about appearances is also relevant.

**Mr Macintosh:** I agree with all my colleagues—we are all on the same tack. We should remove the figure "2" from the second paragraph of the draft policy.

In the third paragraph, I suggest that we should remove the word "different" from the sentence:

"In particular the Committee recognises its responsibility for highland as well as lowland Scotland, and the different nature of issues in remoter areas of Scotland generally."

I disagree with that statement. There are issues in remote areas of Scotland, but I think that, in general, they are the same as the issues that affect the rest of the country.

As well as sending out a message about the geographic spread of our meetings, we should say that it is of particular importance that we reach out to the most disadvantaged communities. We are based in Edinburgh, where there are plenty of communities that enjoy physical proximity to the Parliament, but that do not engage with the Parliament at all. It is just as important for us to go to the estates in Edinburgh as it is for us to visit geographically distant areas. I say that to highlight a key failure of the Parliament, which we could bring out in our paper.

**Marilyn Livingstone:** I agree with almost everything that Brian Fitzpatrick and my other colleagues said. I also agree that we should definitely take out the reference to

"2 external meetings a year",

because appearances matter.

On Ken Macintosh's point about disadvantaged groups, some groups might not feel that the Parliament is for them. I will be parochial and mention the fact that Fife is just across the water from Edinburgh. It is just as important for us to visit areas such as Fife as it is for us to visit areas that are more rural. The point is that the whole committee should visit those places—we should take the Parliament to groups that would not usually have access to the Parliament.

**Mr Davidson:** I serve on two other committees, and have been out and about. I have no objection to whatever building the committee chooses to meet in, as long as there is public access to our meetings. For me, that is the major issue. It is important that we get out and about and that we hear what the quangos are up to, as Tavish Scott suggested. On their own patch, many quangos are able to make significant comments about whether what appears to be a bland, central policy is delivering or not.

I agree with Rhona Brankin's comment that we should take our discussion of particular subjects only to appropriate places, because not everyone is into certain subjects. The conveners liaison group has to co-ordinate such programmes across all the committees, in order to achieve an even spread around the country and to avoid positive discrimination in favour of particular areas.

**Miss Goldie:** My desire is to leave the situation as flexible as possible. I agree to the deletion of the reference to two external meetings. From time to time, the committee should determine the need, and where it must geographically go to address that need. We should not be tied to comments about geography or to numerical restrictions. I desire to keep the situation as flexible as possible, so that the committee can make a legitimate decision about what to do when the need arises.

**The Convener:** I emphasise that a budget for external meetings exists. Any time that we want to go outside the parliamentary complex, we must apply through the Parliamentary Bureau. If requirements are outwith a budget, sometimes we must approach the Scottish Parliamentary Corporate Body. We always approach the CLG.

Perhaps we should delete the reference to "2 external meetings" and add a reference to the existing budget constraint. It is a case of presentation to the public. I understand that members are unanimous about four or five changes. Everybody agrees that we should remove the words

"for the sake of appearance".

Ken Macintosh suggested removing the word "different" in relation to rural problems.

**Rhona Brankin:** I am concerned about that. Some issues relate specifically to island communities, for example.

**Mr Macintosh:** Such issues exist, but the paper implies that rural issues are not the same as those elsewhere. Poverty and education are problems everywhere in Scotland.

**Rhona Brankin:** I do not need a lecture on that, thanks.

**Mr Macintosh:** The word "different" implies that the issues in rural areas are totally different, which they are not.

**Brian Fitzpatrick:** Perhaps the paper should say that some issues are different.

**The Convener:** We should add a reference to areas that are disadvantaged geographically or by poverty and deprivation, which Ken Macintosh and Marilyn Livingstone suggested. We will consider at an appropriate time whether there is a better way of expressing that.

The final point concerns co-ordination with others so that we do not visit Inverness this week when another committee is to visit it next week. I do not think that that has happened, because the CLG tries to co-ordinate such matters, but perhaps we should emphasise the point and recommend it as a general policy for the Parliament.

**Brian Fitzpatrick:** We need to be reasonably bullish about what we do. We enjoyed the visit to Shetland, but I will not stand accused of having had a jaunt because we went to Shetland. If we go out and about, we do so for a purpose. Throughout the Parliament, the attitude has been that we should go, then work out why we have gone.

**The Convener:** That is right.

**Brian Fitzpatrick:** However, once we have decided that we will go somewhere, we should be bullish about that and the purpose for going. Despite what we will say about tourism, no one who leaves their bed to stay in a strange bed in Scotland does so for a jaunt or a jolly. We should resist that suggestion.

**The Convener:** No one who saw you on the flight from Glasgow to Inverness could accuse you of that.

**Brian Fitzpatrick:** I stayed on.

**The Convener:** Is everybody happy with the paper, subject to those amendments?

**Members indicated agreement.**

**The Convener:** I look forward to seeing everyone next week.

*Meeting closed at 12:57.*





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