



The Scottish
Parliament

Passage of the

**Tourist Boards (Scotland)
Bill 2006**

SPPB 100



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Tourist Boards (Scotland) Bill 2006

SP Bill 60 (Session 2), subsequently 2006 asp 15

SPPB 100

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Foreword

Purpose of the series

The aim of this series is to bring together in a single place all the official Parliamentary documents relating to the passage of the Bill that becomes an Act of the Scottish Parliament (ASP). The list of documents included in any particular volume will depend on the nature of the Bill and the circumstances of its passage, but a typical volume will include:

- every print of the Bill (usually three – “As Introduced”, “As Amended at Stage 2” and “As Passed”);
- the accompanying documents published with the “As Introduced” print of the Bill (and any revised versions published at later Stages);
- every Marshalled List of amendments from Stages 2 and 3;
- every Groupings list from Stages 2 and 3;
- the lead Committee’s “Stage 1 report” (which itself includes reports of other committees involved in the Stage 1 process, relevant committee Minutes and extracts from the Official Report of Stage 1 proceedings);
- the Official Report of the Stage 1 and Stage 3 debates in the Parliament;
- the Official Report of Stage 2 committee consideration;
- the Minutes (or relevant extracts) of relevant Committee meetings and of the Parliament for Stages 1 and 3.

All documents included are re-printed in the original layout and format, but with minor typographical and layout errors corrected.

Documents in each volume are arranged in the order in which they relate to the passage of the Bill through its various stages, from introduction to passing. The Act itself is not included on the grounds that it is already generally available and is, in any case, not a Parliamentary publication.

Outline of the legislative process

Bills in the Scottish Parliament follow a three-stage process. The fundamentals of the process are laid down by section 36(1) of the Scotland Act 1998, and amplified by Chapter 9 of the Parliament’s Standing Orders. In outline, the process is as follows:

- Introduction, followed by publication of the Bill and its accompanying documents;
- Stage 1: the Bill is first referred to a relevant committee, which produces a report informed by evidence from interested parties, then the Parliament debates the Bill and decides whether to agree to its general principles;
- Stage 2: the Bill returns to a committee for detailed consideration of amendments;
- Stage 3: the Bill is considered by the Parliament, with consideration of further amendments followed by a debate and a decision on whether to pass the Bill.

After a Bill is passed, three law officers and the Secretary of State have a period of four weeks within which they may challenge the Bill under sections 33 and 35 of the Scotland Act respectively. The Bill may then be submitted for Royal Assent, at which point it becomes an Act.

Standing Orders allow for some variations from the above pattern in some cases. For example, Bills may be referred back to a committee during Stage 3 for further Stage 2 consideration. In addition, the procedures vary for certain categories of Bills, such as Committee Bills or Emergency Bills. For some volumes in the series, relevant proceedings prior to introduction (such as pre-legislative scrutiny of a draft Bill) may be included.

The reader who is unfamiliar with Bill procedures, or with the terminology of legislation more generally, is advised to consult in the first instance the *Guidance on Public Bills* published by the Parliament. That Guidance, and the Standing Orders, are available for sale from Stationery Office bookshops or free of charge on the Parliament's website (www.scottish.parliament.uk).

The series is produced by the Legislation Team within the Parliament's Chamber Office. Comments on this volume or on the series as a whole may be sent to the Legislation Team at the Scottish Parliament, Edinburgh EH99 1SP.

Notes on this volume

The Bill to which this volume relates followed the standard 3 stage process described above.

The Finance Committee reported to the Enterprise and Culture Committee on the Bill at Stage 1 and its report is included at Annex B of the Stage 1 Report. However, the oral evidence taken by the Finance Committee was not included in the Stage 1 report and relevant extracts from minutes and official reports are therefore included in this volume after the report.

Only one amendment was lodged at Stage 2 and therefore no groupings were produced.

There was no As Amended or As Passed version of the Bill in this case as no amendments were agreed to at Stage 2 and no amendments were lodged at Stage 3. The Bill was therefore passed in its As Introduced form and is reproduced in this volume only in that form.

Forthcoming titles

The next titles in this series will be:

- SPPB 101: Scottish Commissioner for Human Rights Bill 2005
- SPPB 102: Planning etc. (Scotland) Bill 2005
- SPPB 103: St Andrews Day Bank Holiday (Scotland) Bill 2005
- SPPB 104: Bankruptcy and Diligence etc. (Scotland) Bill 2005

Tourist Boards (Scotland) Bill

[AS INTRODUCED]

CONTENTS

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- 2 Scottish Tourist Board: increase in maximum number of members
- 3 Abolition of area tourist boards
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ACCOMPANYING DOCUMENTS

Explanatory Notes, together with other accompanying documents, are printed separately as SP Bill 60-EN. A Policy Memorandum is printed separately as SP Bill 60-PM.

Tourist Boards (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to rename the Scottish Tourist Board, to increase the maximum number of members of that body and to abolish area tourist boards.

1 Scottish Tourist Board: change of name

- (1) The Scottish Tourist Board is renamed VisitScotland.
- (2) Accordingly, in the Development of Tourism Act 1969 (c.51), for “the Scottish Tourist Board”, wherever that expression occurs, there is substituted “VisitScotland”.

2 Scottish Tourist Board: increase in maximum number of members

In section 1(3) of the Development of Tourism Act 1969 (which provides for the maximum number of members of the national tourist boards), for “six” where it secondly occurs, there is substituted “eleven”.

3 Abolition of area tourist boards

- (1) Sections 172 to 175 of the Local Government etc. (Scotland) Act 1994 (c.39) (which make provision for area tourist boards) are repealed.
- (2) The following bodies are dissolved—
 - (a) the Scottish Network 1 Tourist Board, and
 - (b) the Scottish Network 2 Tourist Board.
- (3) Schedule 1 makes provision in connection with the dissolution of those bodies.

4 Consequential modifications

Schedule 2 makes modifications of enactments in consequence of the preceding provisions.

5 Commencement and short title

- (1) The preceding provisions come into force on such day as the Scottish Ministers may by order made by statutory instrument appoint.
- (2) This Act may be cited as the Tourist Boards (Scotland) Act 2006.

SCHEDULE 1
(introduced by section 3)

DISSOLUTION OF EXISTING AREA TOURIST BOARDS

Transfer of staff

- 5 1 (1) On the dissolution of a network tourist board, each person employed by the board immediately before its dissolution transfers to and becomes a member of staff of VisitScotland.
- (2) The contract of employment of such a person—
- 10 (a) is not terminated by the transfer, and
- (b) has effect from the date of the transfer as if originally made between that person and VisitScotland.
- (3) Without prejudice to sub-paragraph (2), where a person becomes a member of the staff of VisitScotland under sub-paragraph (1)—
- 15 (a) all the rights, powers, duties and liabilities of the board from which that person is transferred under or in connection with that person’s contract of employment are by virtue of this sub-paragraph transferred to VisitScotland on the date of the transfer, and
- (b) anything done before that date by or in relation to the board from which that person is transferred in respect of that contract of employment or that person is to be treated from that date as having been done by, or in relation to, VisitScotland.
- 20 (4) This paragraph does not prejudice any right of any person to terminate that person’s contract of employment if the terms and conditions of employment are changed substantially to the detriment of the person; but such a change is not to be taken to have occurred by reason only that the identity of that person’s employer changes by virtue of this paragraph.
- 25

Transfer of property and liabilities

- 2 (1) On the dissolution of a network tourist board, the property and liabilities to which the board was entitled or subject immediately before its dissolution transfer to and vest in VisitScotland.
- 30 (2) Sub-paragraph (1) has effect in relation to property and liabilities to which it applies despite any provision (of whatever nature) which would otherwise prevent, penalise or restrict the transfer of the property or liabilities.

Interpretation

- 3 In this schedule, “network tourist board” means a body mentioned in section 3(2).

SCHEDULE 2
(introduced by section 4)

CONSEQUENTIAL MODIFICATIONS

PART 1

ACTS

5

The Development of Tourism Act 1969 (c.51)

1 In the Development of Tourism Act 1969, in section 2 (general functions), in subsection (5)—

10

(a) for “the Boards” in both places where that expression occurs, there is substituted “those bodies”, and

(b) for “Boards” in the third place where that word occurs, there is substituted “bodies”.

The Local Government (Scotland) Act 1973 (c.65)

15

2 In the Local Government (Scotland) Act 1973, in section 90 (powers of local authorities to carry on tourism-related activities)—

(a) subsection (1)(d) is repealed,

(b) in subsection (4), for “(d)” there is substituted “(c)”,

(c) in subsection (6)—

20

(i) for “modifications” there is substituted “modification”, and

(ii) paragraph (a) and the word “and” immediately following it are repealed, and

(d) subsection (8) is repealed.

The Race Relations Act 1976 (c.74)

25

3 In the Race Relations Act 1976, in Part 2 of Schedule 1A (bodies and other persons subject to general statutory duty)—

(a) the entry relating to the Scottish Tourist Board is repealed, and

(b) after the entry relating to the Victoria and Albert Museum, there is inserted—
“VisitScotland.”.

The Tourism (Overseas Promotion) (Scotland) Act 1984 (c.4)

30

4 In the Tourism (Overseas Promotion) (Scotland) Act 1984, in section 1 (power of the Scottish Tourist Board to engage outside the UK in the promotion of tourism in Scotland)—

(a) in subsection (1), for “the Scottish Tourist Board” there is substituted “VisitScotland”, and

(b) in subsection (3)(b), for “the Scottish Tourist Board” there is substituted “VisitScotland”.

The Greater London Authority Act 1999 (c.29)

5 In the Greater London Authority Act 1999, in section 378 (duty of the Authority to promote tourism), in subsection (11)(d), for “the Scottish Tourist Board” there is substituted “VisitScotland”.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 (asp 7)

6 In the Ethical Standards in Public Life etc. (Scotland) Act 2000, in schedule 3 (devolved public bodies)—

10 (a) the entries relating to—

(i) the controlling body of an area tourist board established under section 172 of the Local Government etc. (Scotland) Act 1994 (c.39), and

(ii) the Scottish Tourist Board,

are repealed, and

15 (b) after the entry relating to a Transport Partnership created under the Transport (Scotland) Act 2005 (asp 12) there is inserted—

“VisitScotland”.

The Scottish Public Services Ombudsman Act 2002 (asp 11)

7 In the Scottish Public Services Ombudsman Act 2002, in Part 2 of schedule 2 (listed authorities)—

20 (a) the entry numbered 53 (the Scottish Tourist Board) is repealed, and

(b) after the entry numbered 54 there is inserted—

“54A VisitScotland.”.

The Freedom of Information (Scotland) Act 2002 (asp 13)

25 8 In the Freedom of Information (Scotland) Act 2002, in schedule 1 (Scottish public authorities)—

(a) the entries numbered—

(i) 56 (area tourist boards), and

(ii) 101 (the Scottish Tourist Board),

30 are repealed, and

(b) after the entry numbered 105 there is inserted—

“105A VisitScotland.”.

The Public Appointments and Public Bodies etc. (Scotland) Act 2003 (asp 4)

9 In the Public Appointments and Public Bodies etc. (Scotland) Act 2003, in schedule 2 (specified authorities)—

(a) the entry relating to the Scottish Tourist Board is repealed, and

(b) after the entry relating to the Scottish University for Industry there is inserted—
“VisitScotland”.

PART 2

SUBORDINATE LEGISLATION

The Financial Services and Markets Act 2000 (Exemption) Order 2001 (SI 2001/1201)

10 In the Financial Services and Markets Act 2000 (Exemption) Order 2001, in Part 3 of the Schedule (persons exempt in respect of any regulated activity mentioned in article 5(1) of the Order), in the entry numbered 31, for “the Scottish Tourist Board” there is substituted “VisitScotland”.

Orders making the Scottish Network Tourist Board Schemes

11 The following instruments are revoked—

(a) the Scottish Network 1 Tourist Board Scheme Order 2004 (SSI 2004/396),

(b) the Scottish Network 2 Tourist Board Scheme Order 2004 (SSI 2004/397),

(c) the Scottish Network 1 Tourist Board Scheme Amendment Order 2004 (SSI 2004/464), and

(d) the Scottish Network 2 Tourist Board Scheme Amendment Order 2004 (SSI 2004/465).

Tourist Boards (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to rename the Scottish Tourist Board, to increase the maximum number of members of that body and to abolish area tourist boards

Introduced by: Patricia Ferguson
On: 20 March 2006
Bill type: Executive Bill

TOURIST BOARDS (SCOTLAND) BILL

EXPLANATORY NOTES

(AND OTHER ACCOMPANYING DOCUMENTS)

CONTENTS

1. As required under Rule 9.3 of the Parliament's Standing Orders, the following documents are published to accompany the Tourist Boards (Scotland) Bill introduced in the Scottish Parliament on 20 March 2006:

- Explanatory Notes;
- a Financial Memorandum;
- an Executive Statement on legislative competence; and
- the Presiding Officer's Statement on legislative competence.

A Policy Memorandum is printed separately as SP Bill 60–PM.

EXPLANATORY NOTES

INTRODUCTION

2. These Explanatory Notes have been prepared by the Scottish Executive in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.

3. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

SUMMARY AND BACKGROUND TO THE BILL

4. The Scottish Tourist Board is established by section 1 of the Development of Tourism Act 1969. The Board's main functions are to encourage people to visit and holiday in Scotland and to encourage the provision of tourist amenities and facilities in Scotland. In addition, section 172 of the Local Government etc. (Scotland) Act 1994 required the establishment of area tourist boards. Originally, there were 14 such boards. In April 2005, the existing 14 boards were wound up and 2 new boards (called network tourist boards) established in their place. The Scottish Tourist Board and the network tourist boards operate under the banner of VisitScotland. The Bill is intended to abolish the network tourist boards, to rename the Scottish Tourist Board as VisitScotland and to increase its maximum number of board members.

COMMENTARY ON PROVISIONS

5. Section 1 of the Bill changes the name of the Scottish Tourist Board to VisitScotland and substitutes occurrences of the name change in the Development of Tourism Act 1969.

6. Section 2 of the Bill extends the limit on the size of the VisitScotland Board from a maximum of six appointed board members and an appointed Chair to eleven appointed board members and an appointed Chair. It does this by changing the limit set in the Development of Tourism Act 1969 on membership of national tourist boards from "six" to "eleven"

7. Section 3(1) repeals sections 172 to 175 of the Local Government etc. (Scotland) Act 1994. The effect of this is to remove the requirement that there be area tourist boards. Section 3(2) dissolves the 2 network tourist boards thus enabling VisitScotland to operate as a single entity. Section 3(3) introduces schedule 1, which provides for the transfer of staff, property and liabilities from the network tourist boards to VisitScotland so that staff transfer on exactly the same terms and conditions as those on which they were previously employed.

8. Section 4 of the Bill introduces schedule 2 which modifies primary and subordinate legislation which refers to tourism matters affected by the Bill. Paragraphs 1 to 10 of schedule 2 make consequential amendments to a number of existing Acts as a result of the name change. Paragraph 11 of schedule 2 revokes the Scottish Statutory Instruments which established the network tourist boards.

9. Section 5 of the Bill provides a short title for the Act and enables the provisions of the Act to come into force on a specific date by Scottish Ministers making an order in the Scottish Parliament.

FINANCIAL MEMORANDUM

INTRODUCTION

10. The Tourist Boards (Scotland) Bill does not itself have financial implications for the Scottish Executive, local authorities or tourism businesses. However, the operation of the VisitScotland integrated tourism network as 2 Network Tourist Boards plus VisitScotland since 1 April does have financial benefits. One of the reasons for the creation of the VisitScotland integrated tourism network is to create a more stable financial basis for the public sector support for tourism. The Area Tourist Boards had an overall deficit of some £1.7 million per annum. The deficit of the new merged organisation is being managed down and it is anticipated that the integrated tourism network will be financially sustainable by 2007/08 through realising efficiency savings and boosting its commercial income.

11. The resources available to VisitScotland in 2005/06 total £77 million. The budget is funded through grant-in-aid of £50m that has been made available from the Scottish Executive, as well as £6.5m being invested by local authorities, with the remaining funds coming from the income from commercial activities. Included in the funding made available by the Scottish Executive is a ring-fenced amount of £5m that has been specifically made available to fund EventScotland, a joint venture between the Executive and VisitScotland, which aims to secure major events to Scotland. Also included in the total funding made available by the Scottish Executive in 2005/06 is the transitional funding set out in paragraph 12, below.

COSTS ON THE SCOTTISH EXECUTIVE

12. The Scottish Executive has provided transitional funding to assist in the creation of the integrated tourism network. These funds total £7.4m over 2 years; £2.5m in 2004/05 and £4.9m in 2005-06. This investment is intended to merge the operations of the Scottish Tourist Board and the 14 Area Tourist Boards, to deliver a fully operational integrated tourism network by 2006/07, which will provide a greater support to the tourism industry in Scotland at both local and national level through the integration of local tourism activities with national priorities and strategies. The investment will also deliver ongoing efficiency savings of £1m thereafter, which will be used to increase the VisitScotland marketing budget. There are no additional costs to the Scottish Executive as a result of the proposed changes in this Bill.

COSTS ON LOCAL AUTHORITIES

13. Local authorities previously provided funding to Area Tourist Boards and have continued funding the Network Tourist Boards at the same level during 2005/06 by voluntary agreement. The Bill will not impose any additional costs on local authorities. Local authorities and

VisitScotland have entered into agreements to detail what tourism services local authority funding will buy from VisitScotland. The Bill does repeal the specific enabling power for local authorities to provide funding to Area Tourist Boards, but local authorities will continue to have equivalent powers to provide financial assistance to VisitScotland under their power to promote wellbeing in their areas under section 20 of the Local Government in Scotland Act 2003.

COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES

14. The Bill does not impose costs on other bodies, individuals and businesses. Rather than a flat membership fee, under VisitScotland's integrated tourism network businesses can now opt to buy a range of business opportunity packages, at a variety of costs, to best suit their marketing needs. VisitScotland will incur no additional costs associated with changing the name of the Scottish Tourist Board. The existing Network Tourist Boards are already subsidiaries of VisitScotland so dissolving the Network Tourist Boards and transferring their staff, property and liabilities to VisitScotland will have no cost implications. The proposed increase in Board membership and remuneration will cost approximately £16,000 per annum and will be met from within the VisitScotland budget from 2007-08 and beyond.

EXECUTIVE STATEMENT ON LEGISLATIVE COMPETENCE

15. On 20 March 2006, the Minister for Tourism, Culture and Sport (Patricia Ferguson MSP) made the following statement:

“In my view, the provisions of the Tourist Boards (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

PRESIDING OFFICER'S STATEMENT ON LEGISLATIVE COMPETENCE

16. On 9 March 2006, the Presiding Officer (Right Honourable George Reid MSP) made the following statement:

“In my view, the provisions of the Tourist Boards (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

TOURIST BOARDS (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. This document relates to the Tourist Boards (Scotland) Bill introduced in the Scottish Parliament on 20 March 2006. It has been prepared by the Scottish Executive to satisfy Rule 9.3.3(c) of the Parliament's Standing Orders. The contents are entirely the responsibility of the Scottish Executive and have not been endorsed by the Parliament. Explanatory Notes and other accompanying documents are published separately as SP Bill 60-EN.

BACKGROUND

2. Until April 2005, tourism promotion was delivered at a national level by the Scottish Tourist Board and at a local level by 14 Area Tourist Boards. An Ad Hoc Group of Ministers chaired by the former Deputy First Minister, Jim Wallace, was set up during the summer of 2003 to examine how the public and private sectors could work better together to achieve the long-term vision for Scottish tourism, within the context of growing competition and changing/increasing demands. It also looked at evidence from the review of Area Tourist Boards. To compete in an increasingly competitive market, Ministers concluded that Scotland needs more good marketing, with a strong brand identity that matches the products that Scotland has to offer its visitors; consistently high quality across every aspect of our visitors' experiences, including higher levels of staff skills and training; and an integrated support mechanism for tourism, so that everyone pulls in the same direction.

3. It was agreed that Scotland, as a small player, needs to play as one team, i.e. the public and private sectors working together in partnership. Ministers concluded that, to achieve the aim of a joined up public sector support mechanism, Scottish tourism needed an integrated network, similar to the Enterprise Networks, which can deliver for the whole of Scotland.

4. The VisitScotland integrated tourism network was therefore established on 1 April 2005 by a merger of the operations of 14 Area Tourist Boards and VisitScotland, the operating name of the Scottish Tourist Board. In practice, the area tourist board 'network' ceased to exist when the existing boards were dissolved and replaced by 2 boards (called Network Area Tourist Boards), each serving approximately half of the country. It was necessary to create these 2 boards to fulfil the duty imposed by section 172 of the Local Government etc. (Scotland) Act 1994 that there were to be Area Tourist Boards. However, the Scottish Tourist Board and the network tourist boards, though legally separate, have effectively functioned as a single, national tourism organisation.

5. The VisitScotland network has brought together local, national and international marketing, information, quality assurance and sectoral development services. It builds on the skills and expertise of the staff of the 14 previous Area Tourist Boards and VisitScotland. The priority of the staff in the offices across the tourism network is to provide high quality information to visitors, and to work closely with tourism related businesses of all kinds, helping them to grow by linking directly with national and local marketing and quality strategies, and by offering commercially attractive marketing and other opportunities. Each of the 14 VisitScotland area offices has delegated powers and budgets to respond to circumstances in its own area, and at least 80% of industry engagement with tourism businesses by VisitScotland is delivered through them.

6. As a result of these changes, the VisitScotland network now has over 1,000 staff comprising 200 original staff and additional staff in excess of 800 who transferred from the 14 area tourist boards. Its Board has to deal with a much wider range of issues than before, including partnership working with Scotland's local authorities which have an important function in relation to tourism. The size of the VisitScotland Board is currently limited by statute to 7 members, but this limit now needs to be raised to reflect broader role of VisitScotland.

POLICY OBJECTIVES OF THE BILL

Removing the requirement in the Local Government (Scotland) Act 1994 that there shall be Area Tourist Boards

7. The Bill is intended to remove this mandatory requirement for area tourist boards. This would enable the 2 Network Tourist Boards to be dissolved.

Abolishing the current 2 Network Tourist Boards to enable VisitScotland to operate as a single legal entity.

8. The Bill is intended to enable VisitScotland to operate as a single legal entity by winding up the 2 Network Tourist Boards, with their liabilities and staff transferring to it. This would place VisitScotland on a secure legal footing enabling the organisation to operate as a single legal entity.

Increasing the limit on the size of the VisitScotland Board from 7 members to a maximum of 12 members

9. The Bill is intended to raise the statutory limit of 7 Board members to 12 members; although Executive policy is that the Board should be as small as possible and not exceed a maximum of nine members in the foreseeable future. The increase of the limit on the size of the Board will allow additional expertise to be brought to the Board to reflect the broader role and responsibilities of the new organisation, particularly in relation to the partnership role of the tourism network across Scotland.

Changing the legal name of the Scottish Tourist Board to VisitScotland

10. Following a review of the Scottish Tourist Board in 2001 it was recommended that the organisation should be renamed and operate as VisitScotland. The Scottish Tourist Board now operates under that name whilst retaining its legal identity as the Scottish Tourist Board. The Bill is intended to change the legal identity of the organisation to VisitScotland.

ALTERNATIVE APPROACHES

Removing the requirement in the Local Government (Scotland) Act 1994 that there shall be Area Tourist Boards and abolishing the current 2 Network Tourist Boards to enable VisitScotland to operate as a single legal entity

11. The alternative would be to leave the current temporary tripartite legal structure of VisitScotland unchanged. Although these 3 organisations have effectively functioned as a single body in practice since April 2005, the proposals in the Bill will formalise this arrangement.

Increasing the limit on the size of the VisitScotland Board from 7 members to a maximum of 12 members

12. One alternative would be to leave the Board at its current size. However, there is a good deal of support, especially from local authorities, to increase the size of the VisitScotland Board to reflect the broader range of issues included in VisitScotland's wider remit. Retaining the current board size would restrict the efficiency of the more complex tourism network. Another option would be for an even larger board but Executive policy is that the Board should be as small as possible and not exceed a maximum of nine members in the foreseeable future. A further option proposed in a number of consultation responses would be to guarantee membership to local authorities and other specific sectors. However, there will be no reserved seats as this would contravene the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies. Board members will be recruited on individual merit to complement the expertise and skills of current board members.

Changing the legal name of the Scottish Tourist Board to VisitScotland

13. To leave the name unchanged would ignore the recommendations of the review of the Area Tourist Boards 2001. Whilst it is true that VisitScotland could retain its legal identity as the Scottish Tourist Board and continue to operate under the name of VisitScotland, changing the name at the same time as the new structure is blended into a single entity will formally recognize and identify the tourist body for Scotland.

Consequential amendments to UK legislation

14. It is likely that a section 104 order under the Scotland Act 1998 will be required to make minor consequential changes to UK legislation, and discussions are ongoing with the UK Government.

CONSULTATION

15. The consultation document on the Bill's proposed provisions, "Tourism is Everyone's Business", invited views about the changes proposed for inclusion in the Bill. Twenty seven written responses were received, fifteen from local authorities and twelve from the tourism industry and other interested groups and individuals. The proposals were well received in general.

16. VisitScotland raised concerns about the transfer of staff and liabilities to VisitScotland when the 2 Network Boards are dissolved, and these have now been resolved in the drafting of the Bill, which will provide for staff currently employed by the Network Tourist Boards to transfer to VisitScotland under terms similar to TUPE.

17. The proposed increase in the size of the VisitScotland Board prompted the strongest support, with most respondents in favour of the proposal. Local authorities and others from the tourism industry requested additional membership specifically reserved for representatives of their sector. However, this would not comply with the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies. The Chair and members of the Board of VisitScotland must continue to be appointed on merit through a fair, open and transparent process that fully complies with the code. A larger Board will enable its membership to reflect the broader role of the new VisitScotland, but members will continue to be recruited on individual merit and expertise rather than sectoral representation.

18. The changes in the organisational structure and formal name change were mainly accepted without comment.

19. The consultation document, responses and summary of responses are available on-line at www.scotland.gov.uk/Publications/2005/09/tourism-consultation/contents and <http://www.scotland.gov.uk/Publications/2006/01/31123151/0>

EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.

Island communities

20. Three of the 14 Area Offices which form part of the integrated tourism network are based in island communities. Orkney, Shetland and the Western Isles have VisitScotland Area Offices. These Area Offices are able to respond to local circumstances whilst drawing on the resources and expertise of VisitScotland as a national organisation. Local identities will be preserved through local authorities working closely with the integrated tourism network to secure partnership agreements for the delivery of services which suit their own particular circumstances. In addition local businesses and stakeholders contribute to decisions and initiatives at national level through area tourism partnerships. The Bill will not change these arrangements.

Sustainable development

21. The Bill itself will have no direct impact on sustainable development. However, VisitScotland will be setting up a Sustainable Development Unit which will help to drive more sustainable tourism practices across Scotland.

Equal opportunities

22. The Bill will have no impact on equal opportunities. When considering equal opportunities, staffing issues were considered to have a potential impact. However, employees will transfer from the Network Tourist Boards to VisitScotland under terms similar to TUPE and as such there will be no change in terms and conditions or length of service. The Bill will not result in the relocation of staff or a decrease in the number of employees.

Human rights

23. The Bill will have no impact on human rights.

Local government

24. 21. Local authorities previously provided funding to Area Tourist Boards and have continued funding at the same level during 2005/06 by voluntary agreement. The Bill will not impose any additional costs on local authorities. Local authorities and VisitScotland have entered into Partnership Agreements which set out what tourism services local authority funding will buy from VisitScotland. Local authorities engage with Area Tourism Partnerships to help drive tourism at a local level and engage at a national level through the National Tourism Convention.

TOURIST BOARDS (SCOTLAND) BILL

DELEGATED POWERS MEMORANDUM

PURPOSE

1. This memorandum has been prepared by the Scottish Executive in accordance with Rule 9.4A of the Parliament's Standing Orders, in relation to the Tourist Boards (Scotland) Bill. It describes the purpose of each of the subordinate legislation provisions in the Bill and outlines the reasons for seeking the proposed powers. This memorandum should be read in conjunction with the Explanatory Notes and Policy Memorandum for the Bill.

OUTLINE OF BILL PROVISIONS

2. The Bill is a technical measure intended to put the VisitScotland integrated tourism network onto a permanent legal footing.

3. The Bill comprises 5 sections and 2 schedules:

- Section 1: Scottish Tourist Board: change of name
- Section 2: Scottish Tourist Board: increase in maximum number of members
- Section 3: Abolition of area tourist boards
- Section 4: Consequential modifications
- Section 5: Commencement and short title
- Schedule 1: Dissolution of existing area tourist boards
- Schedule 2: Consequential modifications

RATIONALE FOR SUBORDINATE LEGISLATION

Power conferred on: Scottish Ministers
Power exercisable by: Order made by statutory instrument
Parliamentary procedure: None

4. Section 5 of the Bill gives the Scottish Ministers powers to commence provisions by order made by statutory instrument in the Scottish Parliament.

5. Commencing the Act by order gives some flexibility about when it comes into force. It is presently preferred that the Act should come into force at the beginning of the next financial year to ensure a smoother transition and a more efficient transfer of staff, property and liabilities.
6. As the order will only bring the provisions into force, it not considered that there is a need for the order to be subject to any Parliamentary procedure.



The Scottish Parliament

Enterprise and Culture Committee

10th Report, 2006 (Session 2)

Stage 1 Report on the Tourist Boards (Scotland) Bill

Published by the Scottish Parliament on 9 June 2006



The Scottish Parliament

Enterprise and Culture Committee

10th Report, 2006 (Session 2)

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The Scottish Parliament

Enterprise and Culture Committee

Remit and membership

Remit:

To consider and report on matters relating to the Scottish economy, business and industry, energy, training, further and higher education, lifelong learning and such other matters as fall within the responsibility of the Minister for Enterprise and Lifelong Learning; and matters relating to tourism, culture and sport and such other matters as fall within the responsibility of the Minister for Tourism, Culture and Sport.

Membership:

Alex Neil (Convener)
Shiona Baird
Mr Richard Baker
Susan Deacon
Murdo Fraser
Karen Gillon
Mr Michael Matheson
Christine May (Deputy Convener)
Mr Jamie Stone

Committee Clerking Team:

Clerk to the Committee

Stephen Imrie

Senior Assistant Clerk

Douglas Thornton

Assistant Clerk

Seán Wixted



The Scottish Parliament

Enterprise and Culture Committee

10th Report, 2006 (Session 2)

Stage 1 Report on the Tourist Boards (Scotland) Bill

The Committee reports to the Parliament as follows—

INTRODUCTION

Procedure

1. The Tourist Boards (Scotland) Bill (SP Bill 60) ("the Bill") was introduced to the Parliament on 20 March 2006 by the Minister for Tourism, Culture and Sport. Explanatory Notes (SP Bill 60-EN), including a Financial Memorandum, and a Policy Memorandum (SP Bill 60-PM) were published with the Bill. Under rule 9.6 of the Parliament's Standing Orders, the Parliamentary Bureau referred the Bill to the Enterprise and Culture Committee ("the Committee") to consider and report to the Parliament on the general principles of the Bill.
2. The Subordinate Legislation Committee considered the delegated powers in the Bill at its meeting on 18 April 2006 and subsequently submitted its report to the Committee under Rule 9.6.2 of Standing Orders. The report is included at annex A to this report.
3. The Finance Committee considered the financial memorandum at its meeting on 25 April 2006 when it took evidence from the Scottish Executive. It also considered written submissions from VisitScotland and the Convention of Scottish Local Authorities. The Finance Committee's report is included at annex B to this report.

Purpose of the Bill

4. According to the Scottish Executive's Explanatory Notes, the purpose of the Bill is to abolish the existing network tourist boards establishing under the Local Government etc. (Scotland) Act 1994, to change the statutory name of the Scottish Tourist Board to its operating name, VisitScotland, and to increase the maximum number of members of its board.

Evidence

5. The Committee called for written evidence on the Bill and received only two submissions, one from the Convention of Scottish Local Authorities (COSLA) and one from VisitScotland. Subsequently, the Committee took oral evidence from the Scottish Executive's team of officials working on the Bill and from the Minister for Tourism, Culture and Sport ("the Minister").

6. The Committee recognises that the matters covered by this Bill were explored in depth during the course of its inquiry into the Executive's review of area tourist boards¹ and that this Bill seeks to establish on a statutory footing the changes implemented at an operational level following that review.

CONSIDERATION OF THE BILL

Adequacy of the Scottish Executive's Consultation

7. The Bill was prepared following an open consultation process; twenty-seven written responses were received to the consultation document, *Tourism is Everyone's Business*².

8. In general, the proposals were well received. Concerns raised by VisitScotland about the transfer of staff and liabilities to it on dissolution of the existing network tourist boards were resolved in the drafting of the Bill. The policy memorandum also refers to requests made in some responses for reserved places on the board of VisitScotland for representatives of local government and the tourism sector but explains that this has not been incorporated into the Bill as doing so "would not comply with the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies".³

9. The Committee believes that the consultation process followed in relation to this Bill was adequate and is satisfied with the explanations given by the Executive in its policy memorandum.

Abolishing the network tourist boards

10. In order to enable VisitScotland to operate as a single legal entity, the Bill removes the statutory requirement for area tourist boards and dissolves the two existing network tourist boards, transferring their liabilities and staff to VisitScotland.

11. The Executive's policy memorandum explains that the objective of establishing a single legal entity is to deliver an integrated network for joined-up public sector support for the tourism sector and that, in practice, this was achieved when the 14 former area tourist boards were dissolved in 1995 and replaced by

¹ Enterprise and Culture Committee, *3rd Report, 2005 (Session 2) – Restructuring Scotland's Tourism Industry: Report on the Review of Area Tourist Boards*.

² Scottish Executive, *Tourism is Everyone's Business*, <http://www.scotland.gov.uk/Publications/2005/09/tourism-consultation/contents>

³ Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraphs 15 – 19.

the two network boards; although legally separate, these new boards and the Scottish Tourist Board "have effectively functioned as a single, national tourism organisation"⁴.

Name change for the national tourism board

12. The Executive's policy memorandum explains that, following the review of area tourist boards in 2001, it was recommended that the organisation should be renamed and operate as "VisitScotland"; the body has been operating under that name but its legal identity has remained the Scottish Tourist Board. In oral evidence to the Committee, the Minister explained the Executive's position further—

"We think that the Scottish Tourist Board name belongs in the past. The VisitScotland name emphasises the way forward for tourism in Scotland and the brand is already established as an easily recognisable and trusted brand by visitors and businesses alike. The bill is not about changing the way in which the integrated tourism network works—it is already working well, and I am confident that it will continue to bring benefits to Scottish tourism—but it is about consolidating the integration process and putting the integrated network on a proper legal footing."⁵

Increasing the size limit of the VisitScotland board

13. The Bill would also raise the statutory limit on the number of members of the VisitScotland board from seven to 12. The policy memorandum explains that increasing the number of possible members will enable "additional expertise to be brought to the Board to reflect the broader role and responsibilities of the new organisation, particularly in relation to the partnership role of the tourism network across Scotland"⁶. The memorandum also states that it is the Executive's policy that the board should nonetheless be "as small as possible and not exceed a maximum of nine members in the foreseeable future"⁷. In oral evidence, the Minister explained that the Bill seeks to increase the maximum number to 12 rather than nine as doing so would give "flexibility to increase the board at a later stage, if that seems appropriate, without the need to revert to primary legislation"⁸.

Conclusion

14. **The Committee is content with the proposals of the Bill⁹.**

REPORT BY THE SUBORDINATE LEGISLATION COMMITTEE

15. The Subordinate Legislation Committee considered the delegated powers in the Bill at its meeting on 18 April 2006 and its subsequent report to the lead

⁴ Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraph 4.

⁵ *Official Report, Enterprise and Culture Committee*; 16 May 2006, c 3081

⁶ Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraph 9.

⁷ *Ibid.*

⁸ *Official Report, Enterprise and Culture Committee*; 16 May 2006, c 3080

⁹ Murdo Fraser and Mark Ballard (Committee substitute) dissented from this conclusion).

Committee is at annex A. The Subordinate Legislation Committee approved, without further comment, one delegated power contained in the Bill, in section 5, as drafted.

16. The Committee agrees with the conclusion of the Subordinate Legislation Committee.

POLICY MEMORANDUM

17. The Committee notes the contents of the Policy Memorandum and accepts that it provides adequate explanation of the policy intentions behind the Bill.

FINANCIAL MEMORANDUM

18. The Finance Committee adopted level 2 scrutiny in considering the Bill, which involved seeking written evidence from organisations financially affected by the Bill, then taking oral evidence from the Executive Bill Team. The Finance Committee's subsequent report is at annex B.

19. The Finance Committee's report noted that costs that are directly related to the specific provisions of the Bill are minimal but that the Financial Memorandum set out the costs of merging the area tourist boards with VisitScotland and the Finance Committee concentrated primarily on those merger costs.

20. In its conclusions, the Finance Committee noted the responses it received on the costs of merging area tourist boards with VisitScotland and the assurance that the costs will not increase beyond £7.4m. However, given the pattern of increasing costs in the past, it recommended that similar reassurances be sought from the Minister and that the Minister be asked to ensure that the differing views expressed by the Executive and VisitScotland on the issues highlighted in the Finance Committee's report are reconciled.

21. The Finance Committee also concluded that the fact that area tourist boards had reserves that would cover their operating deficits should have been made clear in the Financial Memorandum to ensure the entire picture was being presented. It went on to welcome the assurance that these reserves will be ring-fenced and recommended that such a reassurance be sought also from the Minister.

22. The Committee notes the recommendations of the Finance Committee and believes that the Scottish Executive should give the reassurances sought in its response to this report, clarifying the position where necessary. The Committee has no further comments to make on the Financial Memorandum.

CONCLUSION AND RECOMMENDATION

23. The Committee recommends that the Parliament agree the general principles of the Bill¹⁰.

¹⁰ Murdo Fraser and Mark Ballard (Committee substitute) dissented from this recommendation.

ANNEX A: REPORT BY THE SUBORDINATE LEGISLATION COMMITTEE

Subordinate Legislation Committee

Report on Tourist Boards (Scotland) Bill at Stage 1

The Committee reports to the lead Committee as follows—

Introduction

1. The Committee considered the delegated powers in the Tourist Boards (Scotland) Bill at its meeting on 18 April 2006. The Committee submits this report to the Enterprise and Culture Committee, as the lead Committee for the Bill, under Rule 9.6.2 of Standing Orders.
2. The Executive provided the Parliament with a delegated powers memorandum¹¹.

Delegated Powers Provisions

3. The Bill contains one delegated power (section 5). The Committee approves, without further comment, the delegation of the power as drafted.

¹¹ [Delegated Powers Memorandum.doc](#)

ANNEX B: REPORT BY THE FINANCE COMMITTEE

Finance Committee

Report on the Financial Memorandum of the Tourist Boards (Scotland) Bill

The Committee reports to the Enterprise and Culture Committee as follows—

Introduction

1. Under Standing Orders, Rule 9.6, the lead committee in relation to a bill must consider and report on the Bill's financial memorandum at Stage 1. In doing so, it is obliged to take account of any views submitted to it by the Finance Committee.
2. This report sets out the views of the Finance Committee on the Financial Memorandum of the Tourist Boards (Scotland) Bill, for which the Enterprise and Culture Committee has been designated by the Parliamentary Bureau as the lead committee at Stage 1.
3. The Committee agreed to adopt level 2 scrutiny in considering the Bill, which involved seeking written evidence from organisations financially affected by the Bill, then taking oral evidence from the Executive Bill Team.
4. The Committee took evidence from the Executive on 25 April, and this can be viewed by clicking [here](#).
5. The Committee received submissions from VisitScotland and COSLA. This evidence is set out in the Annex to this report.

Objectives and the Financial Memorandum

6. On 11 March 2004, the Executive announced the conclusion of its Review of Area Tourist Boards (ATBs). The outcome was to replace the existing 14 ATBs with an integrated network by merging the ATBs with VisitScotland. This network was established on 1 April 2005. As an interim measure, two statutory instruments were made to wind up the ATBs and establish two temporary Network Tourist Boards.
7. This Bill marks the end of this process by formally abolishing the ATBs and the two interim Network Tourist Boards and changing the legal name of the Scottish Tourist Board to VisitScotland. It also increases the number of VisitScotland board members from 7 to 12.
8. The costs which are directly related to the specific provisions of the Bill are minimal. However, the Financial Memorandum set out the costs of merging the ATBs with VisitScotland and it is these merger costs on which the Committee primarily concentrated.

Summary of evidence

9. The costs of merger were originally reported as £5m and this was subsequently increased to £6.5m in May 2005. The Financial Memorandum shows that this has increased to £7.4m.
10. John Brown, Head of Tourism Policy explained that at the beginning of the merger process, it was difficult to predict the costs of, for example, the number of staff who would take voluntary redundancy. Therefore, previous reported figures were the best estimates available at that time. He further explained that the negotiations on harmonising staff terms and conditions are almost complete and that final harmonisation will take place in the 2006-07 financial year. He also confirmed that it is not expected that the costs of the merger will increase beyond the stated £7.4m, although there may be some small costs which “may arise in the normal course of operations this year and future years, but they will simply be absorbed in the normal course of business.”¹²
11. In its submission to the Committee, VisitScotland highlighted three issues of concern: additional VAT payments, pension liabilities and local authority funding. On VAT, VisitScotland’s concern was that the abolition of the Network Tourist Boards meant that VisitScotland would be unable to retain the Trade Agreement for VAT purposes and therefore, could face an additional VAT bill of up to £2m.
12. John Brown explained that the Executive has been discussing this issue with VisitScotland and that negotiations are currently underway with HM Revenue and Customs.
13. VisitScotland also anticipates a £7m pension liability and again, the Executive confirmed that the issue has been under discussion. John Brown indicated that, like the figure given for VAT, that this represents a worst-case scenario. He confirmed that VisitScotland is currently pursuing four different options for the treatment of pensions and that at least one of these options would involve no liability at all and that he was “reasonably optimistic that the outcome on pensions will be that there is no additional liability.”¹³ The actuarial review of the pensions liability is due to be concluded in January 2007.
14. Thirdly, VisitScotland’s submission stated that the Financial Memorandum was incorrect to say that local authorities had continued to fund the Network Tourist boards at the same level during 2005-06 and that funding had declined by £2.1m. Additionally, it was concerned over indications that local authority core funding could reduce by around 4.4% in the future.
15. VisitScotland’s submission does state that the reductions in 2005-06 were due to a reduction in funding from both Glasgow and Edinburgh councils. John Brown explained that both councils had paid money to their ATBs and

¹² [Brown, Official Report, 25 April 2006, Col 3538](#)

¹³ [Brown, Official Report, 25 April 2006, Col 3539](#)

to their business tourism convention bureaux. The bureaux were reorganised and therefore, the money that previously was given to ATBs (£1.5m) to fund business tourism is now given directly to the bureaux. The remainder of the reduction is accounted for by the conclusion of projects and therefore the funding for those specific projects.

16. In relation to the concern over an ongoing reduction in core local authority funding, John Brown indicated that not all local authorities had agreed their contribution for 2005-06 and therefore, the position regarding 2006-07 was not yet clear. However, he confirmed that should contributions reduce then the Executive would discuss this with VisitScotland but the Executive had not made a commitment to make up any shortfall in funding.
17. The Committee was concerned that much has been made of the close working relationship and good communication between the Executive and VisitScotland, but this did not appear to be borne out by VisitScotland's submission in that three substantive areas of concern were raised. John Brown confirmed that the Minister would be contacting the Chief Executive of VisitScotland regarding the wording of its submission.
18. Finally, the Committee questioned the Executive over the statement in the Financial Memorandum that the ATBs had an overall deficit of £1.7m. This wording and subsequent press reports suggested that certain ATBs were in debt. However, from information given to Committee members, it would appear that at least two of the ATBs had surpluses at the time of transfer and that deficits appeared to be as a result of surpluses having been transferred.
19. The Committee requested a breakdown of the overall deficit and this was provided by Visit Scotland. This breakdown is attached as part of the annex to this report. Correspondence accompanying these figures confirms that although the total net operating deficit for ATBs in 2004-05 was £1.696m, there were in fact total net reserves of £3.679m. The letter further confirms that the two ATBs which were specifically highlighted by the Committee – Fife and Perthshire – were not "in debt". The Committee believes that this position should have been set out in the Financial Memorandum to ensure clarity.
20. The Committee notes that VisitScotland has made a commitment that all remaining assets in former ATB areas will be ring-fenced for use specifically by the successor VisitScotland network office.

Conclusion

21. The Committee notes the responses it received on the costs of merging ATBs with VisitScotland and the assurance that the costs will not increase beyond £7.4m. However, given the pattern of increasing costs in the past, **it would recommend that the lead Committee seeks similar reassurances from the Minister. It would also recommend that the lead Committee asks the Minister to ensure that the differing views expressed by the Executive and VisitScotland on the issues highlighted in this report have been reconciled.**

22. As noted above, the Committee believes the fact that ATBs had reserves which would cover their operating deficits should have been made clear in the Financial Memorandum to ensure the entire picture was being presented. It welcomes the assurance that these reserves will be ring-fenced and, as with the position regarding the costs of the merge, **the Committee recommends that the lead Committee seeks similar reassurances from the Minister.**

Questionnaire from the Finance Committee on the Tourist Boards (Scotland) Bill

Response from COSLA

Consultation

1. *Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?*
Yes COSLA took part in the consultation exercise for the Bill. No, we did not comment on the financial assumptions as the Bill has no direct financial implications for Local Government.
2. *Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*
Not applicable.
3. *Did you have sufficient time to contribute to the consultation exercise?*
Yes.

Costs

4. *If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.*
The Bill has no direct financial implications for Local Government. However, VisitScotland's Board is responsible for the disbursement of public funds that are in part provided by Local Government i.e. £19.5 million over the financial years 2005/06, 2006/07 and 2007/08. As a result, COSLA is of the strong view that Local Government should have increased representation on VisitScotland's Board.
5. *Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?*
Not Applicable.
**We are content that Scottish local government provides a proportion of VisitScotland's funding as this makes the organisation more accountable to developing tourism at a local and national level that is vital to the local economies of our member councils in Scotland. Local authorities continue to work with VisitScotland across the country to ensure value for the funding that they provide.*
6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*
Yes, we believe so.

Wider Issues

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*
Not applicable.

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

No, we would not anticipate future costs associated specifically with the Bill, unless the permanent name change for the organisation to “VisitScotland” is subject to changing consumer preferences and trends in future years, which may see it becoming outdated and unfashionable, which might require a full scale rebranding exercise.

Response from VisitScotland

Introduction

VisitScotland welcomes the opportunity to submit evidence to the Finance Committee on the Financial Memorandum on the Tourist Boards (Scotland) Bill.

VisitScotland, as the national tourism agency, has a strategic role as the public sector agency providing leadership and direction for the development of Scottish tourism in order to get the maximum economic benefit for Scotland. It exists to support the development of the tourism industry in Scotland and to market Scotland as a quality destination.

Scottish tourism is a major and growing part of this country’s economy and VisitScotland and the Scottish Executive are together backing the industry to grow tourism revenues by 50% by the year 2015.

Consultation

1. *Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?*

The VisitScotland response to the Scottish Executive consultation referred to the possible VAT implications of the dissolution of the Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. The VisitScotland response made the following reference to the potential VAT liability:

In principle, VisitScotland supports the abolition of the current Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. However, it is important to realise that one of the unintended consequences of the dissolution of the two NTBS will be to remove any chance of VisitScotland retaining the Trade Agreement for ATBs for VAT purposes. This could result in VisitScotland being responsible for additional tax payments of up to £2 million annually.

In addition, the VisitScotland response stated that, “the abolition of the NTBs could expose VisitScotland to a pension liability that is currently estimated at £7m”.

2. *Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*

The issues raised in our submission to the Scottish Executive are the subject of ongoing discussions between VisitScotland and the Scottish Executive. A review of VisitScotland’s pension arrangements is currently being carried out by an actuarial firm and a number of options are being considered some of which would result in the potential liability not emerging, and we are confident that a solution will be found.

3. *Did you have sufficient time to contribute to the consultation exercise?*

The Scottish Executive consultation timeframe allowed sufficient time for a considered response to be made to the consultation.

4. *If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.*

The financial implications that the Bill has for VisitScotland, aside from the VAT and pension liabilities mentioned above, are accurately outlined in the financial memorandum.

5. *Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met*

Aside from the concerns around the potential VAT and pension liabilities outlined above, we are satisfied that as an organisation we can meet the financial costs associated with the Bill. As an organisation we are committed to working within a tight budget and to the highest standards of financial management. As an organisation we have made great strides in reducing the deficits inherited from the former area tourist boards and at present we are forecasting a balanced budget for the 2006/07 financial year. This was not originally planned to happen until 2007/08 and represents an improvement in the operating performance of the organisation of £495k from last year's forecast.

As a result of this sound financial management we have been able to offer the same service levels at a lower cost to businesses as the new approach of buying services is more cost effective than the former Area Tourist Board membership system. Therefore, as a result of the reorganisation we have been able to reduce costs to tourism businesses which they can reinvest in developing their business.

6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*

The Financial Memorandum incorrectly states that "local authorities have continued funding the Network Tourist Boards at the same level during 2005/06 by voluntary agreement". VisitScotland received funding from local authorities in 2005-6 totalling £6,668,579 and funding for specific projects totalled £252,782 giving a total figure for local authority funding of £6,921,361. This represented a decline in funding of £2,119,165 against the level of funding to ATBs by local authorities in 2004-5. The main elements in this reduction were (a) a reduction of £1.7 million funding from City of Glasgow Council and (b) a reduction of £260,000 by City of Edinburgh Council. In both cases this reflected a transfer of funding to autonomous Convention Bureaux for the Cities.

In addition, the financial memorandum does not make reference to the fact that there is a degree of uncertainty in relation to local authority core funding going forward. Indications from local authorities are that core funding will reduce to an estimated £6,108,673 in 2006-7. Project funding is predicted to increase to £508,239. The total expected funding is therefore expected to be £6,616,912 representing an overall reduction of 4.4%.

However, the figures outlined above are subject to final verification and the final approval of funding awards will depend on completing negotiations with individual local authorities; VisitScotland providing confirmation of out-turns on network office budgets for the past year, and confirmed spending plans for the coming year.

Notwithstanding this uncertainty, VisitScotland is committed to ensuring that the highest levels of service are maintained.

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

The Tourist Boards (Scotland) Bill enshrines in legislation the changes made to VisitScotland by the Tourism Network Scotland (TNS) project. The TNS project was the first phase of a longer term VisitScotland transition programme to deliver "one team for Scottish tourism working in partnership to exceed customer expectations". It was also part of a wider range of initiatives to increase the value of tourism to the Scottish economy by 50% as articulated in the Scottish Executive's recently published Tourism Framework for Change. The costs involved in this wider policy are accurately reflected in the Financial Memorandum. Although there remains some uncertainty regarding costs, as outlined above VisitScotland remains of the view that the integration has been successful and will assist us in achieving our growth ambitions.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

We do not anticipate any future costs associated with the Bill aside from the potential VAT and pension costs outlined above.

Supplementary Information from VisitScotland

Tourist Boards (Scotland) Bill: Financial Memorandum

I have been asked by John Brown, Head of Tourism Policy in the Scottish Executive to provide a breakdown of the former Area Tourist Boards' (ATBs) total overall deficit of £1.7million in the 2004-05 financial year. I would also like to take this opportunity to clarify a number of other issues that were raised in the recent evidence session on the Tourist (Boards) Scotland Bill.

A table summarising the final audited ATB accounts for the 2004-05 financial year is at Appendix A; this is drawn from information published by VisitScotland on www.scotexchange.net and does not represent the full accounts. For detailed information on each area's full accounts, please visit the following link:

http://www.scotexchange.net/research_and_statistics/tourism_in_your_area.htm

The enclosed table shows that the total net operating deficit for ATBs in 2004-5 was £1.696 million and that ATBs had net reserves of £3.679 million.

I am aware that there was a focus in the evidence session on the final accounts of the former Perthshire and Kingdom of Fife ATBs. I am more than happy to clarify that although both Perthshire and Kingdom of Fife ATBs had substantial operating deficits in their final year, they had sufficient reserves to cover the deficits and that therefore they were not "in debt". In relation to the article published in *The Herald* on 29 March and referred to by Mr John Swinney MSP, I would like to put on the record that the media statement we provided did not refer to individual ATBs as being in debt. However, in response to a subsequent request we did provide a breakdown by ATB area of the £1.7m deficit.

In addition, I would stress that we have made a commitment that all remaining assets in former ATB areas will be ring fenced for use specifically by the successor VisitScotland network office.

I would also like to take this opportunity to clarify that local authority funding for the former ATBs was sustained into the first year of transition, which was 2005-06. Therefore, the Financial Memorandum to the Bill is correct in stating that local authority funding levels were carried forward voluntarily into 2005-06. I would, however, like to take this opportunity to clarify that although total local authority funding was carried forward at the same levels, VisitScotland did not receive the same level of funding as the ATBs had received in previous years. The funding levels that were carried forward were split with other business tourism services.

I hope this information is helpful, however, please do not hesitate to contact me if you would like clarification on any points.

Yours sincerely

Philip Riddle
Chief Executive,
VisitScotland

Appendix A: Summary of ATB Final Accounts 2004-5

Summary of ATB Final Accounts 2004-5										
ATB	surplus/deficit	Reserves	Long term Borrowings	TIC Stock	Cash	Total Debtors	Net Current Assets	Fixed assets	Pension liability	
SIT	8,316	120,285		7,475	136,776	53,813	85,481	64,662	199,000	
OTB	-46,896	168,914	0	50,964	751	54,049	67,301	103,480	Not disclosed	
WITB	-61,762	79,658	0	40,412	34,881	7,061	75,853	3,805	84,000	
HOST	28,260	489,114	0	188,707	14,375	217,711	241,034	289,089	856,000	
AGTB	-224,846	218,845	95,527	173,462	140,224	364,493	48,695	1,170,662	880,000	
PTB	-531,755	114,101	0	63,823	27,508	152,205	114,101	0	213,000	
ADTB	7,373	237,424	0	13,076	115,860	158,057	237,424	0	269,000	
KOFTB	-553,014	123,565	0	63,877	95,342	37,285	123,565	0	365,000	
AILLST	-204,355	1,010,222	250,431	541,962	32,003	896,155	393,716	2,934,413	663,000	
ELTB	-64,426	597,980	843,708	78,774	257,954	291,698	109,589	1,332,099	1,138,000	
GGCVTB	-85,668	260,964	0	83,019	156,333	393,899	158,620	730,695	1,042,000	
AATB	59,965	4,392	133,800	13,124	460,191	296,926	10,494	127,698	0	
SBTB	-64,115	-10,998	72,315	66,874	1,070	654,899	-62,392	123,709	376,000	
DGTB	37,042	264,868	12,128	47,444	80,038	276,778	-2,339	682,630	285,000	
Totals	-1,695,881	3,679,334	1,407,909	1,432,993	1,553,306	3,855,029	1,601,142	7,562,942	6,370,000	

ANNEX C: EXTRACTS FROM MINUTES

ENTERPRISE AND CULTURE COMMITTEE

EXTRACT FROM MINUTES

9th Meeting, 2006 (Session 2)

Tuesday, 28 March 2006

Present:

Shiona Baird

Susan Deacon

Mrs Karen Gillon

Christine May (Deputy Convener)

Mr Jamie Stone

Richard Baker

Murdo Fraser

Mr Michael Matheson

Alex Neil (Convener)

The meeting opened at 2.00 pm.

Tourist Boards (Scotland) Bill: The Committee considered and agreed its approach to the Bill including an indicative timetable for its consideration of the general principles of the Bill at Stage 1.

The meeting closed at 4.51 pm.

Stephen Imrie

Clerk to the Committee

ENTERPRISE AND CULTURE COMMITTEE

EXTRACT FROM MINUTES

13th Meeting, 2006 (Session 2)

Tuesday, 9 May 2006

Present:

Richard Baker

Susan Deacon

Mrs Karen Gillon

Christine May (Deputy Convener)

Mr Jamie Stone

Shiona Baird

Murdo Fraser

Mr Michael Matheson

Alex Neil (Convener)

The meeting opened at 2.02 pm.

Tourist Boards (Scotland) Bill: The Committee took evidence on the Bill at stage 1 from—

Kirsten Davidson, Bill Team Leader, Gaynor Davenport, Lead Official Bill Team, and David Kemp, Principal Legal Officer, Scottish Executive.

Tourist Boards (Scotland) Bill: The Committee considered and agreed its approach to the Bill at stage 1.

The meeting closed at 3.48 pm.

Stephen Imrie

Clerk to the Committee

ENTERPRISE AND CULTURE COMMITTEE

EXTRACT FROM MINUTES

14th Meeting, 2006 (Session 2)

Tuesday, 16 May 2006

Present:

Richard Baker

Shiona Baird

Susan Deacon

Murdo Fraser

Christine May (Deputy Convener)

Alex Neil (Convener)

Apologies were received from Mr Michael Matheson and Mr Jamie Stone.

The meeting opened at 2.32 pm.

Tourist Boards (Scotland) Bill: The Committee took evidence on the Bill at stage 1 from—

Patricia Ferguson MSP, Minister for Tourism, Culture and Sport, Kirsten Davidson, Bill Team Leader, and Gaynor Davenport, Lead Official Bill Team, Scottish Executive.

The meeting closed at 4.42 pm.

Stephen Imrie

Clerk to the Committee

ENTERPRISE AND CULTURE COMMITTEE

EXTRACT FROM MINUTES

15th Meeting, 2006 (Session 2)

Tuesday, 30 May 2006

Present:

Richard Baker

Mark Ballard (Committee substitute)

Murdo Fraser

Karen Gillon

Margaret Jamieson (Committee substitute)

Michael Matheson

Christine May (Deputy Convener)

Mr Jamie Stone

Apologies were received from Shiona Baird, Susan Deacon and Alex Neil.

The meeting opened at 2.10 pm.

Tourist Boards (Scotland) Bill: The Committee considered a draft stage 1 report. Various changes were agreed to and the Committee agreed the report as amended.

The meeting closed at 3.44 pm.

Stephen Imrie

Clerk to the Committee

ANNEX D: WRITTEN EVIDENCE

WRITTEN SUBMISSION FROM COSLA

Introduction

COSLA welcomes the opportunity to submit written evidence on this Bill to the Committee and we have provided evidence in relation to the three main aspects of the Bill, namely:

- Creating VisitScotland as a single legal entity responsible for the tourism sector;
- Removing the legal requirement for area tourist boards and abolishing the current two Network Area Tourist Boards; and
- Increasing the maximum size limit of the VisitScotland Board from seven to twelve.

Creating VisitScotland as a single legal entity responsible for the tourism sector

COSLA has no objections to the creation of VisitScotland as a single legal entity responsible for the tourism sector, as this essentially formalises the structures agreed previously. However, in accepting this there should be recognition of the crucial role that Local Government plays in tourism as a planner, provider, co-ordinator and funder of a wide range of tourism activities, and also the provision of core infrastructure. For example, the City of Edinburgh Council spends £35 million on tourism annually, of which only £620,000 is provided to VisitScotland.

As a further point, it might be worth taking on board that the permanent name change for the organisation to “VisitScotland” could be subject to changing consumer preferences and trends in future years, which may see the name becoming outdated and unfashionable, in terms of marketing Scotland as a destination.

Removing the legal requirement for area tourist boards and abolishing the current two Network Area Tourist Boards

The proposed Bill’s intentions tidy up the Local Government in Scotland Act (1994), with there clearly no longer being a requirement for the existence of Area Tourist Boards. This is recognised by COSLA and not considered controversial. That said, we still see the importance of area offices or an area structure with a direct link to local authorities and local circumstances.

Increasing the maximum size limit of the VisitScotland board from seven to twelve

COSLA welcomes the changes proposed in the Bill to the size of the VisitScotland Board from 7 members to a maximum of 12 members. One of the sub texts in the Scottish Executive’s consultation document is that this could enable greater Scottish Local Authority representation on the Board. We believe that, given our key role in

tourism, Local Government must have at least 2 guaranteed members on the VisitScotland Board, with the possibility of more, depending on the calibre of applicants or nominations from COSLA.

It was acknowledged in the consultation document for the Bill that the Executive's policy is that Boards should be as small as possible, and should not exceed a maximum of 9 members in the foreseeable future. However, the Executive also recognises that additional expertise is required on the Board of VisitScotland particularly from local authorities.

The summary of responses recently issued by the Scottish Executive provides comment on a number of points raised in the consultation on the Bill, notably that councils asked that additional seats be reserved for local authority representation. However, the Scottish Executive's published response states that it would "not be possible to reserve seats on the Board for specific sectors".

Furthermore, the policy memorandum accompanying the Bill states "A further option proposed in a number of consultation responses would be to guarantee membership to local authorities and to specific sectors". However, there will seemingly be no reserved seats as it is the Executive's view that this would contravene the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies, which is that "Board members will be recruited on individual merit to complement the expertise and skills of current board members".

Whilst accepting that Board members should be recruited on individual merit there appears to be no evidence from the recently published Code of Practice for Ministerial Appointments to Public Bodies in Scotland that would prevent members being selected, on merit from a specific organisation or group of organisations. Indeed section 14 of this code refers to statutory nominations where "an organisation has the right to nominate individuals to the Minister for appointment to that public body". Therefore, reserving seats for nominations from local authorities or COSLA would not contravene the code. We would also stress Local Government's unique position in being both a democratically elected tier of government, and thus accountable, and, as made clear above, a leading partner in planning, providing, co-ordinating and funding a wide range of tourism activities.

In Scotland there are examples of seats on the boards of public bodies being reserved, with local authorities having reserved seats on the boards of the National Park Authorities e.g. Cairngorms National Park. In addition, the benefits of local authority representation can be seen in the fact that boards such as the Scottish Environment Protection Agency (SEPA) and Communities Scotland have elected members sitting on them. Indeed, we believe that many of the present difficulties that Scottish Enterprise have been experiencing could have been averted had democratically accountable elected members been sitting on its board.

We are of the view that COSLA should be allowed the opportunity to nominate members for the interview and selection process for VisitScotland's Board, especially given Local Government is a considerable funder of VisitScotland and huge player in the tourism industry. This would have the advantage of elected members having the mandate to speak for all of Local Government at a national

level. In addition, this would provide the best of both worlds in terms of sharing information both ways most effectively.

Further, we believe the mix of skills, abilities and political awareness provided by elected members on the Board of VisitScotland would allow it to work with the Executive and other agencies more effectively.

We contend that the selection criteria process for interviewing applicants for positions on VisitScotland Board should take into account the following key attributes for any potential candidates:-

- Partnership working skills between Local Government and other organisations;
- Experience working with VisitScotland;
- A local government background and involvement in promoting tourism at a local and national level as an advocate and champion;
- A close link to COSLA in terms of representing Local Government;
- Knowledge and experience of implementing the Scottish Executive's Best Value, Efficient Government and Community Planning agendas in the public sector; and
- Knowledge and experience of the oversight of performance management and financial management of a large public sector organisation (It should be noted that elected members from even small local authorities deal with far larger budgets than VisitScotland's budget).

The Advantages of Enhanced Elected Member Representation on VisitScotland's Board

Increased elected member representation on VisitScotland's Board would have the following advantages:-

- The VisitScotland Board would relate more effectively to the Scottish Executive and Local Government with a more professional political interface provided by increased elected member representation.
- Increased elected member representation on VisitScotland's Board would give the Board a stronger profile and credibility, given that most leading Local Government politicians are already known to Ministers.
- Local government representatives are publicly accountable and provide a democratic mandate by virtue of their elected member status.
- Elected members have unparalleled experience of Best Value and change management, crucial at a time when the public sector is reforming.
- Some elected members have hugely valuable experience in contributing to Scotland's tourism industry;
- Local Government representation on VisitScotland's Board shows the public and private sectors clearly working together, which is vital to Scotland's economy.

VisitScotland is a key partner of Local Government due to the considerable funding of the network by Scotland's local authorities and close working relationship. That said, it is important that VisitScotland, given its role in promoting Scotland's largest industry does not fall into the same trap as other Scottish Executive quangos that are seen as remote, unaccountable, unresponsive, inefficient and as being wasteful of public resources. We believe that increased elected member representation can only assist in ensuring this does not occur through providing direct democratic public accountability. In addition, elected members have considerable experience of modernising public services. However the public sector reforms over the coming years, there will have to be integration of some services and cross-boundary working, and these are areas where elected members can provide 'front-line' knowledge and practical experience.

COSLA believes in the benefits of joint working and welcomes the initiatives taken by the Scottish Executive and VisitScotland as there is now a greater understanding between the various agencies and Local Government about the promotion of Scotland as a world class tourism destination. However, this understanding and partnership working needs to be further developed and sustained through increased joint working and representation by elected members on organisational boards of quangos such as VisitScotland.

Conclusion

Since COSLA's Economic Development and Planning Spokesperson joined VisitScotland's Board last November there has been a notable improvement in partnership working between Local Government and VisitScotland. We believe that this improvement will best be sustained by additional formal representation from Local Government on the VisitScotland Board.

COSLA therefore asks the Committee to support it in ensuring that, in future, at least two places are guaranteed on the VisitScotland Board. Such places would be nominated by COSLA, but the actual appointments would be based on merit, taking account of appropriate criteria including the above.

WRITTEN SUBMISSION FROM VISITSCOTLAND

Introduction

VisitScotland welcomes the opportunity to submit written evidence to the Enterprise & Culture Committee on the Tourist Boards (Scotland) Bill.

VisitScotland operates from over 140 locations throughout the country with our main offices in Edinburgh and Inverness. We have a considerable array of local expertise throughout our network which stretches from Lerwick to London.

As an organisation we have 3 key roles with related objectives. These are:

- To attract visitors to Scotland
- To engage with partners within the industry
- To add value to the visitor experience.

As the national tourism agency we have two customers – the consumer (visitor) and the tourism industry itself. We have a strategic role as the lead public sector agency for tourism to provide leadership and direction for the development of Scottish tourism to ensure we leverage the maximum possible economic benefit for Scotland. In addition, we exist to support the development of the tourism industry in Scotland and to market Scotland as a quality destination.

Background

Scottish tourism is a major and growing part of this country's economy and VisitScotland and the Scottish Executive - as outlined in the recently published Tourism Framework for Change - are together backing the industry to grow tourism revenues by 50% by the year 2015.

However, the global tourism market is fiercely competitive with around 200 countries fighting for market share. In addition, many of our competitors have similar product offerings aimed at similar target markets to ours. It is against this backdrop that Ministers took the decision to create "one team for tourism" with an integrated network that would make it easier for the public and private sectors to work together.

VisitScotland fully supports the decision to create an integrated network and accordingly endorses the general principles of the Tourist Boards (Scotland) Bill. The new VisitScotland integrated network was established on 1 April, 2005 and two years on from the Ministerial announcement on the need to create a new tourism support structure, the "one team VisitScotland" is fully staffed and delivering against our core objectives.

Merging the current interim structure made up of three separate legal entities will reduce complexity in managing the organisation and maintaining accountability.

The General Principles of the Tourist Boards (Scotland) Bill

Changing the legal name of the Scottish Tourist Board to VisitScotland

VisitScotland welcomes the proposal to enshrine in legislation the change in name from the Scottish Tourist Board to VisitScotland. It is crucial that we have a strong and consistent identity that allows us to position VisitScotland as the lead economic agency for Scottish tourism. The VisitScotland name is central to our corporate identity and is designed to reinforce the image of the tourism industry as a modern, confident and vibrant sector of the Scottish economy.

It is likely that we will continue to use the “Scottish Tourist Board” identity in, for example, Quality Assurance awards and related signage. We are taking the necessary legal steps to ensure that we are able to retain the ability to use this identity as appropriate.

Increasing the Size of the VisitScotland Board

As stated in our response to the Scottish Executive consultation on the Bill; we welcome the proposal to increase the potential number of Board members to a maximum of 12. The new organisation is substantially larger than the previous organisation and it is important that this is reflected in the size and composition of the Board. A larger Board would make it possible to broaden the range of skills, knowledge and experience that can be drawn upon as we develop and grow as an organisation. The proposal would also give VisitScotland welcome flexibility to bring additional expertise onto the Board without the need for further legislation as the network grows and develops.

Nevertheless, it is crucial that the dynamics of the Board are not adversely affected by it being too large to facilitate collective discussion and decision making. Therefore, while it is important that the Board contains a broad range of skills and experience it must also be as small and manageable as possible. As a result, we support the Executive’s stated policy that the board should be as small as possible and that it should “not exceed a maximum of nine members in the foreseeable future”.

VisitScotland would also stress that the principles of the Nolan Committee must be upheld in respect of Board appointments, namely that Board members should be appointed on merit and should not be appointed to represent any particular interest groups.

Abolishing Area Tourist Boards

VisitScotland fully supports the abolition of the current Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. The abolition of the NTBs means that former Area Tourist Board staff will become employed by VisitScotland.

Summary

In summary, VisitScotland fully support the general principles of the Tourist Boards (Scotland) Bill. The new integrated VisitScotland is fully staffed and delivering against our objectives and the Bill represents the final step in the process, enshrining in legislation changes that have already taken place.

Scottish Parliament

Enterprise and Culture Committee

Tuesday 9 May 2006

[THE CONVENER opened the meeting at 14:02]

Tourist Boards (Scotland) Bill: Stage 1

The Convener (Alex Neil): I welcome everybody to the 13th meeting of the Enterprise and Culture Committee this year. We have a quorum, so we can start. I remind everybody to switch off their mobile phones. I have received an apology from Shiona Baird. She expects to be late, but she will be here.

Our first item is consideration of the Tourist Boards (Scotland) Bill. I welcome the Scottish Executive bill team, led by Kirsten Davidson. She will introduce the rest of the team and make some introductory remarks.

Kirsten Davidson (Scottish Executive Education Department): With me today are Gaynor Davenport, from the Executive's tourism unit, who has been taking the lead on the bill, and David Kemp, our solicitor. I will say a few words about the bill, although I will not spend too long going through it, as it is a short, technical bill. If members could bear with me, I will go through the main things that the bill does.

First, it changes the legal name of the Scottish Tourist Board to VisitScotland. The board has been trading under that name for the past couple of years but, legally, it is still the Scottish Tourist Board. It makes sense, now that it is agreed that VisitScotland is the name that it should trade under, to take this opportunity to change the legal name.

Secondly, the bill repeals those sections of the Local Government etc (Scotland) Act 1994 that require that there be area tourist boards. The statutory instruments that were used to set up the two network tourist boards can then be repealed. That way, we can have a fully integrated tourism network across Scotland. The bill makes consequential provisions for the transfer of staff from those network tourist boards to VisitScotland, so that they can transfer according to their current terms and conditions.

Finally, the bill increases the size of the board of VisitScotland. At the moment, there are six board members plus the chair. We want to increase that

to a maximum of 11 board members plus the chair. For the foreseeable future, we would want or need there to be only nine members of the board, but this legislative opportunity allows for the introduction of some flexibility. Those are the main things that the bill does. I am happy to take questions.

The Convener: As Kirsten Davidson said, the bill is technical and formalises in legislation what has already happened. The committee has spent a fair bit of time going through the reorganisation process with the Minister for Tourism, Culture and Sport and others. We are probably up to date with what is happening, but I invite members' questions to the bill team.

Christine May (Central Fife) (Lab): I have a couple of questions arising from evidence from the Convention of Scottish Local Authorities. I am not sure whether you have had time to read that. The first page of COSLA's evidence addresses the subject of the name change and whether changing fashions for branding might require a subsequent alteration. Could you talk about the decision formally to rename the board VisitScotland, and could you explain how any subsequent change, if required, might be made?

Kirsten Davidson: There has been a recommendation that VisitScotland is a more appropriate name or brand for the organisation and we are taking this opportunity to change the name legally. As I said, it has been trading as VisitScotland for the past couple of years, even though it is legally still called the Scottish Tourist Board. If fashions changed and it was decided to change the name, we would not need further primary legislation to do that. The organisation could simply trade under a different mark, while legally remaining VisitScotland.

Christine May: My second question is on the partnerships—with local authorities, enterprise companies and other organisations—that are required to deliver tourism. To what extent is that aspect implicit in the bill, if at all?

Kirsten Davidson: As you can see, that is not set out anywhere in the bill. As the integration process of VisitScotland was happening, it was clear that there would need to be partnerships with other organisations, particularly local authorities, but also with other public sector organisations such as the enterprise networks. That process will continue after the bill has been passed. VisitScotland views those partnership arrangements as important.

Murdo Fraser (Mid Scotland and Fife) (Con): I was interested to hear your response to Christine May's question about the name. Surely the logic would be to carry on calling the organisation the Scottish Tourist Board, given that it is able to trade

under any name. I am not sure why we have to change the board's official title by legislation.

Kirsten Davidson: We certainly could just keep the legal name as the Scottish Tourist Board and allow it to continue trading under the name VisitScotland. However, the name and brand of the Scottish Tourist Board belong in the past, and it is recognised that VisitScotland is the appropriate brand for that marketing organisation. As we are legislating to get rid of the requirement that there be area tourist boards and so to get rid of the network tourist boards, and to set up an integrated network, it seems a good opportunity to change the name legally.

Murdo Fraser: If the bill goes through, would there be anything to stop another body subsequently calling itself "the Scottish Tourist Board"?

Kirsten Davidson: VisitScotland is currently in the process of ensuring that it can use that trademark.

The Convener: I think that that covers everything. I thank Kirsten Davidson and her colleagues. That was very helpful.

We now move to item 2, the committee's consideration of its approach to the Tourist Boards (Scotland) Bill at stage 1. An approach paper in my name, detailing what it is that we need to decide, has been circulated. It is a short, sharp, essentially technical bill. By way of clearing the decks, I have informally suggested to both the Minister for Parliamentary Business and the Minister for Tourism, Culture and Sport that, if they brought forward stage 1 of the bill from the end of June to an earlier time, we could probably get stage 2 completed by the summer recess, given the nature of the bill, thus leaving us with a bit more time for the Bankruptcy and Diligence etc (Scotland) Bill after the recess. That is obviously subject to the committee's approval, but it would seem to be a sensible approach.

I should also draw to the committee's attention the fact that the call for evidence has so far resulted in only two submissions. We have received a response from VisitScotland—unsurprisingly, it supports the bill. We also have a submission from COSLA, which supports the bill in principle. COSLA's major recommendation is that the local authorities should, by right, be represented on the board. However, the advice that we have received is that that would be in contravention of the spirit and letter of the law on public appointments in Scotland—we will just have to live with that. In any case, in nominating people for the board, it is up to ministers to take cognisance of the role of the local authorities in any appointments that they make to the board.

We will go through the options that are set out in the paper. Before we do so, does any member

have strong feelings one way or another about the bill?

Murdo Fraser: Not on the bill, but on our evidence taking. We visited the question of tourist board reorganisation on a previous occasion and in some detail. If I am right, the changes have now been in place for a year and should therefore have bedded in. Although I do not want to spend a lot of time in evidence taking, there may be some merit in having one evidence-taking session as a catch-up session on where the industry has gone, subsequent to the changes. We could also take the views of the industry on the extent to which the changes are a success. Such a session could act as a follow-on from the work that we did on the tourist board reorganisation—from memory, it was about 18 months ago.

The Convener: That is a fair suggestion.

Christine May: The suggestion is a reasonable one. The only caveat is that, where it holds strong views, the tourism industry is not slow in making those views known. For example, the Scottish Tourism Forum was vociferous in its evidence giving. I hesitate to put words into its mouth, but I assume that the forum has not responded to the call for evidence because it accepts the position as it is.

Further to Murdo Fraser's suggestion of an evidence-taking session, we should call the Minister for Tourism, Culture and Sport. We could discuss with her any views that the industry has expressed—including the issue that COSLA has raised of local authority representation. We could also discuss with her the possibility of accelerating the bill process in order to get through stage 2 before the recess, as suggested. If there is a view that the industry wants to present to us, I see no reason why we should not ask to hear it.

The Convener: The clerk has advised me that he contacted the Scottish Tourism Forum—which in the main but not exclusively represents private sector operators—but it declined our offer of appearing before the committee. The forum appears to think that that is not necessary.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): Although it is always interesting to hear how things have developed, particularly some time after the sort of in-depth examination that we undertook of the developments in the tourism network in Scotland, it is not appropriate for us to have the kind of session that Murdo Fraser suggested as part of our formal committee business. I have several reasons for making that comment.

First, we need to be careful not to confuse wider discussions on a series of interesting issues with our specific consideration of the bill, which we should keep clean and clear. Secondly, there are

better ways for the Parliament to get that sort of update; ways that do not necessarily take up the time, cost and resource of the formal committee process. In the main, where there is an appetite to do so, the tourism industry has been very good at engaging with members by way of informal briefings and the like.

Perhaps, as we have done in other instances, we could facilitate an informal session that would allow a range of stakeholders the opportunity to have the kind of conversation with the committee that Murdo Fraser suggested. However, in proceeding with our consideration of the bill, my preference would be for us either not to take further oral evidence or to have a brief evidence-taking session, but only from the minister. After all, part of the conversation that members have proposed needs to be held with the minister. That said, I also think that we should try to stay fairly strictly within the bill's parameters. I realise that tourism is a major issue, and that many questions arise from our wider deliberations, but I do not think that this is either the time or the place to address them.

14:15

The Convener: When we carried out our work on tourist board reorganisation, we agreed to check progress from time to time. Perhaps we should keep that work separate from our deliberations on the bill. I suggest that we think about building into our work programme for September onwards a progress review, using either of the modus operandi suggested by Susan Deacon and Murdo Fraser, but that this afternoon we concentrate on how we proceed with consideration of the bill. Are members agreed?

Members *indicated agreement.*

The Convener: Is the consensus that we take evidence only from the minister?

Members *indicated agreement.*

The Convener: I believe that a brief session with the minister has been pencilled in for next week.

Christine May: Will we discuss with her the proposals to accelerate consideration of the bill?

The Convener: Yes. I am not saying that that will be easy; I merely made the suggestion to the minister, and it is up to the Executive to find out whether it can be facilitated. I hope that, if we can take evidence from the minister next week, we can agree a stage 1 report. Are members agreed?

Members *indicated agreement.*

Scottish Parliament

Enterprise and Culture Committee

Tuesday 16 May 2006

[THE CONVENER *opened the meeting in private at 14:32*]

14:57

Meeting suspended until 15:00 and continued in public thereafter.

Tourist Boards (Scotland) Bill: Stage 1

The Convener (Alex Neil): I welcome everybody to the 14th meeting in 2006 of the Enterprise and Culture Committee. We have apologies from Michael Matheson and from Jamie Stone, who will be late.

We are taking evidence on the Tourist Boards (Scotland) Bill from the minister, Patricia Ferguson. I welcome her and will allow her to introduce her team and say a few words about the bill.

The Minister for Tourism, Culture and Sport (Patricia Ferguson): I am joined today by Kirsten Davidson and Gaynor Davenport, both of whom have been working on this project for some time. I thank the committee for inviting me to give evidence on the bill.

As members know, VisitScotland has been in operation for a year as an integrated tourism network. Now is probably a good time to put the organisational structure on a proper legal footing. The integration project was a huge undertaking, bringing together 15 organisations into one, while at the same time maintaining vital local links. In my view and that of others around the network, it was a major task. However, the project has been completed successfully and VisitScotland has gone from strength to strength in the past year or so.

Success has been achieved earlier than we expected. VisitScotland expected to be working with a balanced budget by the financial year 2007-08 but the business plan for this year, 2006-07, is based on a balanced budget a year earlier than planned. VisitScotland is confident that that is realistic. Efficiency savings of £1 million will also be realised this year and reflected back to front-line services.

However, this is not only about doing the same job as the old Scottish Tourist Board and area tourist boards did more efficiently; it is about doing even more. A year in, VisitScotland has demonstrated that it can do just that. Its marketing campaigns are world class and local areas are benefiting more than ever from national marketing campaigns. For example, VisitShetland and VisitOrkney teamed up to take advantage of this year's national spring marketing campaign to promote the northern isles as an ideal place to visit. A national mailer, designed to inspire potential visitors to visit the islands, was sent out to some 180,000 names from the VisitScotland database and the feedback has been excellent. Similarly, Perthshire has recently benefited from a direct mailing campaign to all parts of the United Kingdom, selling the area to prospective visitors, which it would not previously have had the opportunity to do.

The 14 VisitScotland network offices provide support for tourism businesses at all levels, while giving them the benefit of access to national services and a national strategy. Seventeen area tourism partnerships have been set up throughout Scotland, involving tourism businesses, VisitScotland, all 32 local authorities and other public sector interests. The excellent relationship between VisitScotland and local authorities is being strengthened by the creation of the VisitScotland chair's committee, with membership drawn from the local authority community. VisitScotland benefits by having Willie Dunn, the Convention of Scottish Local Authorities spokesperson for economic development and planning, on the board. The annual national tourism convention also brings VisitScotland and COSLA together to discuss joint strategy.

The purpose of the bill is to formalise the arrangements that underpin the integrated tourism network so that we can maintain that success. To summarise, the bill repeals the statutory requirement that there be area tourist boards and dissolves the two network area tourist boards that were set up last April under secondary legislation, when the 14 former area tourist boards merged with VisitScotland. That means that VisitScotland can become fully integrated and can operate as a single legal entity. The bill also makes provision for the transfer of staff from the network tourist boards to VisitScotland. The bill makes provision to increase the size of the VisitScotland board from seven to 12 members to reflect VisitScotland's broader role. We plan to increase it only to nine members in the short term, but that provision will give us the flexibility to increase the board at a later stage, if that seems appropriate, without the need to revert to primary legislation.

Finally, the bill changes the organisation's legal name from the Scottish Tourist Board to

VisitScotland. We think that the Scottish Tourist Board name belongs in the past. The VisitScotland name emphasises the way forward for tourism in Scotland and the brand is already established as an easily recognisable and trusted brand by visitors and businesses alike. The bill is not about changing the way in which the integrated tourism network works—it is already working well, and I am confident that it will continue to bring benefits to Scottish tourism—but it is about consolidating the integration process and putting the integrated network on a proper legal footing.

The Convener: The committee is familiar with the issues, having dealt with them at the time of reorganisation. As the minister has said, the bill puts into law what has already been done in practice.

Christine May (Central Fife) (Lab): I suppose that I should start by saying that I find little to take issue with in the bill. In fact, I cannot think of anything that I take issue with, so I would really like to test the minister and her officials on the extent to which they believe that the bill will make it easier to grow tourism business by 50 per cent, which is the target; to take account of local sensibilities, which was a big issue at the time of the changeover; and to improve quality, because I read a survey in one of the papers, either today or yesterday, that commented on the continuing relatively poor quality of bed-and-breakfast accommodation.

Patricia Ferguson: Those are three big questions. The whole reason for the change in the structure and underpinning of how we market Scotland and Scotland's tourism product came from the problems of the past. A great deal of work was done, not least by the Enterprise and Culture Committee's predecessor committee, on identifying the ways in which that change could be taken forward. The bill is part of that process, and the early signs are pretty good.

However, it is important that what we put in place is quite flexible, so that it can respond to any specific crises or issues that may arise in future. I am conscious, as is everyone involved in tourism, that it is not always issues within one's control that throw tourism off course. In the past, we have had difficulties because of 9/11 and because of foot-and-mouth disease—issues that were entirely outwith our control but which had an impact. It is important that we allow flexibility so that such things can be reflected in changes in marketing or to how things are done.

Particularly latterly, VisitScotland has been sensitive to local sensibilities and we have certainly encouraged it to take account of such sensibilities. The fact that about 97 per cent of VisitScotland staff are based not in the headquarters but out in the individual tourist areas

makes a big difference, because they are able to begin to build relationships with local businesses, local authorities, visitor attractions and anyone who has an interest in tourism. Working locally is probably the best way of ensuring that local sensibilities, concerns and issues are reflected.

Like VisitScotland and everyone else involved in tourism to whom I have spoken, I believe that there is a constant need to drive up quality. I know that quality is an issue close to the heart of the Scottish Tourism Forum and we can take reassurance from the fact that so many tourism industry providers are members of the quality assurance scheme. The most recent figures suggest that about 80 per cent of accommodation providers are part of the QA scheme, which compares favourably with the position in the rest of the UK. The equivalent figure for south of the border is something like 48 per cent.

It is important always to seek ways to improve quality. Part of the solution is to ensure that the training that is in place for tourism providers and operators is of the highest quality. We need to encourage people to enter tourism and to see it as an attractive career move. I could probably talk all day about the host of things that could be done. Along with VisitScotland, the changes to the tourism world in Scotland are very much focused on moving things forward and making them better in future.

Christine May: On matters beyond our control, I found it slightly amusing that the dead swan in Cellardyke resulted in an increase in the number of visitors and inquiries. I found that very gratifying.

Patricia Ferguson: That could not have been predicted.

Murdo Fraser (Mid Scotland and Fife) (Con): Good afternoon. In her opening remarks, the minister referred to the project—in other words, the integration of the local tourist boards into VisitScotland—being completed successfully. I am sure that, from VisitScotland's perspective, that was the case, but how have private sector tourism organisations reacted to the reorganisation? As I recall, when the committee considered the issue in advance of reorganisation, several concerns were expressed about how the new arrangements would work. Has the Executive carried out any research on what the industry feels about how the reorganisation has gone?

Patricia Ferguson: We have not done any research on that, but it is fair to say that the issue was one of my concerns when I inherited this job. I know that VisitScotland was keen to address that concern and, indeed, has been addressing it ever since. I am encouraged by the fact that the chair of VisitScotland regularly goes out around the

country to talk to people who are involved in tourism, to get their perspective and to respond to questions that they might have. The chief executive does likewise—I understand that he will be in the Highlands and Islands next month to do that very thing. That is an important development.

Similarly, the local partnership agreements that are currently being drawn up are welcome. It is entirely possible for those agreements to influence what happens in a particular area. Obviously, that is what we want to happen.

It is fair to say that the anecdotal evidence that I receive when I talk to tourism businesses around the country is that people have an increasing confidence in VisitScotland's work. Much good work has gone into trying to bolster relationships to make them work. As I mentioned to Christine May, the fact that most VisitScotland staff are based in individual localities is a good thing. We hope to see that develop in future so that, as relationships blossom, we can take tourism forward. All the feedback that we receive suggests that things have got a great deal better. That is not to be complacent about things—there is always more that could be done—but the steps that VisitScotland is taking will help to address any outstanding problems that might exist.

Murdo Fraser: I have not carried out any scientific survey, but the anecdotal feedback that I have received from people in the industry has been much more negative than the minister suggests. That might be due to a geographic issue, as the former Perthshire Tourist Board was well thought of by people in the industry. Among the people to whom I have spoken, the generality have felt that the steps that are being taken do not go in the right direction. However, I appreciate that the response might have been different elsewhere in the country.

The new set-up has been in place for a year and is starting to bed in. How is VisitScotland going to monitor the industry's response to the new arrangements?

Patricia Ferguson: Obviously, we do not want to talk about specifics, but in my opening remarks I talked about the work that is being done in Perthshire that could not have been done under the old regime. There are great opportunities but, sometimes, change is difficult for people, and moving to a new system is never all that easy. People have to get used to doing things a bit differently and, in some cases, working with different people. However, it is early days and the situation is likely to improve.

I would encourage local providers, individuals or groups of providers who have difficulties to contact VisitScotland and to speak to the chief executive. He will very much want to know about any

problems that may arise to enable him to address them at the strategic level. He will want to talk them through with people and explain any difficulties that there may be.

VisitScotland talks regularly to all its partners and stakeholders around the country, and that will continue. I am not aware that it is—at the moment, at least—undertaking any systematic research into what people think about VisitScotland or what tourism service providers are doing, but that is something that we can encourage VisitScotland to do in the future. That will be especially important given the feedback that you suggest is coming from a particular area.

The Convener: This is fairly straightforward, and we have been round the houses a few times. We are hoping to discuss the first draft of our stage 1 report on 30 May and approve it the following week, at the latest. That will be in plenty of time for stage 2, which is scheduled for 29 June.

I thank the minister and her officials. That was extremely helpful.

15:16

Meeting suspended.

FINANCE COMMITTEE
EXTRACT FROM THE MINUTES

12th Meeting, 2006 (Session 2)

Tuesday 25 April 2006

Present:

Mr Andrew Arbuckle

Mark Ballard

Derek Brownlee

Mr Frank McAveety

Des McNulty (Convener)

Jim Mather

Dr Elaine Murray

John Swinney

Apologies were received from Ms Wendy Alexander.

Tourist Boards (Scotland) Bill: The Committee took evidence on the Financial Memorandum from—

John Brown, Head of Tourism Policy, Scottish Executive.

10:49

On resuming—

Tourist Boards (Scotland) Bill: Financial Memorandum

The Convener: Item 2 on the agenda is consideration of the financial memorandum to the Tourist Boards (Scotland) Bill, on which we agreed that we would carry out level 2 scrutiny. I welcome John Brown, who is the Executive's head of tourism policy, and invite him to make a brief opening statement, which will be followed by questions.

John Brown (Scottish Executive Education Department): My opening statement will be very brief. The financial memorandum, which is part of the paperwork that is attached to the bill, sets out the position.

The direct costs of the changes that the bill will bring about will be very small—I refer to the costs of additional board members. The memorandum sets out the transitional costs of creating the integrated tourism network that arose in the financial years 2004-05 and 2005-06 and which are therefore in the past—a line has been drawn under them. It also refers to local authorities' voluntary contributions and states:

"The Bill will not impose any additional costs on local authorities."

I am aware of the written evidence that the committee has received from the Convention of Scottish Local Authorities and VisitScotland and am happy to answer questions.

Dr Murray: There are a couple of familiar faces here for you, John.

You rightly said that the transitional costs have been paid, but why did those costs rise by almost 50 per cent over two years?

John Brown: You will recall that the Cabinet decided in March 2004 that it wished to merge the area tourist boards with VisitScotland largely because it wanted to improve the service to tourism businesses. That decision underpinned the Executive's ambition to increase revenues from tourism by 50 per cent over the next decade. The estimate that was made right back at the beginning of how much the process would cost was necessarily an initial estimate, and a budget of £4 million was set, which was increased to £5 million during the first year. I recall giving evidence on that to the Enterprise and Culture Committee in January 2005. Subsequently, the budget was increased to £6.5 million as VisitScotland got into the second year of the transition.

At the beginning of the process, many of the costs were difficult—I was going to say

impossible—to calculate. We did not know how many staff would take voluntary severance or how much that would cost, for example. The costs depended very much on how the process unrolled, so the initial budget of £4 million ended up at £7.4 million. VisitScotland has tightly controlled the costs, which have been fully accounted for. As I said, those costs are now in the past.

Dr Murray: How were the additional costs funded? Were they funded from VisitScotland's budget or did the Executive provide additional contingency funding?

John Brown: All the funding has come from the Executive and VisitScotland's baseline budget. No money has been diverted from tourism marketing or from any of VisitScotland's other activities to pay for what has been done.

Dr Murray: At what stage are the negotiations on harmonising staff terms and conditions? Is the process nearly complete?

John Brown: It is pretty much complete. It has been a big job. There were about 65 different pay grades and staff levels in the tourist information centre network of about 125 tourist information centres, for example. Those are in the process of being harmonised which, as you can imagine, is a major job for VisitScotland's human resources team. The process is well under way, the unions are being kept fully informed of what is happening and terms and conditions will be finally harmonised during the 2006-07 financial year.

Dr Murray: Are there likely to be any additional costs? Do you expect the costs of the merger to increase?

John Brown: No. We are clear that the costs of bringing about the new integrated tourism network are fully sunk. Some small costs may arise in the normal course of operations this year and in future years, but they will simply be absorbed in the normal course of business.

Dr Murray: Any additional costs will be absorbed by VisitScotland.

John Brown: Yes.

Dr Murray: VisitScotland raised one or two concerns in its submission, one of which is that an unintended consequence of abolishing the two network area tourist boards might be that VisitScotland could face an additional annual tax payment of up to £2 million. What is your response to that concern?

John Brown: We have been discussing the VAT situation with VisitScotland since the inception of the project. In fact, the area tourist boards had managed to negotiate a very good deal with HM Revenue and Customs on VAT. The ending of the ATBs through the statutory

instruments that went through Parliament in late 2004 threw that into relief and HM Revenue and Customs began to speak to VisitScotland about it. VisitScotland is negotiating intensively with HM Revenue and Customs, but those negotiations have a long way to run. Although I am not so optimistic as to assume that there will be no additional tax liability, £2 million is the worst-case scenario and I would be extremely surprised if it was anything like that.

Dr Murray: Does the Executive have a role in helping VisitScotland in the negotiations to try to reduce its VAT liability?

John Brown: We will stand pretty close beside VisitScotland as it takes up the issue with the Government department.

Dr Murray: VisitScotland also raised the issue of the anticipated pension liability of £7 million.

John Brown: Again, that is very much the worst-case scenario. In fact, that figure has been rounded up from £6.3 million, which is a financial reporting standard 17 figure. I am not an accountant, but I believe that FRS 17 sets out the accountancy rules for companies to follow in reporting on financial matters in their annual reports and accounts. VisitScotland is pursuing four different options for the treatment of pensions liabilities, at least one of which would result in there being no liability at all. Without being over-optimistic, I think that the preferred option is feasible. VisitScotland is discussing it with pensions people and a firm of actuaries, which it is paying to undertake a complete actuarial review of its pension scheme. I am reasonably optimistic that the outcome on pensions will be that there is no additional liability.

Dr Murray: When do you think that the pensions issue might be resolved?

John Brown: The actuarial review by Hymans Robertson LLP is due to conclude in January 2007. Assuming that the provisions of the bill will come into force at some stage in early 2007, I would expect the review to be done and dusted by then.

Dr Murray: VisitScotland has disagreed with the statement in the financial memorandum that local authorities have continued to fund the network tourist boards during 2005-06; it argues that funding to the VisitScotland network—not necessarily the local organisations, which might be funded by local authorities, too—has decreased by £2.1 million. Do you have a comment to make on that?

John Brown: Sure. The answer to that apparent dichotomy is the difference between total local authority funding and core funding. Local authority core funding to ATBs was sustained into the first

year of the transition, which was 2005-06. However, the City of Edinburgh Council and Glasgow City Council previously paid quite large sums of money—£1.5 million in all—to their ATBs and their business tourism convention bureaux. As members might be aware, the convention bureaux have been reorganised in Edinburgh and Glasgow as separate companies. In Edinburgh, the bureau is a joint venture between the City of Edinburgh Council and VisitScotland and in Glasgow the bureau is a stand-alone company that is owned by the city, for which VisitScotland provides funding.

The £1.5 million contribution that previously went to Edinburgh and Glasgow ATBs to fund business tourism now goes to the convention bureaux, which explains most of the apparent difference. The rest is explained by project funding, which was going to end anyway. For example, in 2004-05 East Lothian Council provided the Edinburgh and Lothians Tourist Board with money for golf tourism, under a European Union project that finished at the end of that year. I assure the committee that every local authority in Scotland sustained its core funding through the transition. I have checked that twice with VisitScotland.

11:00

Dr Murray: So the money is going to the same place, just by a different route.

John Brown: Exactly. A small part of the difference is accounted for by projects that were coming to an end anyway.

Mr Swinney: Can you clarify the composition of the ATBs' overall deficit of £1.7 million?

John Brown: I do not have a breakdown with me, but I can provide one and will do so as soon as possible after the meeting.

Mr Swinney: I would be grateful if you could do so. I asked my question because the issue was briefly raised at a committee meeting a few weeks ago, and the following day an article appeared in *The Herald* about the overspend. It indicated that the area tourist boards in Fife and Perthshire

“each owed more than £500,000”.

I have a more than material interest in the activities of Perthshire Tourist Board. One of the individuals involved in the board was advised by the journalist who wrote the article that the figures were supplied by VisitScotland. I am advised that, when Perthshire Tourist Board was dissolved on 1 April, it had a surplus of approximately £30,000, which was transferred to VisitScotland, and that, on 31 March 2005, the Kingdom of Fife Tourist Board had reserves of £123,565. Both statements cannot be correct. The journalist who wrote the article maintains that VisitScotland gave him the

information that he cited. There is a need for brisk clarification of the point. If the information that was given to *The Herald* newspaper was incorrect, VisitScotland should be required to correct the record and to apologise to the individuals concerned.

John Brown: The figure of £1.7 million is an aggregate of the ATB accounts for 2004-05. I will provide members with a breakdown of the reported aggregate deficit, which was an in-year trading deficit. I take Mr Swinney's point that some ATBs—although by no means all of them—also had cash reserves, which are stated separately in their accounts, just as any company can trade at a loss while having balances in the bank. I will bring out that distinction in the information that I provide.

Mr Swinney: The presentation of the information in that fashion has a rather pernicious character, if I may put it so bluntly. I would appreciate clarification as soon as possible for the sake of individuals who, in my opinion, served the tourism industry in Perthshire extremely proficiently. I have less information about Fife, but I am sure that the service provided there was also very good.

Jim Mather (Highlands and Islands) (SNP): I am keen to return to the issue of the cost of the merger. Has there been an analysis of the overspend—the difference between the original estimate of £4 million and the actual figure of £7.4 million—to explain how it accumulated?

John Brown: I can tell you what the transition funding paid for—in other words, we can account for the money that has been spent.

As I said, the initial estimate was just that—a very initial one—and was done on the back of what were at the time some necessarily broad-brush assumptions about how much the project would cost. The transition funding paid for short-term project implementation costs that VisitScotland incurred in managing the integration of the network. For instance, in the financial year 2004-05, VisitScotland paid some of the ATBs to put staff on the transition team, because it wanted to ensure that the team had good strong representation from the ATBs. VisitScotland did not expect the ATBs to do that for nothing, so it paid for those people. VisitScotland incurred other staff and consultancy costs.

Jim Mather: While that was happening, was VisitScotland aware that the Executive would bail it out? You said earlier that additional money came from the Executive. Was VisitScotland aware when it was shelling out that additional cash—going over the £4 million and moving toward the £7.4 million—that additional money would be forthcoming from the Scottish Executive?

John Brown: VisitScotland was doing what the Executive asked it to do. The project was

promulgated by the Executive and was the result of the Cabinet decision in March 2004 and the subsequent parliamentary statement. The Executive decided to merge the ATBs with VisitScotland to create an integrated tourism network. At that stage, with VisitScotland we made our best estimate, which developed as the project proceeded. During 2004-05, the project was led by the Executive. The Minister for Tourism, Culture and Sport chaired the steering group that oversaw the implementation of the project and I chaired the progress group, which met twice weekly to consider more workaday issues. We worked closely with VisitScotland throughout the process. At the start, we knew that the initial estimate was just that. As the work progressed, other factors arose. The area tourist boards said that we needed to do this or that and, when costs arose from that work, they had to be budgeted for.

Jim Mather: In essence, you are saying that the actual cost and the budget evolved simultaneously—in other words, there was no budget.

John Brown: There was no clear view at the outset of what the eventual cost of the transition would be. However, we worked closely with VisitScotland as the budget position developed.

Jim Mather: Last week, Ronald MacDonald of the University of Glasgow produced a paper on Scotland's economic management. One of the key points that he made was that, if there is a permanent bail-out, the possibility of spending wisely evaporates. How would you address that comment?

John Brown: The term “permanent bail-out” would be an inaccurate way of describing what happened. We embarked on a two-year process, with an initial view of how much it would cost, which developed as the project proceeded in its first year, under Executive leadership. We put in money from the Executive's spend-to-save project. We should remember that the investment will come back to us through long-run savings. The two years of the project are now over and the savings have started to come through; indeed, they are earlier and greater than was initially anticipated.

Jim Mather: Would you do anything differently if you had to carry out the project again?

John Brown: I have thought about that question often. We and VisitScotland realised at the time that, as the minister said to Parliament a year ago, in May 2005, there were lessons to be learned from the implementation of the project about better communications. Of course, better communications cost money. However, the structure, the way in which we tackled the implementation and the project methodology all

worked well. I know that my minister's view is that the integration of 15 separate cultures and organisations into one organisation that is still there doing its best for Scottish tourism has been a success.

Mr Frank McAveety (Glasgow Shettleston) (Lab): I should declare an interest because I was a member of the Cabinet when the process started.

We are looking at a figure of £7.4 million at the moment. Are you confident that there is now a brake on any increase in costs? Even if we accept the point that the £4 million was an estimate to begin with, do you think that the £7.4 million is a brake figure or might issues still emerge?

John Brown: No. I can assure the committee that the costs of transition are now over with. The network has been built, and the staff belong to one organisation. The tourism businesses that receive services from the new network are getting them for less than before. That is quite an important point. The customers—the tourism businesses—that are benefiting from the work of the new network are paying less than they did, in aggregate ATB membership fees, for roughly the same services. That is an example of the efficiencies that are coming through as a result of the integration of the network.

Mr McAveety: The second point that you made in response to Jim Mather's questions was about the communications strategy and how to get information out on what changes are meant to be about. I am concerned that the VisitScotland submission to the committee would give anyone who is coming to the issue fresh an alarmist view, whether in relation to VAT and pension liabilities, the contribution by local authorities or the information provided about ATB deficits. The agency that has been charged with making the change seems to be shooting itself in both the foot and the head in its remarkable submission to the committee. Has anything been done behind the scenes to resolve the issue? The submission could work against the very positive message that you tried to get across in your response to my first question. Is anyone sorting it out? The situation is frustrating.

John Brown: There will be contact this week between the chief executive of VisitScotland and my minister about the wording that VisitScotland chose to use in its written evidence to the committee.

Mark Ballard (Lothians) (Green): I want to follow up the point about the wording and take up a point that was raised by Dr Elaine Murray earlier.

The VisitScotland submission discusses local authority contributions and gives a total funding figure for VisitScotland from local authorities in

2005-06 of £6.9 million. That figure is made up of project funding as well as core funding. The figure is then compared with the funding that is expected in 2006-07 of £6.6 million, including £0.5 million of project funding. VisitScotland says that that represents an overall reduction of 4.4 per cent. Given that the committee has heard evidence that there will be a potential squeeze on local authority funding during the next few years, do you have any concerns about the decline in local authority funding for 2006-07, which VisitScotland has pointed to?

John Brown: What can I say about local authority funding? Local authority budgets are clearly under pressure, as are those of most organisations. I have a detailed local authority by local authority breakdown of which local authorities are considering or have signalled reductions in the current financial year compared with what they paid VisitScotland last year. Although VisitScotland has signalled how things might work out, we are still very early in the financial year. In fact, one or two authorities have not yet finally agreed their contribution for 2005-06, so there is a bit of work to be done yet on the numbers for 2006-07. Although there will undoubtedly be downward pressure, COSLA's general view is that local authorities will sustain the funding to the tourism industry because they recognise its value to their areas.

11:15

Mark Ballard: Given the uncertainty that you have highlighted, if the downward pressure to which VisitScotland points is realised, will the result be a cut in VisitScotland expenditure or an increase in central Government funding to make up any deficits that are caused by a cut in local authority funding? In other words, will the permanent bail-out to which Jim Mather alluded continue or will there be a cut in VisitScotland expenditure?

John Brown: The VisitScotland baseline budget was set as a result of the spending review 2004 and it is what it is. Indeed, the Scottish Parliament information centre briefing on the bill that members received sets out the budget. You can see that it includes a line of Executive funding—that is our budget for VisitScotland up to 2007-08. We will talk to VisitScotland if it encounters drops in local authority contributions but, at the moment, there is no commitment to making up any fall in such funding. However, I emphasise that we are only just into the new financial year and a lot of water has still to flow under that bridge.

The Convener: On behalf of the committee, I thank you very much for coming and answering our questions. We will prepare a report on the financial memorandum, which I anticipate will be published in a couple of weeks.

EXTRACT FROM THE MINUTES OF PROCEEDINGS

Vol. 4, No. 16 Session 2

Meeting of the Parliament

Thursday 29 June 2006

Note: (DT) signifies a decision taken at Decision Time.

Tourist Boards (Scotland) Bill – Stage 1: The Minister for Tourism, Culture and Sport (Patricia Ferguson) moved S2M-4612—That the Parliament agrees to the general principles of the Tourist Boards (Scotland) Bill.

The motion was agreed to ((DT) by division: For 83, Against 0, Abstentions 14).

Scottish Parliament

Thursday 29 June 2006

[THE PRESIDING OFFICER *opened the meeting at 09:15*]

Tourist Boards (Scotland) Bill: Stage 1

The Presiding Officer (Mr George Reid): Good morning. The first item of business is a debate on motion S2M-4612, in the name of Patricia Ferguson, on the general principles of the Tourist Boards (Scotland) Bill.

09:15

The Minister for Tourism, Culture and Sport (Patricia Ferguson): Good morning, Presiding Officer.

Just over two years ago, the promotion and development of Scottish tourism was carried out by 15 organisations: the Scottish Tourist Board and 14 area tourist boards. In March 2004, following a period of widespread consultation, the then Minister for Tourism, Culture and Sport announced that that structure was no longer working well for Scotland and that we needed an integrated tourism network that would work across the whole country. Just over a year later, on 1 April 2005, those 15 organisations—including their staff, resources, systems, commitments and liabilities—were merged into one integrated organisation. Today, a further year on, VisitScotland's integrated tourism network is going from strength to strength. The purpose of the bill is to put the new organisational structure on a proper legal footing.

The Local Government etc (Scotland) Act 1994 requires that there must be area tourist boards. Therefore, in 2004, secondary legislation was used as an interim measure to create two area tourist boards—known as network tourist boards—into which the 14 area tourist boards could be merged. The network tourist boards are under the control of VisitScotland. The Tourist Boards (Scotland) Bill will repeal the 1994 act's requirement for area tourist boards and dissolve the two network tourist boards. It will mean that VisitScotland can become fully integrated and operate as a single legal entity. The bill also provides for the transfer of staff from the network tourist boards to VisitScotland.

As VisitScotland now has a broader role, the bill also provides for a larger VisitScotland board. The board's maximum size, which is set out in the Development of Tourism Act 1969, is currently set

at seven. The bill will amend the 1969 act to allow the board to be increased to a maximum of 12.

Brian Adam (Aberdeen North) (SNP): One of the few areas of what might, at a stretch, be called controversy is the nature of the board and the increase in its size. Having read the evidence, I am not 100 per cent clear why the requests from local authorities for designated places cannot be granted. Was the refusal to set aside places for local authority representatives based on a point of principle or on some other reason?

Patricia Ferguson: Actually, the reason is that we want to observe the guidance on the public appointments process. It dictates that board members should, in most circumstances, be appointed on the basis of their skills, talents and expertise rather than because they represent a particular set of people or a particular organisation. Exceptions can be made, but only in very extreme circumstances. For example, if being an advocate is a requirement for a particular role, it might make sense to reserve a seat for a member of the Faculty of Advocates. However, in this circumstance, it is not necessary to do that.

If it is recognised, as it currently is, that VisitScotland needs local authority expertise, the appointments round will recognise that and ensure that someone with that expertise is appointed to the board. The existing board already has a representative of the Convention of Scottish Local Authorities who is a local authority councillor. I believe that the current mechanism has served us well and will continue to do so, while allowing us to observe the recommendations on the public appointments process.

In the short term, it is likely that we will increase the board's size by two members, to a total of nine. However, allowing for a maximum of 12 members provides the flexibility to increase the board at a later stage, if that seems appropriate, without reverting to primary legislation.

The bill will change the organisation's legal name from "the Scottish Tourist Board" to "VisitScotland". Although the organisation has been known as VisitScotland for some time now and it could continue to use that as its trading name while continuing legally to be called the Scottish Tourist Board, the Scottish Tourist Board name belongs in the past and the bill provides a good opportunity to change it. The VisitScotland name emphasises the way forward for tourism in Scotland. The brand is already established and it is easily recognised and trusted by visitors and businesses alike.

Phil Gallie (South of Scotland) (Con): The minister suggested that the term STB is something from the past. As tourism in Scotland has grown

over the years, surely not all was bad about STB and its name.

Patricia Ferguson: I was not implying that there was anything intrinsically bad about the Scottish Tourist Board or its name; I was simply reflecting on the fact that changes happen and that styles and current usages change too. The change of name very much reflects that. However, it is important to recognise that VisitScotland is in the process of obtaining the trademark "Scottish Tourist Board" to ensure that the name cannot be used by anyone else.

The bill consolidates the integration process that has already taken place and puts the integrated network on a proper legal footing. It does not change how the integrated tourism network works. The integrated network is working well and I am confident that it will continue to bring benefits to Scottish tourism.

The tourism industry did not feel the need to give evidence on the bill to the Enterprise and Culture Committee. That is testament to the success of the integrated network so far and to the relationships that VisitScotland has built up with tourism businesses and other partners and stakeholders. Indeed, VisitScotland's recent stakeholder survey shows that 95 per cent of stakeholders agree that the work of VisitScotland makes a positive impact on Scotland's economic development. The majority of stakeholders associated VisitScotland with being excellent, efficient, inspiring and innovative. The proportion of stakeholders who now see VisitScotland as dynamic and highly reputable has increased since 2005.

Christine May (Central Fife) (Lab): In paying tribute to the work that was done in the past, will the minister agree that much of the confidence that now exists is due to the hard work of those who worked in the tourist boards and to the networks that they built up among local providers?

Patricia Ferguson: That is absolutely fair. One of the good things about the way in which the integration has been taken forward is that VisitScotland has not thrown the baby out with the bath water; it has learned from the experiences of the Scottish Tourist Board and the area tourist boards and taken the very best of what they had to offer. A lot of good had been happening, but VisitScotland has taken it forward into a new century and, frankly, into a new and much more competitive tourism world.

Although VisitScotland is no longer a membership organisation, businesses continue to have access to the full range of services that were previously available through the area tourist boards, but more flexibility is now offered in the products that businesses can select. As a result,

many businesses have seen cost reductions for equivalent service. Local areas are also now able to benefit more than ever before from VisitScotland's world class marketing campaigns, which promote Scotland as a national dish with local flavours.

Seventeen area tourism partnerships have been set up across Scotland to involve tourism businesses, VisitScotland, all 32 local authorities and other public sector interests. The excellent relationship between VisitScotland and local authorities has been strengthened by the creation of the VisitScotland chairs committee. Its membership is drawn from the local authority community. The annual national tourism convention also brings VisitScotland and COSLA together to discuss joint strategy. In addition, as I mentioned in response to Mr Adam's question, the COSLA spokesperson for economic development and planning is on the VisitScotland board.

I believe that the VisitScotland integrated tourism network is going from strength to strength and bringing benefits across the whole of Scotland. This is the right time to put that new network on a proper legal footing.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I will return to this point in my speech. The minister refers to co-ordination with the chairs and with COSLA. Does she see that as a mechanism for further integrating the provision of tourism information, perhaps via local authority service points and council offices?

Patricia Ferguson: VisitScotland has been conducting a review of tourist information centres. One of the review's recommendations is likely to be that there should be co-ordination. It is not necessary for the information centres to be stand-alone entities. They could be part of their local community in a much more meaningful way, perhaps by being associated with a local town hall or another civic amenity. In that way, they might attract even more people to use their services.

The Enterprise and Culture Committee has asked me for reassurance on a number of issues. The committee refers to the apparently differing views that have been expressed by the Executive and VisitScotland on a number of issues and asks for reassurance that those views have been reconciled. I am pleased to say that the Executive and VisitScotland have been co-operating closely on the issues. In relation to VAT and pensions, the figures that were provided by VisitScotland were very much worst-case scenarios. My officials are working with VisitScotland on a number of different options, and we are all confident that far less costly solutions will be found in both cases.

We agree with VisitScotland that local authorities continued to fund VisitScotland last

year at the same level as in the previous year. Any confusion around the figures was due to a change in the way in which funding was allocated for business tourism in Edinburgh and Glasgow and to project funding coming to an end. The committee also asked for reassurance that the reserves that were held by the former area tourist boards will be ring fenced for use in the areas in which they were accrued. I am happy to give that reassurance, as I have done in the chamber before.

I confirm that the final figure for the transitional costs associated with the planning and development of the VisitScotland network stands at £7.4 million, which has been paid to VisitScotland. No more funding will be provided for that purpose. Should any further costs emerge, they will be minimal and will be absorbed by VisitScotland's budget.

I am pleased also to confirm that VisitScotland's business plan shows a balanced budget this year, one year ahead of schedule. Members will recall that the integrated network took on a large operating deficit from the area tourist boards, but efficiency savings mean that the deficit has now been cleared. Efficiency savings have been made already, in VisitScotland's first year of operation, demonstrating its commitment to making the best use of public funds. I believe that it is time to put the organisation on a proper legal footing.

I move,

That the Parliament agrees to the general principles of the Tourist Boards (Scotland) Bill.

09:28

Brian Adam (Aberdeen North) (SNP): The bill is very much a tidying-up measure. A wider debate about tourism may be needed, but that is not necessarily for today. In particular, the evidence from COSLA made the important point that expenditure on tourism generally in Scotland is fairly modest and that, out of a £35 million tourism budget in Edinburgh, only £620,000 goes to VisitScotland. That highlights one of the weaknesses in our approach to tourism in Scotland today—we have separated the marketing function from the rest of tourism.

I imagine that the bulk of the £35 million that Edinburgh spends on tourism is spent on the provision and maintenance of visitor attractions, such as the free museums service. It may also be spent on other services, but we need to consider whether the tourism business should be separated from its marketing in the longer term and whether that marketing should be in only one place. It would be interesting to hear whether one member on the Labour back benches who must have

considerable experience of the matter in Glasgow shares that view.

Presumably the figure for Glasgow will be much the same as that for Edinburgh. Glasgow is spending a lot on tourism and has transformed itself into a visitor destination. Scottish Enterprise is responsible, as part of a wider remit, for supporting the development of attractions. In light of its current difficulties, perhaps we should consider whether that function sits comfortably with Scottish Enterprise and whether VisitScotland and general support for tourism from the public purse should be in a single entity, rather than spread across Scottish Enterprise, local authorities and VisitScotland. However, that is not a matter for today.

Christine May: Does Brian Adam accept that much of what is done in economic development through infrastructure support and in local authorities could be described as supporting tourism, and that to seek to wrap that all together in one entity might mean artificially creating barriers rather than making agencies work together?

Brian Adam: I accept that the issue that Christine May raises should be considered. I am trying to encourage a debate about precisely that point. Currently there is a debate about whether Scottish Enterprise's economic development function is being delivered successfully. Many people in local authorities would like that function, which was taken from them a number of years ago, to be returned to them. We should debate that point. I know that today's debate is about the marketing function and some very specific issues that relate to it, but when we look at tourism in general we should consider how we can best deliver tourism support and create partnerships that will produce not stresses and strains but co-operation in delivering a vibrant and successful tourism industry for our country.

Today, we are dealing with a number of fairly minor matters. We have primary legislation to deliver a name change. I should not have thought that that was the highest of priorities, although I accept that it is not the only reason the bill has been introduced. I was glad that, in their evidence, department officials indicated that primary legislation would not be required if a name change were made in the future. When she winds up on behalf of the Government, the minister could identify the provision in today's primary legislation that will allow a name change to be made in the future. That point is not spelled out in the Enterprise and Culture Committee's report.

Phil Gallie: If, as the officials said, the name can be changed at almost any time, why do we need to legislate at this point to change it? We can

call the organisation VisitScotland and be quite happy about that.

Brian Adam: That is the point to which I am alluding. However, to be generous to the Government—which is not my normal position—it took the opportunity that was afforded by the change from three legal entities to one to change the name legally. I want to ensure that if there is another rebranding exercise—there will undoubtedly be one, because that is what happens in life—we do not have to go through the process again and that we all know exactly which provisions in primary legislation will make that unnecessary.

I intervened on the minister to comment on designated places for COSLA on the VisitScotland board. In its submission to the inquiry, COSLA gave examples of seats being reserved on the boards of local bodies, such as national park authorities, for local authority representatives. I do not think that board members are required to be advocates or anything like that. The benefits of local authority representation can be seen on the boards of organisations such as the Scottish Environment Protection Agency and Communities Scotland, on which elected members sit.

I am happy that the Government should make a decision not to designate places on the VisitScotland board. I tried in my intervention to get the minister to clarify whether that was on a point of principle or whether the Government was hiding behind the public appointments legislation. However, I have to accept what she said.

One of the great things about the bill is that, after a long period of uncertainty, staff will know precisely where they stand because they will now be employed by VisitScotland. Removing that uncertainty is undoubtedly a good thing.

I was intrigued by schedule 2 to the bill. It amends a series of acts of the Westminster Parliament. Perhaps the minister will tell us what progress she is making in discussions with her Westminster colleagues about whether they are willing to accept the schedule 2 amendments. I was particularly intrigued by the fact that the schedule appears to give us powers to promote ourselves overseas—I presume that that will be almost independently. Perhaps the minister will say a few words about that in her summing-up speech.

09:37

Mr Jamie McGrigor (Highlands and Islands) (Con): It is something of an irony that we have before us today a bill entitled the Tourist Boards (Scotland) Bill the central purpose of which is to abolish area tourist boards and wholly absorb what remains into VisitScotland. As we ponder

that outcome today, it is only right that we take a moment to acknowledge the outstanding contribution that area tourist boards have made to the success of the Scottish tourism industry since their establishment in 1995.

Many members have enjoyed close relations with their local boards and will want to join me in paying tribute to the work that they did. The Executive might also wish to reflect for a moment on the frankly shabby treatment that was dished out to the ATBs during the early days of the restructuring. There is no need for me to repeat the strongly felt concerns that were raised by the ATBs during the Enterprise and Culture Committee's inquiry because they are adequately dealt with in that committee's report from last year, but it is only right that as the Executive fires home the final nail in the ATB coffin in the form of the Tourist Boards (Scotland) Bill, it does so with some humility and perhaps a little repentance.

Notwithstanding the undoubted strengths of the ATB model of the past decade, I fully accept that the time had come for some changes to be made—indeed, I have sympathy with much of what the minister said in that regard. Although I agree that fragmentation was a problem, I disagree that the new structure is the right one. There were weaknesses in the ATB model and it is right that we address them, but there were also strengths that are being unnecessarily forfeited under the new plans.

My chief concern about the hubs model relates to a loss of local knowledge and, more precisely, a loss of local industry leadership. That point was made strongly by the committee, which said in its report:

“the current local area tourist boards are a repository of a significant amount of skills and knowledge. It will be important that in any new structure for tourism in Scotland, VisitScotland does not lose this local expertise in its drive for increasing professionalism in the sector.”

I know that VisitScotland plans to retain its offices in the former ATB areas, but I detect a fear in the industry that those offices will be mere satellites of the mother ship rather than genuine local bodies.

Patricia Ferguson: Does Mr McGrigor accept that VisitScotland has not just local offices, but local partnerships with businesses, local authorities and other interested stakeholders in the area to develop that very expertise and allow things to be done in a new way?

Mr McGrigor: For example, I quote Douglas Logan, the managing director of Speciality Scotland Travel in Edinburgh, who said in *The Scotsman* in August last year:

“Since the demise of the area tourist boards, there has been nobody to speak up for small businesses ... To my

mind VisitScotland's local offices are just clones of the central organisation, representing a central big brother at a local level."

His views are not unique. Again and again I have received negative comments about the overcentralisation of the new model and the fear that local knowledge is being lost.

Indeed, I have carried out an extensive survey on the new structures among tourism businesses in my region, as have a number of my colleagues. We found a high level of discontent with the new model. I will quote from a number of responses to those surveys from throughout Scotland:

"The previous situation was far from perfect, but it's been taken away, with nothing to replace it."

"We were not very happy with our previous ATB, but the current arrangement is worse, and it is not getting better."

"We need local people 'selling' the local product. These hubs are too big and impersonal."

"As a former director of Aberdeen & Grampian Tourist Board, I have to say a change was needed. My view, however, is that the new structure is too centralised ... I don't want a return to the former ATB, but can report a strong and growing feeling of being 'left out' by businesses. This may lead to breaking away and fragmentation—which is the worst model of all."

The Executive must heed that last point about the worst of all worlds. Although I agree with the minister that under the old model there was perhaps too much of a gulf between the ATBs and VisitScotland, there is a danger now that by pursuing a policy of total centralisation, more and more communities and businesses will feel isolated and disengaged from VisitScotland and will instead set up their own marketing bodies. That has already happened to an extent in areas such as Dumfries and Galloway. It would be ironic if the Executive's attempt to unify the industry served to perpetuate division.

I accept that, as far as they go, the new area tourism partnerships that the minister mentioned are doing an excellent job, but their influence has been overhyped by VisitScotland. They have no statutory or decision-making powers and they are a poor substitute for the former boards when it comes to genuine local control.

I will touch briefly on the other provisions in the bill. I am not convinced of the necessity to change the name from the functional and descriptive Scottish Tourist Board to the hip and trendy VisitScotland.

Christine May: Will the member take an intervention?

Mr McGrigor: I am sorry, but I cannot. I am reminded by photographs from my youth that, like hairstyles, trends pass and the VisitScotland name could look outdated rapidly. I have no objection to using the name VisitScotland in the meantime, but

if the trading name can be changed at any time, it seems ridiculous to abolish the tried and tested Scottish Tourist Board as the legal title. That plea for common sense to prevail has been made not only by the Scottish Conservative Party but by COSLA. I draw the minister's attention to its submission to the Enterprise and Culture Committee, in which it makes those arguments forcefully.

I have no concerns about the proposed increase in size of the VisitScotland board from seven to 12 members, although its effectiveness will depend entirely on the ability of the appointees, who I hope will be brilliant.

Presiding Officer, I hope that you will permit me in my closing minutes to touch briefly on two concerns that are not directly affected by the bill, but which are nonetheless of major concern to the tourism industry.

The Presiding Officer: You will have to be very fast because you are already 19 seconds over your limit.

Mr McGrigor: The first concern is about visitscotland.com. People have written to us with the following comments about the site:

"Long-winded and complicated, difficult to find named property"

"It is appalling"

"A national disgrace"

"Please highlight the website, it does more damage than all other aspects for self-catering".

The final comment is that

"It works very badly ... it has provided no business."

I have to stop now, unfortunately, but I hope that the minister will take on board those comments about VisitScotland.

09:44

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): As Brian Adam pointed out correctly, the Tourist Boards (Scotland) Bill is something of a tidying-up bill. I will make several points that arise from it.

The first flows from what Jamie McGrigor just said. I submit to colleagues that tourism providers at the sharp end—the bed and breakfast owners, for example—are not hugely bothered about the structure, make-up or size of VisitScotland's board, because such organisations come and go, but they are concerned about delivery at local level. My point arises from my intervention on the minister and is not so much about the provision of area offices, which we are not so fussed about, as about the provision of tourist information on the

street corner to the tourist on behalf of the tourism product provider. That is crucial.

Unfortunately, everything has not been quite as rosy in the Highlands as Jamie McGrigor made out. Under HOST—the Highlands of Scotland Tourist Board—we saw the gradual closure of outlying tourist information centres, such as those in Helmsdale in Sutherland and in Wick. That was important because, at the end of the day, the general public, visitors and tourism providers want a real human face behind the desk—someone local who knows what they are talking about. One example that was well publicised in the local newspapers in my constituency was the fact that with the centralised call-centre approach to selling the tourist product, two years after the Caithness Glass factory in the area closed, tourists were still being told that they could visit it.

Local delivery is absolutely essential. If tourism providers are to feel that they are involved and being listened to, we need local delivery via tourist information centres. My appeal to the minister and the tourism industry in general is that, rather than close information centres, we must try to open them and work in that way. I welcome the minister's comments, in response to my intervention, about the idea of co-ordinating with the local authorities, which could lead to savings all round. Duplication is absolutely pointless.

Mr McGrigor: I agree totally with Mr Stone's points about local control and the importance of tourist information centres. He mentioned a human face. Does he agree that visitscotland.com is somewhat less than a human face and more of a robot-like call centre?

Mr Stone: I appreciate that the member has problems with visitscotland.com but, in my constituency postbag, I have not received letters about any such problems. I will highlight one problem. Members will not be surprised to hear me mention the publicity this week about the map at Edinburgh airport that had John o'Groats, one of the most famous tourism destinations in the British isles, 30 miles away from where it actually is. That was disgraceful, although VisitScotland has held up its hands and apologised. In this day and age, with Google and maps on the internet, how could a mistake of that nature be made? Such mistakes distress the tourism industry, so we must watch out for them.

Patricia Ferguson: I agree entirely with Mr Stone that that incident was not only regrettable, but reprehensible and should not have happened. I was pleased with VisitScotland's reaction and correction of the mistake. To make a point that is pertinent to the line of debate that Mr Stone is following, one of the saddest aspects of the incident with the map is that it overshadowed and detracted from VisitScotland's opening of an

information centre at Edinburgh airport, which is an excellent centre that will give visitors an opportunity to find out as much as they can about the country.

Mr Stone: I concur with the minister's remarks. The mistake was terribly unfortunate—such simple errors can be incredibly corrosive and damaging to tourism providers.

I have two final points. First, Scotland has a unique tourism product, the standard of which is recognised worldwide but, in marketing tourism, it is crucial that all departments of Government co-ordinate. We have had the introduction of subsidised air fares in the Highlands. We need to co-ordinate the marketing of the tourism product with our work on roads, air travel, transport and many other aspects of government. My second point is a plea. I always think of Scotland as being like a diamond—it is not one homogenised product, but a place with many facets, each of which is different. It is *vive la différence*. We need to sell the differences in Scotland to make it attractive in the world market. Caithness is completely different from Ross-shire, which is completely different from Ayrshire. We have ever-more intelligent and discerning tourists who appreciate the differences and who look for the different aspects of Scotland. I support the bill but, however we approach the matter, we must remind ourselves and VisitScotland that we need to sell Scotland's glorious differences, which we can bank for a long time to come.

09:49

Alex Neil (Central Scotland) (SNP): I do not intend to take too long, because the Enterprise and Culture Committee and its predecessor have already produced three reports on tourism in the past four years. The first was in our guise as the Enterprise and Lifelong Learning Committee and the other two were by the Enterprise and Culture Committee, on the reorganisation that had taken place and on the bill. I recommend all three reports as good recess reading for members. On behalf of the committee, I thank the minister for her response to the points that the committee raised on the bill. If I may say so, she dealt with all of them satisfactorily in her response this morning.

Two fundamental structural changes are taking place. The first is the integration of what were the area tourist boards into the national organisation, VisitScotland, and the second is a reorganisation of VisitScotland's board. The committee supports the proposal to expand the board membership, because we see a need for more involvement not only of local authorities—which has proved difficult until now because of the restricted numbers—but of all the other sectors that need to be represented. On the appointment of the expanded

board, I draw the minister's attention to the Enterprise and Lifelong Learning Committee's report, particularly the information from California, which Gordon Jackson and I had the pleasure of visiting to examine the structure of the California Travel and Tourism Commission.

Gordon Jackson (Glasgow Govan) (Lab): Somebody had to do it.

Alex Neil: I do not believe all the stories about the member not doing his work in the Parliament.

The California Travel and Tourism Commission has an interesting structure that involves the private sector in a way that we have not been able to do. In a sense, there the private sector is responsible for appointing its members of the commission from four different sectors—accommodation, visitor attractions, transport and entertainment. I draw the minister's attention to the Californian example as a way of introducing a new and innovative way of working in creating the structure of VisitScotland's board to ensure wide representation from the key players in the industry. That would be well within the proposed legislative framework that we are discussing.

One point that has not been mentioned so far but which is raised in the Enterprise and Culture Committee's report on the review of area tourist boards is the strategic focus that is provided by VisitScotland's ambition to achieve a 50 per cent increase in visitor numbers by 2014. My belief—and, I think, the committee's belief—is that that target has helped to focus strategically the work of the board and the wider industry. The feedback that I have had from the Scottish Tourism Forum and others is that that central strategic objective has helped to focus everyone's minds on the job in hand.

We should compliment the current management of VisitScotland, in particular the chairman, Peter Lederer. The management inherited a difficult situation but has done a sterling job in promoting Scottish tourism. I hope that Peter Lederer will continue in his job, because he has set an example. It is not every day that I compliment public sector management, but I compliment VisitScotland's strongly. The organisation was in a precarious position when the current management took over, but it has stabilised the organisation and made it ready to progress and, I hope, achieve the 50 per cent target to which I referred.

I want to make a point about integration. The area tourist board network had some fantastic advantages, particularly the engagement with the private sector at local level. In the new structure, we must ensure that we do not lose the contribution and involvement of the local private sector and we must maintain the ethos that the industry should lead and dictate which needs the

public sector agencies must meet. However, as the committee acknowledged, the downside of the previous system was the membership structure, which was undoubtedly a barrier to success in some areas. The key point is that the local partnerships that have now been established should be allowed to feed into the national network new ideas and thinking and to give feedback on what needs to be done to satisfy their requirements. Local input is extremely important, and the new integrated structure should be as much about building from the bottom up as about building from the top down. If the proper balance is maintained, we can get the benefits of both worlds.

There is no doubt that tourism is our number 1 industry, that it is extremely important for employment in Scotland and that VisitScotland, the local authorities and the private sector have an absolutely vital role to play. The committee's view is that we must ensure that the new structure works. Indeed, we said in our previous report that we will monitor from time to time success at the local level as well as at the national level and how well integration has progressed.

We recommend the bill to the Parliament and agree with its general principles. We hope that it will allow us to take the Scottish tourism industry forward so that it achieves what it can achieve and is the best small tourism industry in the world.

09:56

Gordon Jackson (Glasgow Govan) (Lab): As members would expect, I have nothing against the Tourist Boards (Scotland) Bill; indeed, it is hard to see how someone could have something against it. It is probably a good thing, and most people think that it is okay—as far as I can see, Jamie McGrigor is the exception.

I understand that the bill will simply put the existing reality on a statutory footing. As a result, there is not much to say about it, so I wondered what there was to discuss. There is probably nothing to say about its details, but the debate gives us a wee opportunity to think a little about our tourism industry.

Like most public or semi-public bodies, VisitScotland has worthy aims; I suspect that it has a mission statement somewhere. The importance of the tourism industry to Scotland and the need to do things properly can certainly not be overstated. Therefore, it is important—I am stating the obvious—that when we consider changes, we consider not only structural changes or simply rearranging the proverbial deckchairs. With structures, there is always the danger that all we will do is move everything around. Alex Neil said that the Enterprise and Culture Committee will

continue to monitor the new structure. I know that it will do so and wish it well because it has a duty to ensure that the promised improvements are delivered and that structural change is not the only thing that happens. In that context, I will give a few random thoughts.

I read in a briefing paper the other day—I receive piles of such things—that the changes will make the tourism structure similar to the enterprise network model. I drew in my breath when I read that and thought that it was a bit worrying, bearing in mind what has happened recently. I am not trying to be facetious; I know what was meant. We are talking about an integrated network and a similar model, but I thought that it was a bad week in which to use such an analogy. Some of us in Glasgow have not been enamoured with that structure in the past week or so—my colleague Charlie Gordon would agree with me. The reality is that the structure has not been at all helpful in Glasgow. There has been a real move towards centralisation and stopping things working locally that have worked perfectly well locally until now. I appreciate the general structural analogy, but I hope that the tourism model will not work like the enterprise network model.

Brian Adam: A business whose marketing is totally divorced from its general business is unusual. What does the member think about the idea that we should consider better integration of the marketing function of the tourism industry and the rest of the tourism industry? Having a marketing function on its own is unique.

Gordon Jackson: I am not being in the least bit sarcastic when I say that what the member said is way over my head. I know nothing whatever about marketing, but I suspect that he has made a good point, which the minister will probably want to deal with.

It is important that the structure engages better locally—perhaps that answers the question a wee bit. I have listened to Mr McGrigor's strictures on the matter and do not want members to think that I agree with him, but I have heard the complaints that people in the industry—publicans and hoteliers, for example—have made. People often think that they are not well connected with the organisation. Knowing some of them, I get the feeling that it is sometimes their fault that they do not get involved, but there is sometimes a failure properly to bring local providers on board. That is what Jamie McGrigor said. Perhaps that is not right, but I sometimes hear that wee complaint.

The link with businesses and the private sector is important, and Alex Neil mentioned that we went to America to consider that matter. I will be serious. I hope that Alex Neil will not mind my saying that he is hardly known as being the

greatest fan of the private sector in general and that he is critical of the private sector when it should be criticised, but we were equally struck by the way in which the main industry players had bought into—literally, as that is the American way—the whole structure in California and by the fact that there was absolutely no question of there being them and us. The effect of the genuine partnership that existed was obvious to us. I am not attributing blame to anyone, but I wonder whether we need a little bit more of that attitude in our tourism sector.

How local authority involvement is being tackled is encouraging. I like the emphasis on the link between local authorities and local service delivery, and the partnership agreement should make things accountable. I noticed somewhere that there was a fear that local authorities might miss out the new structure by deciding to fund local business tourism initiatives directly. I have no idea whether that was simply scaremongering or whether it is likely to happen, but the likelihood will only increase if the partners think that the structure is not working properly. It would be bad if that happened. I welcome the continued emphasis on working at a local level. It has been pointed out that more than 80 per cent of involvement with business is at that level.

Sometimes our tourism industry does daft things. In that context, I cannot resist mentioning the proposed glass ban in Glasgow, which struck me as daft, although, thankfully, it did not happen. Many able people work in the industry and lead the Scottish effort. All of us wish the industry well and hope that the changes will help it to progress.

10:02

Chris Ballance (South of Scotland) (Green): I, too, wondered whether there was something slightly contradictory about the title of the bill and whether a bill that will abolish the Scottish Tourist Board might have been better named the "VisitScotland Bill" or even the "VisitScotland (Scotland) Bill" rather than the Tourist Boards (Scotland) Bill. My colleague Mark Ballard and Murdo Fraser dissented from the majority view in the Enterprise and Culture Committee on the proposed name changes, but neither felt strongly enough to produce a minority report on the subject. Likewise, the Greens support the general principles of the bill, despite our reservations.

I opposed the handling of the merger, which appeared at the time to be far more of a centralised takeover than an agreed merger and which left staff feeling for a considerable time excluded from the process and anxious about the future of their jobs. We have heard that the process led to the formation of the Association of Dumfries and Galloway Accommodation

Providers—ADGAP—which was set up to compete with VisitScotland to a certain degree. However, things have moved on and VisitScotland and ADGAP have started to work together. That there are alternative comings-together of accommodation providers is excellent and a great development, but I hope that VisitScotland and ADGAP move closer together and complement each other's work. It is important that local gatherings of tourism service providers work together to complement the work of VisitScotland.

In oral evidence to the committee, the minister said:

"We think that the Scottish Tourist Board name belongs in the past. The VisitScotland name emphasises the way forward for tourism in Scotland and the brand is already established as an easily recognisable and trusted brand by visitors and businesses alike."—[*Official Report, Enterprise and Culture Committee*, 16 May 2006; c 3081.]

Now that we have the name and it is established, we should certainly stick with it, but I hope that today's debate is not repeated in a few years' time as we are called on to approve another name change. I appreciate the logic of wanting the legal name to be the same as the marketing name, for the avoidance of confusion, but it is a concern that the bill, on the one hand, attempts to future proof by allowing for an increase in the size of the board without the need for primary legislation and, on the other hand, ties the organisation legally to a marketing brand that may change in five or 10 years' time.

The financial memorandum to the bill notes that the merger was supposed to cost £5 million but will now cost £7.4 million—an increase of 50 per cent. That is noteworthy as a sign that the merger did not go as planned. I hope that the minister will confirm that that is absolutely the final cost increase, particularly considering the question marks that still hang over the position of VAT and staff pensions in VisitScotland. At worst, the liability for pensions could see an extra £7 million added to that cost. I hope that, in summing up, the minister will provide us with a more concrete assurance than the Executive's previously stated position of being reasonably optimistic that there will be no further liability. I hope that she will also be able to give a copper-bottomed guarantee to VisitScotland's staff that their pensions will not be harmed and that payments will be made in full.

10:07

Christine Grahame (South of Scotland) (SNP): Much of the debate has been technical in nature. With your leave, Presiding Officer, I wish to make a more tangential speech about the significance of the tourism industry to the economy—especially the economy of the Scottish Borders. I note that VisitScotland's target is to

grow tourism revenues by 50 per cent by 2015. If that can flow down to the Borders, it will be extremely important, given the significance of tourism over the past decade and the continuing decrease in the number of jobs in textiles and electronics.

Tourism brings £100 million into the Scottish Borders economy and employs more than 4,000 people—8 per cent of the population. More than 900 tourism businesses work together to form that tourism industry. Members have talked about local contributions. Scottish Borders Council provides £270,000 per annum to the VisitScotland Borders network office.

The topography of the Borders, which made the area ideal for wool production, is what makes it ideal for holidays. I am not going to do a big trailer for the Borders, but I mention the possibilities for walking, cycling and riding. Of special significance are the common ridings, such as the one that I attended recently at Selkirk, which offer the most moving experience. They are attended mainly by people who live in the Borders or who return to see them. The casting of the colours to commemorate the battle of Flodden—

The Deputy Presiding Officer (Murray Tosh): Will you relate this eulogy for the Borders to the motion, Ms Grahame?

Christine Grahame: I said that my speech would be slightly tangential. I will get back to the subject, but all of that is important in drawing people to the Borders.

I draw the minister's attention to the flaws in VisitScotland's website, which have been referred to. When I was researching for the debate, the latest figures that I could get for tourism in the Scottish Borders from the website were for 2002. A name change is one thing, but it is not much good if there is a flawed website behind it. According to those figures, the majority of visitors to the Borders are from the United Kingdom, mostly from England. That adds significance to the Waverley line that is now being developed—we hope. It is essential that, at some point, that line is continued all the way to Carlisle to draw tourists from England in greater numbers.

The Deputy Presiding Officer: I really think that you should get on to the subject of the debate, Ms Grahame.

Christine Grahame: I was talking about the Scottish Borders Tourist Board.

The Deputy Presiding Officer: Yes, but the Waverley line is not a central feature of the bill that we are discussing.

Brian Adam: I am sure that the member listened to my interventions on both Gordon Jackson and the minister. How does she relate the

separate marketing function—which is what VisitScotland is—to the overall tourism business? How does she think that we might best link those? Does she think that the current structure satisfies the needs of the tourism industry in the Borders or elsewhere?

Christine Grahame: In response to Brian Adam's earlier intervention I was going to say that, notwithstanding the centralisation of VisitScotland, which has been referred to, there is still a significant role for local structures. That exists in the Borders in the Scottish Borders tourism business forum, which links into VisitScotland. It is more functional than the old area tourist board and comprises organisations such as Careers Scotland, Historic Scotland, Scottish Borders Council and others who feed into the system. That is extremely important.

As the debate is about a short bill that deals with a technical matter of tidying up what already exists, I have nothing further to add. I repeat my point to the minister that a name change is not sufficient; VisitScotland's website needs to be greatly improved or people will be deterred from using it.

10:12

Alex Fergusson (Galloway and Upper Nithsdale) (Con): It will come as no surprise to members that I will focus on the impact that the bill will have locally in my part of Scotland.

I am not going to pretend that all was well with the old area tourist board system, although I acknowledge the contribution that many tourist board staff made, which other members have mentioned. All was not well, but if we are going to change something, we ought to change it for the better.

I remember months of frustration as we eagerly awaited the pronouncement of Lord Watson, who was then the minister, on the outcome of the Executive's lengthy deliberations on its consultation on the future of area tourist boards. At the end of that lengthy period, there was a sense of dismay at the announcement of the new structure that Parliament will, no doubt, legitimise today. However, it will not do so with the help of Conservative members, as we do not believe that this will be a change for the better locally. Nor do we believe that it will benefit local tourist businesses or, indeed, tourists in remote rural constituencies such as mine.

Jeremy Purvis (Tweeddale, Etrick and Lauderdale) (LD): When I hosted in the Parliament the last meeting of the Scottish Borders Tourist Board under the old structure, many members were excited about the prospect of a local team, such as the one in Selkirk, doing

excellent work not just for the Borders but in taking on national roles. Does the member have sympathy with the view that local officers in rural areas will be able to play a much greater role in promoting tourism throughout the country?

Alex Fergusson: I would have more sympathy with that if I had experienced it working in my part of Scotland. I am delighted that the structure is working well in the Borders; I am not convinced that it is working on my patch. I will come back to that point.

In areas such as Galloway, tourism-related businesses need to have a tangible sense of ownership of and involvement in the structure of their industry. One of the problems with the area tourist boards was that they were perceived to be too autocratic and to be dictating to local businesses rather than working in partnership with them. The situation was improving towards the end of their lives but, with the benefit of a year's experience of the hubs, we see that any sense of ownership and involvement seems to have disappeared off the radar screen. The principal reason for that seems to be that the local forums or partnerships—or whatever they are called—lack any real teeth, as Jamie McGrigor said. They have no decision-making power, therefore they are reduced largely to the role of a talking shop that gives the Executive the opportunity to tick the necessary boxes and say that local involvement is the watchword of the new structure, when that does not seem to be the case. As far as I can ascertain, the forums have no agreed structure, laid-down remit, term of office or constitution. Saddest of all, they seem to have little accountability.

Patricia Ferguson: I know that the member has returned to this theme on a number of occasions. Mr Purvis and Christine Grahame made a valid point about the role that can be played locally. Perhaps Mr Fergusson could provide some leadership locally and encourage things to happen in his area. He would do VisitScotland and local businesses a great service if he did.

Alex Fergusson: I will come back to that as well. My effort to provide such leadership, through the initiative that I tried to put forward, was rather thwarted.

In previous debates on the subject, I recall warning that the changes would encourage the formation of breakaway bodies of dissatisfied tourism operators, which is exactly what has happened in many areas. In my part of Scotland—Chris Ballance referred to this—the Association of Dumfries and Galloway Accommodation Providers was formed and now represents a substantial percentage of accommodation providers in the region. I am afraid that I do not recognise the picture that Chris Ballance painted. The

association certainly did not make life easy for the area tourist board, nor is it making life particularly easy for its replacement. However, it wants to engage constructively with the forum as it has the best interests of local tourism at heart.

When the bed and breakfast representative on the forum resigned, ADGAP requested a place on the forum as the representative of a substantial local interest. I played an active role in trying to promote that engagement. It presented a golden opportunity to bring together the critic and the criticised under one roof, so that differences of opinion could be aired around the table rather than largely through the columns of local newspapers. However, ADGAP's request was rejected unanimously, which was a great pity, because it simply reinforced the perception that the new local structure is a puppet of the centre, that local ownership is a myth and that there is even less accountability with this structure than there was with the one it replaced.

Tourism is desperately important to the economy of my part of Scotland, which has to fight its own corner in the tourism world, given that tourists tend to come up the M6 and carry on up the M74 to the central belt and onwards to the Highlands and Islands. I am happy that the decision to keep Dumfries and Galloway as a hub on its own acknowledges the struggle that we face. We fight a constant battle to get some of the tourist traffic to turn left at Carlisle and savour the real beauty of the south-west of Scotland in general and Galloway in particular. To achieve that, we need local leadership, under local control, that is capable of disseminating local knowledge to those who come to the area.

Under the bill, it seems that we will have an ever more centralised structure that operates through a somewhat anonymous call centre that often displays such a lack of local knowledge that it is almost insulting to the inquirer. That is the exact opposite of the direction in which we should be going. I am afraid that, in all conscience, I cannot support the bill.

10:17

Mr Charlie Gordon (Glasgow Cathcart) (Lab): Tourism is about more than civic pride or cultural education, important though those are; it is a key industry, which employs 9 per cent of Scotland's workforce and generates £4.5 billion annually for the Scottish economy. Tourism development is an integral part of our drive for economic growth.

Scotland is a strong brand that needs a better distribution network. The key ways to improve the distribution of Scotland as a brand are through transport links such as air route development, good surface links, such as rail links to airports,

and understandable local transport for visitors who, with the best will in the world, do not have local knowledge. The other key component is marketing information about Scotland more effectively to potential customers—by and large to people who have never been to Scotland.

Today's bill formalises the abolition of the past structure for marketing Scotland. I acknowledge that, in many respects, those past structures served Scotland well. I will focus on how new, tailored partnership structures are already delivering improvements in differentiated markets within the overall Scottish strategy.

Glasgow City Marketing Bureau was established in April 2005 with ministerial consent. The sole member of the company is Glasgow City Council, which is the company's main funder, to the tune of more than £2 million per annum. The main objectives of the bureau are the delivery throughout key national and international markets of a brand strategy for Glasgow that positions the city competitively; the development of initiatives that increase the contribution of discretionary business tourism and event tourism to Glasgow's economy; and the delivery of the excellent city destination website for the Glasgow metropolitan area, which is called seeglasgow.com.

VisitScotland's local network office in Glasgow leads on leisure tourism and has observer status on the board of the Glasgow City Marketing Bureau. The new partnership approach has already delivered impressive results in its first year. In the year to 31 March, the bureau attracted an additional 230,000 tourists to the city, generating additional revenue of £26.5 million. City hotel occupancy has increased year on year by 2 per cent from 70.7 per cent in 2004-05 to 72.7 per cent in 2005-06, despite an increase in the bed supply of more than 1,000 beds in the same year.

There is absolutely nothing wrong with civic pride in our local landscapes, architecture or visitor attractions, but we must move away from preaching mainly to the converted and focus on people who have not yet made the decision to come here.

Phil Gallie: The member referred to international and national marketing. As I understand it, the purpose of VisitScotland is to ensure international marketing of Scotland as a whole. What Charlie Gordon is referring to is, in effect, a degree of fragmentation, which is one of the major issues of concern to us in relation to the bill.

Mr Gordon: I am sorry, but I was reporting not fragmentation but effective partnership in differentiated markets. As I explained, leisure tourism and marketing is led by the local network of VisitScotland and the bureau concentrates on

the three remits that it was given with ministerial consent. The whole adds up to more than the sum of the parts, as far as the Glasgow metropolitan area is concerned. If the rest of the country starts to look forward rather than mainly backward, it will learn from the good practice in Glasgow and the west of Scotland.

The bill formally tidies up the past processes. As I have said, many have already got down to the business of embracing and improving Scotland's tourism future. For Glasgow, opting out of that is not an option. In the Glasgow region, 50,000 jobs are reliant on tourism, which is more than there were in the Clyde shipyards in their heyday. We must all embrace that future to maximise Scotland's success.

10:23

Mr Jim Wallace (Orkney) (LD): A number of members have said that the bill is very much a tidying-up bill that takes forward the strategy that Frank McAveety announced in March 2004. I declare an interest in that I represent a constituency where tourism makes a vital contribution to the local economy. It is estimated that Orkney receives 127,000 visitors per annum, which delivers £27 million a year to the economy. The Lonely Planet guide describes Orkney as:

"A glittering centrepiece in Scotland's treasure chest of attractions."

I could not put it better than that.

When the minister gave evidence to the Enterprise and Culture Committee, which dealt with the bill, she drew attention to the fact that VisitShetland and VisitOrkney had teamed up to take advantage of this year's national spring marketing campaign to promote the northern isles as an ideal place to visit. I am delighted to say that the minister practises what she preaches, as she was a visitor to Orkney earlier this month during the St Magnus festival. I hope that that experience will encourage her to come back.

The important point when trying to measure this bill is the question whether it helps to strengthen and support what is, in many parts of Scotland, an important and dynamic industry. I declare a further interest, because I was the chairman of the ministerial working group that looked at the tourism strategy for Scotland and led, ultimately, to the statement that Frank McAveety, who was then the minister with responsibility for tourism, made in 2004. It was not just a group of ministers sitting around a table. We took evidence from people in the industry. It would be wrong to say that there was unanimity, but a strong theme came through that, in a highly competitive global marketplace, considerable benefits flow from an integrated Scotland-wide network. That led to the bill that we have before us today.

We understood that the network would consist of local tourism hubs. I am told that the word "hub" is not the most popular word, but it is as good a word as any. Charlie Gordon said that it is important that we have an effective partnership at local level as well as ensure that the hubs contribute to a national strategy. That is a recognition that there is diversity and that there has to be an ability to respond to local circumstances. When the structure was announced, the then chair of the ATB network said:

"It is vital that the new structure builds on, rather than erodes, the successful relationships which ATBs have nurtured at local level with our public agency partners and tourism businesses."

As Jamie McGrigor said, there is a huge reservoir of expertise, knowledge and ability at a local level, which we ignore at our peril. Therefore, it is important when we are dealing with this bill, which sets up a national structure, that we remember that the thrust was to have a national structure and an integrated network that built on local expertise. It would be welcome if the minister reaffirmed that.

It is important that we recognise that balance between a national network and the local dimension. That balance was buttressed by the service agreements that were built in with the local authorities. I understand from a recent meeting of the board of VisitScotland that it hopes to approach the Executive for additional grant in aid, which will allow for what it fears is a phasing out of local authority core funding, although it recognises that local authority funding has an important role to play in delivering specific local service agreements. The problem is to do with how we define core funding. We might say that staffing is a core matter but, in many parts of Scotland, a particular member of staff—say, one who deals with marketing—might be important to local delivery.

We have to ensure that the bill that we are promoting today does not have a centralising tendency. VisitScotland has good corporate communications, but that is not a substitute for good, local and effective marketing. We do not need to emphasise the issue about uniforms for tourist information centre staff if that is at the expense of a more locally focused approach. Diversity in tourism ought to be valued. We have to get the right balance between national and local.

One of the advantages that has flowed from the new structures is that there has been greater private sector involvement. Before, it was too easy for private sector businesses such as bed and breakfasts to pay their subscription to the ATB and think that they had done their bit. However, in Orkney, for instance, the Orkney tourism group is

extremely lively. In February, it organised an important seminar on tourism. It recognises that the obvious tourism-related industries, such as hotels, restaurants, bed and breakfasts and the main visitor attractions are important and that the food and drink industry and the craft industry are important. The new structures give an incentive for the private sector to engage more actively than it has done in the past.

Another important part of the package that was announced relates to training and skills. Charlie Gordon mentioned the fact that around 9 per cent of Scotland's workforce is engaged in tourism. We are all aware that a large part of the tourism industry is made up of people who are seasonally employed, such as students—in that regard, I declare an interest, as my daughter has been working as a waitress in an Orkney hotel for the past four or five weeks. It is important that people identify tourism as an industry that can offer career opportunities. Certainly, the ministerial group that I chaired identified the importance of addressing the skills gap. There is a need to ensure that skills are promoted in the tourism industry. When the minister replies, it would be useful if she could say what is being done to address that important issue.

The bill delivers a formal structure. However, as we are all aware as a result of the many pieces of legislation that we have passed, formal structures take us only so far. What happens on the ground is vital. There are benefits from national marketing, but we will ensure that value is added to an important industry by being sensitive to the importance of local delivery.

10:31

Phil Gallie (South of Scotland) (Con): I came into the chamber this morning recognising that, while there are differences between us on the bill, we would have a relatively balanced debate. Many good points have been made by many members. However, I suffered some consternation when Jamie Stone said that this was a tidying-up bill. The last time that something was so described was when Peter Hain and Peter Mandelson suggested that the European constitution was merely a tidying-up exercise. On that basis, I had another quick look at the bill to see where the bugs are. Happily, however, I do not see too many, and my opinions have not changed too much during the debate.

Tourism is a major earner for Scotland. The figures that Charlie Gordon gave with regard to Glasgow were particularly interesting. The fact that more people in Glasgow work in tourism than worked in shipbuilding in the old days says it all about the importance of tourism to Scotland. On that basis, we must ensure that, whatever

Government does with regard to the tourism industry, we support rather than harm and ensure that the industry can go forward with minimum regulation by and involvement of the Government.

I congratulate the minister on the way in which the Executive has promoted Scotland in a number of ways. Scotland has a lot going for it, not least in the field of sport. In music and in food, we have a distinct brand. Our agriculture and food industries work well to provide considerable material for whatever body markets Scotland. As Christine Grahame said, we have a wonderful natural environment—we have the water, the hills and the landscape. We have to protect those things so that the marketing bodies can market them. In that regard, I will make one quick point on a familiar theme: let us not spoil our landscape by covering it with too many wind turbines. We must use a modicum of sense in developing wind power.

I recognise that VisitScotland's central role relates to global marketing, but I am concerned about the effect that that has at a local level. I note what the minister said about the desire to encourage partnerships between the public and private sectors but, as Alex Fergusson said, such partnerships lack teeth. I am concerned about the fact that there will be a feeling of isolation in some localities. Alex Fergusson highlighted the situation in Dumfries and Galloway. It is unfortunate that a dissenting voice was not welcomed on to the forum. There should be a balance. We can all stand a bit of dissent in whichever forum we work. It is unfortunate that the ADGAP representative was not backed in that situation.

I get the feeling that the Tourist Boards (Scotland) Bill is a bill for big players such as the larger companies and the global enterprises that have moved into tourism. I want to ensure that the local voice is heard and recognised as an important feature of tourism throughout Scotland. If we consider Charlie Gordon's figures and the impact on employment in Scotland, we find that small businesses provide the bulk of the opportunities for employment and earning. Whatever happens, we must ensure that their voice is not diminished.

Patricia Ferguson: Does Mr Gallie recognise that local businesses are assisted not just by our commitment to tourism per se but by our commitment to a number of other strategies? For example, our international and regional events strategy encourages local events to go into local tourism areas so that the local market can benefit. We have the views, concerns and viability of local businesses at heart.

Phil Gallie: I hear what the minister says and I hope that that turns out to be the case. I take the opportunity to say that EventScotland has been highly successful. I give credit to the Scottish

Executive for that, and I also gave it credit when I spoke about its input to sport. However, we need more than just the Government giving opportunities. We need to ensure that local voices are heard. Local areas have their own perceptions and reasons for putting forward their views. It is not enough for them simply to express those views; they have to be heard and, somewhere along the line, acted upon. Concern has been voiced about that, not only by Conservative members but by others in the debate.

Finally, I refer to the Scottish Tourist Board's change of name. The minister said that she has reserved the name to ensure that it cannot be used elsewhere. I think that the change of name is irrelevant, to be honest. VisitScotland is an appropriate name but, as one of the officials told the Enterprise and Culture Committee, it could be changed at any time in the future. That being the case, why not just leave the name as it is and retain the name Scottish Tourist Board, given that it can rebrand itself in any way it wishes?

10:38

Mr Kenny MacAskill (Lothians) (SNP): This has been a wide-ranging debate. It is on a narrow issue, but one that is part of a wider generic topic. Many members gave credit to the industry and put that on the record. As we approach the recess and people, including me, prepare to depart on their travels, we sometimes forget what we have in Scotland. We have the unparalleled beauty and the amenities that many members mentioned, but we also have remarkably good service.

As many members said, the Scottish tourism industry has improved remarkably. There is a self-deprecating aspect to the Scottish character that can be charming and endearing, but sometimes it can go too far. We often hear apocryphal tales about bad service, such as somebody being refused tea at 7.30 pm in Aviemore or wherever. In fact, whether in a chip shop in Gourock or a five-star establishment in Edinburgh or Glasgow, remarkably good service is the norm. There are instances of poor service, but they happen worldwide. We should praise the industry, not just for what it contributes to the Scottish economy, but for the fact that it has improved remarkably and is still improving.

Jim Wallace's comments were appropriate. There are career opportunities and career paths in tourism. There has to be a change of attitude in Scotland that service is not servility. Whether that is being changed by the attitudes of those in the industry or by Aussie backpackers working in bars here, who have created a sense of glamour and a sense that such careers are things that people can go into and enjoy, things have changed remarkably and we should pay tribute to that.

It could be argued that today's debate is almost a debate on subordinate legislation, but we understand why primary legislation is required. The changes that are made by the bill might be part of a tidying-up process, as my colleague Brian Adam said, but they have to be made. Not all debates in the chamber can be on strategic matters; some have to deal with the minutiae and address structural matters. We are happy to support the bill.

There was considerable delay with the ATBs going through. We sometimes look back at the halcyon days, but let us not delude ourselves. Many ATBs worked remarkably well—we in Edinburgh and the Lothians were well served—but other ATBs had difficulties that were not simply financial and they did not manage to achieve everything that they needed to. There were difficulties with getting people to sign up for what they perceived to be a state responsibility, and I had a great deal of sympathy with that. There were also difficulties when we expected people—whether they were electricians or hoteliers—to join together. There was not necessarily a configuration of interests. It is important that we tidy things up.

To some extent, the question of the name is a tautological matter. I have never been particularly sold on the name "VisitScotland", but it is the name that we have and I see no point in seeking to rebrand the body. I have debated that point with others in my party. Whether the body is called "VisitScotland", "Welcome to Scotland" or "Come to Scotland", what matters is what it does.

Christine May: Does Mr MacAskill agree that the customer is important? We have perhaps not focused on that in this morning's debate. Without increasing numbers of customers, wherever they come from, we will not get the growth in tourism that we seek.

Mr MacAskill: Absolutely. The tourism industry in Scotland needs to be supported and assisted in how it trains staff and provides services, but it is doing a remarkably good job itself and the private sector is delivering those things, aided and abetted by colleges, the Executive and the civil service at both national and local level. Fundamentally, we have to make Scotland affordable and accessible. To give credit where it is due, the work on opening up new air links has been appropriate. We have a problem with the exchange rate, which makes this country outrageously expensive for most tourists from other countries. Until that can be addressed, we will have a problem, although concentrating on niche markets is important.

We must remember that it is not VisitScotland's role to compete within Scotland. It is up to individual areas to sell their wares as they can,

whether it is Christine Grahame promoting the outdoor facilities that are available in the Borders or Charlie Gordon orating the benefits of the city of Glasgow, with its marvellous architecture. At the end of the day, VisitScotland's job is to get people to come to Scotland. Where they go thereafter depends on the attempts to persuade them of the benefits of each area and on what type of holiday they want. We live in a globalised world, so we have to tailor things to suit people. We cannot simply say, "Come to Edinburgh because of its wonderful castle." People can pick and choose from a variety of castles throughout the world, including those in the Czech Republic and the Baltic states. We have to give people a specific reason to go to the destination.

Phil Gallie: I do not recognise the member's comment that Scotland is expensive. One of the benefits that we in Ayrshire have gained from the new air routes is that we now attract many visitors from Scandinavia, in particular. That is because Scotland offers good value, rather than the high costs that Kenny MacAskill mentioned.

Mr MacAskill: Scotland offers good value for many of the golfers who come here and I welcome the fact that they come in on the Ryanair flights and other new flights. However, we remain a remarkably high-cost destination, whether that is due to the high pound, high VAT or high fuel costs. The cost of a hotel room in the city of Edinburgh—and indeed in Ayrshire—is significantly higher than one would pay in the United States or mainland Europe. That factor is beyond our control, but it impinges on Scottish tourism. Mr Gallie shakes his head, but if he speaks to those in the sector, they will tell him that they have to try to sell a high-cost product. They are selling it well and, correctly, they are going up-market to try to make sure that they get the best value, but the cost is an impediment. People can get the same product in some areas in Ireland at a considerably lower cost. As I say, that is beyond our control but the issue must be addressed.

An element of local accountability is required—other members, including Mr Gallie, have touched on that—but the nature of the beast is that some centralisation is also required if we want VisitScotland to sell Scotland in the international market. However, we must take cognisance of individuals' views and of the relationships and rapport that existed with many local tourist boards. VisitScotland must do better at that; in the areas in which I am involved, the rapport that existed with the then Edinburgh and Lothians Tourist Board has not been created with VisitScotland's regional office in the city of Edinburgh. That may be down to personalities, but it must be addressed.

As for niche markets, it might not have been best for some tourist boards to take responsibility

for cruise liners and others to take responsibility for teaching English as a foreign language, which is important in Edinburgh, but we must ensure that those markets are picked up, although it is accepted that they are non-core. VisitScotland has a responsibility to promote Scotland as a cruise-liner destination and as a place in which to learn the English language, because those features add value to simply targeting the core market in the low countries, France, Germany and North America. That must be addressed. Perhaps that is being done, although I am not aware that it is and elements of the sector have complained to me about that. The issue can be overcome.

As I and others have said, we in this country too often see the glass as half empty rather than half full. We have a fantastic product and our industry is doing well and can do better, despite the difficulties with matters that are beyond its control. However, as I said, this debate is about tidying up that must be done. Wider-ranging debates are for the future.

The Deputy Presiding Officer: I call Patricia Ferguson to wind up the debate. Officially, you are due 10 minutes, but a couple of minutes are in hand if you require them.

10:47

Patricia Ferguson: I listened with great interest to the debate and I genuinely thank my parliamentary colleagues for their speeches. I am particularly heartened that, like me, they believe that tourism is everybody's business.

It is good to hear that, on the whole, Parliament agrees that Scotland and VisitScotland are making good progress. I thank the Enterprise and Culture Committee for its consideration of the bill and I am pleased that it supported the general principles. However, it is clear that the committee and members who are present require reassurance on several issues. I will attempt to answer as many queries as I can; if I do not manage them all, I will write to the members concerned after the debate.

In opening for the Scottish National Party, Brian Adam made several points to which I should respond. Through interventions, too, he pursued a theme about marketing having been separated out. We have debated that already; that is how we reached where we are. We have worked hard to develop a single brand for Scotland, which it is important to have, for the reasons that Kenny MacAskill outlined. It is fair to say that the campaigns on the single brand are giving a very strong return on investment. For example, the return on investment for the welcome to our life campaign was £23 for every £1 that was spent. That approach has worked well.

Brian Adam *rose*—

Patricia Ferguson: I will not give way as I have a lot to get through.

Brian Adam asked whether Westminster was content with our changing legislation. We are discussing with Whitehall an order under section 104 of the Scotland Act 1998, but the United Kingdom Government has agreed in principle that we should proceed in that way.

Brian Adam talked about the power to promote Scotland overseas. VisitScotland promotes Scotland to developed markets. In new and developing markets, it works closely with VisitBritain. Much progress has been made on that.

Jamie McGrigor talked about the shabby treatment of members of the previous area tourist boards. VisitScotland and I have acknowledged the work that was done. If things are as bad as Mr McGrigor thinks, I am surprised that none of the people or organisations to which he referred chose to give evidence on the bill to the Enterprise and Culture Committee.

The name "VisitScotland" is an example of an industry standard of using the word "visit" and the name of a country, so we are bringing our system and our enterprise up to date.

I know that visitscotland.com receives much criticism on many matters, but a significant number of tourists nowadays choose to book online when arranging to visit a country. Through visitscotland.com, £45 million of business has been arranged for accommodation providers, which shows that the website is at least heading in the right direction. I accept that not everything in the visitscotland.com garden is rosy, but it has moved on significantly and will continue to do so.

Mr McGrigor: Tourism people heap praise on the tourist information centres. I have asked the minister in the past whether those centres will be kept. Will she give me a concrete assurance that they will be kept?

Patricia Ferguson: When I make comments in the chamber, I sometimes wonder whether I should repeat them there and then. In response to an intervention by Mr Stone, I spoke about the review of tourist information centres that VisitScotland undertook. I understand that that is complete and that VisitScotland is to produce its plans. I cannot give a cast-iron guarantee—nor should I—that every information centre in the country will be kept open, because some are in the wrong places or operate in the wrong ways. Such matters must be reviewed over time. The centres have an important role to play, on which we can improve. They are a valuable part of the network.

Alex Neil said that the committee's various reports were excellent recess reading and I agree.

He was correct to say that the board and the management of VisitScotland do a good job. However, I take issue a little with him and with Gordon Jackson about the initiatives that they saw in California, because we now have a model that is the envy of many parts of the world, which are considering copying the VisitScotland integrated structure and which are asking VisitScotland how that was achieved. Of course, we are always open to new ideas and we know that we must continue to innovate.

Gordon Jackson was right to say that the debate is not just about the structure, but about the culture of the organisation and of tourism in Scotland and about the value that we—and everyone outside the chamber—collectively place on tourism. He said that it is important for the sector to be involved. The fact that the 50 per cent target that Alex Neil and Christine Grahame mentioned is an industry target that we in the Government support shows the buy-in from the industry.

Chris Ballance and Alex Fergusson spoke about the problems that ADGAP perceives that it has in Dumfries and Galloway. I hope that Chris Ballance is correct that working methods have changed and that there have been positive developments between VisitScotland and ADGAP. However, we need to be clear that ADGAP is not just an association of accommodation providers; it provides a rival website and booking service and is a commercial organisation that competes with visitscotland.com. I understand that ADGAP's application to the area tourism partnership was rejected not by VisitScotland, but by the entire partnership unanimously, as Alex Fergusson said. It is worth putting that on record and into context, but I am perfectly happy to look into that further if that would help.

Christine Grahame made the valid point that many visitors to the Borders come from England. That is why the UK domestic market is important. We know that 45 per cent of English people have never been to Scotland, so we have a big untapped market on our doorstep. If we could get them to deviate into Dumfries and Galloway, that would be all the better. Of course, it would be entirely possible for us to do that. I am sure that other members will put in bids for places those people should visit.

Charlie Gordon was right to emphasise the importance of the Glasgow City Marketing Bureau, and I know that the Edinburgh bureau is having a similar benefit. However, we should acknowledge that the City of Edinburgh Council and Glasgow City Council not only have worked well in partnership with VisitScotland but have made substantial investment, because they understand the importance of tourism to their areas and want their strategies to be successful.

Several members, particularly Jim Wallace, rightly raised the issue of skills and the importance of making careers in the tourism industry viable and attractive to people. That is an important part of our work and the issue certainly poses a constant challenge, but the influx of people from other parts of the world is helping significantly to push up the standards of the indigenous workforce. For example, three weeks ago, I launched a project at Dunfermline high school to encourage young people in schools to learn online about training opportunities in the hospitality, catering and tourism sectors. Moreover, Sector Skills Alliance Scotland has launched a DVD that highlights the workplace training at the St Andrews Bay hotel as an example of good practice. The hotel has won awards for its training and stands as a good example of how the tourism industry can get things right.

Presiding Officer, I am not sure whether I am running out of time.

The Deputy Presiding Officer: The debate has to finish by 11 o'clock, so you have almost three minutes left.

Patricia Ferguson: Thank you. I can now wax lyrical about tourism, which, along with sport and culture, is one of my favourite subjects.

In my intervention on Mr Gallie, I mentioned the regional events strategy. The fact that that is an important aspect of the work of EventScotland—which, of course, is an adjunct of VisitScotland—shows the synergy of tourism, culture and sport. We cannot underestimate the value of sporting and cultural tourism to our country.

Mr Stone: Mr Gallie mentioned food in his speech. Will the minister consider further promoting food as a tourism product through food fairs and so on? I should perhaps declare an interest in that respect, Presiding Officer.

Patricia Ferguson: As Mr Stone is sitting next to me and I am aware of his interest in the subject, I was just about to mention the importance of food to tourism. In that respect, I am pleased to support the EatScotland scheme, which I think has a great deal of merit. The wonderful thing about it is that it concentrates not only on five-star restaurants, but on the good practice in small local tearooms and fish and chip shops and recognises the value of and the international interest in good, fresh Scottish produce.

I hope that Parliament has been reassured that the Tourist Boards (Scotland) Bill is doing the right things. The industry has set itself the ambitious and important target of growing tourism revenues by 50 per cent by 2015. However, I draw the attention of members—particularly those who might be spending some time in Scotland during the summer recess—to our green tourism

business scheme. We have to take care of the country that everyone we know wants to visit and maintain the scenery and wildlife that members have referred to. The green tourism business scheme is a way of meeting that aim and I ask members who are holidaying in Scotland this summer to look out for providers who are members of that scheme. There are many, and their work is of very high quality.

The bill will put the VisitScotland integrated tourism network on a proper legal footing and allow it to continue its world-class work towards achieving our ambition of making Scotland one of the world's foremost tourist destinations by 2015. I urge the chamber, including Mr Fergusson and his colleagues, to support it.

Decision Time

The Presiding Officer (Mr George Reid):

There are two questions to be put as a result of today's business.

The first question is, that motion S2M-4612, in the name of Patricia Ferguson, that the Parliament agrees to the general principles of the Tourist Boards (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West) (Ind)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Cunningham, Roseanna (Perth) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Martin, Campbell (West of Scotland) (Ind)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)

McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (South of Scotland) (SNP)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Aitken, Bill (Glasgow) (Con)
 Brownlee, Derek (South of Scotland) (Con)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Petrie, Dave (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Murray (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 83, Against 0, Abstentions 14.

Motion agreed to.

That the Parliament agrees to the general principles of the Tourist Boards (Scotland) Bill.

Tourist Boards (Scotland) Bill

Marshalled List of Amendments for Stage 2

The Bill will be considered in the following order—

Section 1
Section 3
Section 4
Section 5

Section 2
Schedule 1
Schedule 2
Long Title

Section 1

Murdo Fraser

- 1 Leave out section 1

ENTERPRISE AND CULTURE COMMITTEE

EXTRACT FROM THE MINUTES

22nd Meeting, 2006 (Session 2)

Tuesday 26 September 2006

Present:

Shiona Baird

Richard Baker

Susan Deacon

Murdo Fraser

Karen Gillon

Michael Matheson

Christine May (Deputy Convener)

Alex Neil (Convener)

Mr Jamie Stone

Tourist Boards (Scotland) Bill: The Committee considered the Bill at Stage 2 (Day 1).

The following amendment was disagreed to (by division)—

1 (For 2, Against 6, Abstentions 1)

Sections 1, 2 and 3, schedule 1, section 4, schedule 2, section 5 and the long title were agreed to without amendment.

The Committee completed Stage 2 consideration of the Bill.

15:16

On resuming—

Tourist Boards (Scotland) Bill: Stage 2

Section 1—Scottish Tourist Board: change of name

The Convener: Agenda item 3 is stage 2 of the Tourist Boards (Scotland) Bill. Members have copies of the marshalled list of amendments for the bill. I welcome to the meeting the Minister for Tourism, Culture and Sport, Patricia Ferguson.

Amendment 1, in the name of Murdo Fraser, is in a group on its own.

Murdo Fraser: I am delighted to speak to amendment 1.

Members who recall the committee's stage 1 debates, which were conducted in preparation for our report, will not be surprised that I have lodged amendment 1. The amendment deals with an issue that is dear to my heart and which I raised at that stage. Its purpose is to delete section 1 of the bill and therefore ensure that the Scottish Tourist Board will not be renamed VisitScotland, but will remain as the Scottish Tourist Board.

I lodged my amendment for three reasons. First, we should all sign up to the principle that we should seek to legislate only where doing so is absolutely necessary, and thereby set our faces against unnecessary legislation. The proposal that has been made is unnecessary. There is no earthly reason why the Scottish Tourist Board should be renamed VisitScotland. If the organisation's name is retained, it can trade under any name that it wants to trade under. Currently, it trades under the name VisitScotland, but it could trade under any name now or in the future. There is no legal reason why there must be a change of name.

Secondly, the Scottish Tourist Board's name is perfectly appropriate in the light of what the organisation does. It is immediately obvious what a person is talking about when they talk about the Scottish Tourist Board—he or she will not have to go into a long explanation about what it does. People might be becoming familiar with the name VisitScotland, but when that name is used, what the organisation does must often be explained because it is not immediately apparent; what it does must often be explained to people from overseas, for example. The Scottish Tourist Board's name perfectly describes the organisation, so it is unnecessary, at best, to change it. The name VisitScotland was probably dreamed up at great expense by marketing consultants—no doubt the same people who devised the new Tory

party logo. I dare say that they reached the conclusion that the name is attractive—as the Tory party logo is, of course—and that it will attract headlines, but it is very much a marketing name. I am not sure that it necessarily follows that the organisation's legal name should be the same as its attractive marketing name.

The final reason why I oppose the measure is that if we now change the name from the Scottish Tourist Board to VisitScotland, we will set a precedent such that when we inevitably rename the organisation in the future—I suspect that VisitScotland is a name that is very trendy at the moment, but which may need to be changed in 10 or 20 years—we will have to pass a similarly unnecessary act of Parliament to change the organisation's name once more.

For the three reasons that I have outlined, I oppose the change of name. I am pleased to support the amendment in my name.

I move amendment 1.

Shiona Baird: I agree with everything that Murdo Fraser said. While listening to him, it occurred to me, as a former member of the Angus and Dundee tourist board who has holiday accommodation, that I would like the minister to say what the regional boards will be called. Perhaps I should know that already. I do not see myself lifting up the phone and saying that I am a member of VisitScotland Dundee. Many of the visitors to my accommodation came from within Scotland. The Scottish Tourist Board is a name that provides a much rounder description, which implies that many visitors come from within Scotland. The new title of VisitScotland implies that people are coming in from the outside.

Mr Stone: I am getting on—I am an old bloke of 52. However, the word “board” seems to be terribly backward looking. It is synonymous with the 1930s, 1940s and 1950s. “VisitScotland” means precisely what it says—by cleverly putting together two words it invites people to visit Scotland, which is what we are all about. We lose that by using old-fashioned English. I accept Murdo Fraser's point about the oak tree and so on, but I will disagree with the amendment for the sake of it.

The Convener: If the same marketing executives produced the Tory logo, they are going from success to success. Would the minister like to say a few words?

The Minister for Tourism, Culture and Sport (Patricia Ferguson): Certainly, convener. Thank you for having us along this afternoon.

It is true that the Scottish Tourist Board is already calling itself VisitScotland and could and would continue to do so, even if we did not change

the name legally. However, the bill in its entirety provides a new start for tourism in Scotland. It is about consolidating the work that has been done over the past few years to make the Scottish Tourist Board into a 21st-century tourism organisation, and about putting that integrated organisation on a proper legal footing. For that reason, it is right that the Scottish Tourist Board's new name, VisitScotland, will also be put on a proper legal footing. As Mr Stone correctly said, the name "Scottish Tourist Board" belongs in the past. This is a fresh start for the organisation, so it is right that its new name will be made official.

I can reassure Mr Fraser on at least one of the points that he made: we are committing ourselves to a name that will not need to be changed by more primary legislation if, in years to come, we and VisitScotland decide that the name is no longer appropriate. The bill does not prohibit a future name change—we can make such a change without resorting again to legislation.

It is true that it is not vital that we change the legal name of the organisation to VisitScotland, but the committee will agree that this is a good opportunity to put the new name on a legal footing and to confirm VisitScotland as the way forward for Scottish tourism.

Murdo Fraser: I will sum up briefly. I was interested in my colleague Mr Stone's comment that the name VisitScotland perfectly describes what we want it to do. As Shiona Baird pointed out, that may be the case for people from overseas, but it is a strange admonition to urge people who are already in Scotland to visit Scotland.

Nothing that the minister had to say convinced me to change my mind on the issue. With respect, I suggest that she argued against herself, because she said that it would be possible in the future for the organisation to call itself anything that it wants, without new legislation. That is the case at the moment, which means that legislating on the matter is unnecessary. The minister conceded that it was not vital to change the name by legislation, so I rest my case. Section 1 is unnecessary. Accordingly, I will press amendment 1.

The Convener: The question is, that amendment 1 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Baird, Shiona (North East Scotland) (Green)
Fraser, Murdo (Mid Scotland and Fife) (Con)

AGAINST

Baker, Mr Richard (North East Scotland) (Lab)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Gillon, Karen (Clydesdale) (Lab)

May, Christine (Central Fife) (Lab)
Neil, Alex (Central Scotland) (SNP)
Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)

ABSTENTIONS

Matheson, Michael (Central Scotland) (SNP)

The Convener: The result of the division is: For 2, Against 6, Abstentions 1.

Amendment 1 disagreed to.

Sections 1 to 3 agreed to.

Schedule 1 agreed to.

Section 4 agreed to.

Schedule 2 agreed to.

Section 5 agreed to.

Long title agreed to.

The Convener: That ends stage 2 of the Tourist Boards (Scotland) Bill and completes our meeting this week. I look forward to seeing members again next week.

Meeting closed at 15:26.

EXTRACT FROM THE MINUTES OF PROCEEDINGS

Vol. 4, No. 27 Session 2

Meeting of the Parliament

Wednesday 25 October 2006

Note: (DT) signifies a decision taken at Decision Time.

Tourist Boards (Scotland) Bill – Stage 3: The Minister for Tourism, Culture and Sport (Patricia Ferguson) moved S2M-4919—That the Parliament agrees that the Tourist Boards (Scotland) Bill be passed.

After debate, the motion was agreed to ((DT) by division: For 96, Against 2, Abstentions 15).

14:30

On resuming—

Tourist Boards (Scotland) Bill: Stage 3

The Presiding Officer (Mr George Reid): The first item of business this afternoon is a debate on motion S2M-4919, in the name of Patricia Ferguson, that the Tourist Boards (Scotland) Bill be passed.

14:30

The Minister for Tourism, Culture and Sport (Patricia Ferguson): This is a great time for Scottish tourism. It is one of Scotland's real success stories and much of that success is down to the work of VisitScotland. Since its reorganisation, the new VisitScotland network has gone from strength to strength, which is why it is important to put the reorganised network on a proper legal footing. That is what the bill is all about.

As members are probably aware, tourism is worth £4.2 billion to the Scottish economy, and the industry employs 200,000 people in 20,000 diverse businesses throughout Scotland. It supports around 9 per cent of employment in Scotland, rising to 13 per cent of employment in the Highlands. Tourism sustains many of our rural communities.

Last year was a record year. Nearly 2.4 million overseas visitors came to Scotland—an increase of 50 per cent since 2001 and the highest figure ever recorded. That is a fantastic achievement by our tourism industry and by VisitScotland. Also, our overseas visitors are spending more when they are here. Last year they spent £1.2 billion, beating the previous highest amount, which was recorded in 1998. There are increasing numbers of visitors to visitor attractions, and occupancy rates are at a record 10-year high.

It is clear that much of that success is down to the tourism industry, which is raising its game and has responded to the challenge that it has set itself through its ambition of achieving 50 per cent growth. The industry is working in a genuine partnership with local authorities, the enterprise networks and VisitScotland. However, some of the success is down to the Executive's investment in tourism. For example, as a result of our investment in the route development fund, 36 new direct flights to Scotland are currently operating, including 27 international routes, which have played a major role in increasing the number of overseas visitors. In the past financial year, about 1.4 million passengers were carried in and out of Scotland on our supported direct routes. Three years ago the figure was 291,000.

To achieve the massive improvement in Scotland's international connections, we have invested £4 million, which is putting in place the strategic connections that Scotland needs, and bringing significant benefits to Scotland's economy, especially our tourism economy.

Our investment in VisitScotland is also paying dividends. For every £1 that VisitScotland spends on marketing in Europe, £29 is generated. For every £1 that is spent on marketing in the United States of America, £33 is generated. VisitScotland's United Kingdom marketing—including its television and cinema campaigns—generates an incredible £34 for every £1 spent. I am sure that Parliament will agree that that is money well spent. Others think so, too, which is why VisitScotland has won more than 20 awards for its innovative marketing campaigns, and why I am investing a further £800,000 in VisitScotland this year, to allow it to do even more marketing of direct air services to Scotland. I am investing in an organisation that we know produces results—I am investing in success.

The purpose of the bill is to put the new VisitScotland network on a proper legal footing and to ensure that it is fit for purpose, so that it can continue to do the excellent work that it has done to make Scotland's tourism industry the success story that it is today.

Existing legislation requires that there be area tourist boards, but having different strategies for different areas simply does not work in this age of global tourism. VisitScotland has demonstrated that its network approach works. The bill will therefore repeal the requirement for area tourist boards and dissolve the two network tourist boards that were set up temporarily as part of the integration process. That means that VisitScotland can become fully integrated and operate as a single legal entity. The bill also makes provision for the transfer of staff from the network tourist boards to VisitScotland.

Given the broader role that VisitScotland now has, the bill will increase its board from seven members to a maximum of 12. That will ensure that the board has knowledge, expertise and experience in all aspects of VisitScotland's work. Finally, the bill will change the organisation's legal name from the Scottish Tourist Board to VisitScotland—a change that has, for all practical purposes, already taken place. The bill gives us the opportunity to put the new name on a proper legal footing and to confirm VisitScotland as the way forward for Scottish tourism.

As the minister with responsibility for international development, I am delighted that, in addition to the work that VisitScotland does to boost Scottish tourism, VisitScotland will now contribute to our work with Malawi to help to

develop a tourism implementation plan. I understand that we are joined in the gallery today by visitors from the Malawi Ministry of Tourism, National Parks and Wildlife and the Malawi Institute of Tourism. I hope very much that they find this afternoon's debate interesting and that they have a fruitful week with us in Scotland. The success of VisitScotland means that it will have a good deal of advice and experience to share.

The bill is not about changing the way in which VisitScotland works; the organisation is already working well against a backdrop of increasing competition and an ever-changing international market. All the signs are that our growth will continue and I am confident that VisitScotland will continue to lead that growth.

I move,

That the Parliament agrees that the Tourist Boards (Scotland) Bill be passed.

14:37

Brian Adam (Aberdeen North) (SNP): It is right that the minister praises our tourism industry for its successes—indeed, it is currently quite successful. I note, however, that she made scant reference to the Tourist Boards (Scotland) Bill. It is unfortunate that such a bill is necessary, but I am delighted that, as a consequence of the bill, primary legislation will not be required to change the name of the organisation in the future. The minister is to be commended for ensuring at least that that is not something that we will have to revisit.

On a procedural matter, it is unfortunate that we need to have this debate because the matter is decided—there are no amendments. All we have to do now is vote on the motion to pass the bill. Members will undoubtedly take the opportunity to give their views on tourism, the direction that it is taking and the direction that it may take in the future. Nevertheless, the debate is part of the legislative process so I am not sure that it is the place for such speeches. I do not hold the minister to account for that; it is perhaps something that the Procedures Committee should consider.

I turn to the successes that are being achieved. It is great that we are welcoming so many new overseas visitors. The minister is right to say that that is related to the fact that Scotland is now much better connected to the rest of the world than it was a few years ago. The route development fund was supported—if not initiated—by my colleague, Kenny MacAskill. The Executive has adopted it, as has BAA, which contributes more money than the Executive to the fund. The fund has been the main driver in increasing tourist numbers. I am delighted, too, that, as route development has progressed, we

have seen airports other than Edinburgh, Glasgow and Prestwick prosper; Aberdeen airport has prospered, too.

The minister rightly pointed out how crucial tourism is to the Highlands and Islands. I would like to see steps being taken to encourage more direct flights and access to all parts of Scotland, as part of the goal to refine the programmes around the route development fund. That will mean that there is a greater incentive to ensure that all Scotland benefits.

I understand that we have in previous years not gathered information about the final destinations of people arriving in Scotland. That kind of information is very useful in helping airlines to make up their minds about how to develop packages for the future. I hope that we are now in a position to offer such information to help to develop future tourism access to the whole of Scotland.

One disappointing feature of the figures that were produced today—I do not want to berate anyone for this—is that we have not managed to recover our pre-2001 position in the United States. The increase in tourism from Europe has compensated for that, which is directly related to the route development fund. There might be obvious reasons for the changes in tourism from the US, but I am not sure that we have targeted that market as effectively as we might. Perhaps we need to encourage more direct connections between Scotland and the US. If it works for Europe, it should work for the US. It is in that context that I raise that issue.

The Scottish National Party does not have any difficulty with the bill and so will support it. It is just unfortunate that we had to devote so much parliamentary time to a name change—I am glad that we will not have to do so again in the future.

14:42

Mr Jamie McGrigor (Highlands and Islands)

(Con): It is my sincere hope, and that of my party, that the changes that will be made by the bill if it is passed will be good for the people who make their living out of tourism, which is, after all, Scotland's largest industry. It is possible that the ATB model that was set up by the Conservatives in 1995 needed some modernisation. However, although I accept that the main players who are now employed by VisitScotland are very professional operators, we are concerned that the integrated model that has been produced by the Executive will result in a loss of local knowledge and leadership.

The hubs and area tourism partnerships have been running since April 2005, despite the fact that only now are they being put on the statute

book, so we can listen to what tourism operators think of their experience of the new model so far. There is no doubt that many of them are not happy—it is precisely because of that that the Conservatives abstained at stage 1. Not much has happened since then to change our minds. I have an example. I was recently rung up by an operator in Oban who said that they could not tell me how frustrating it is to be asked whether they are within walking distance of Stirling town centre when they are based in Oban.

Many doubts were expressed at the Scottish Tourism Forum, which met in Pitlochry two weeks ago. We have severe concerns that the new model is too centralised. As I said at stage 1, I and several of my colleagues have conducted tourism surveys in our areas that suggest a high level of discontent with the new model. Since then, people have told me that the silence between the newly constructed hubs and the tourist operators on the outside of the wheel is deafening; there is not enough dialogue. We should not forget what the Enterprise and Culture Committee said in its report:

“the current local area tourist boards are a repository of a significant amount of skills and knowledge. It will be important that in any new structure for tourism in Scotland, VisitScotland does not lose this local expertise in its drive for increasing professionalism in the sector.”

We are worried about that centralisation. The bill will simply rubber-stamp what already exists, but if Scottish tourism is to improve then tourism growth must be profitable. Public sector support is important for that, but business investment and efficiency of Government and regulation are indispensable.

The new structure is overcentralised. Although it has improved some aspects of VisitScotland's marketing and, I admit, contains some good elements such as EventScotland and EatScotland—Scotland tastes delicious—the overcentralised nature of the new structure risks alienating the smaller tourism businesses that are the lifeblood of our more rural areas. Small tourism businesses make a huge contribution to many communities. The effects of the failure of such businesses are proportionately greater in rural areas than is the case in more populous areas. I am especially concerned that the new structure does not seem to provide a voice for that part of the industry. Time and again, I have heard it said that the restructuring is about the bigger companies in the major cities and offers little to operators in remote areas.

It seems ridiculous to abolish the tried and tested “Scottish Tourist Board” as the legal title, given that the trading name could obviously be changed at any time. I have no objection to the name “VisitScotland”, but I am reminded from

photographs of my youth that trends and fashions pass on. "VisitScotland", with its grammatical oddity, may look outdated all too soon.

I have no concern about the increase in the size of the board as long as the board members are the best that we can get and have professional knowledge that will benefit the industry. I hope that the minister will listen to the industry when it calls, for example, for the dualling of the A9 between Perth and Inverness—which my colleague Murdo Fraser and others in my party have also have called for—and the need for profitable growth. We also need training schemes for employees in the tourism industry and for tourism students so that what is now our biggest industry can grow even bigger.

Scotland will always sell itself well, but the Scottish Executive must also do its best to bring that about.

14:47

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The minister was quite right to point out the success in recent times of Scotland's tourism industry. When my wife and I were in north-west Sutherland last week during some terrible weather, it was a great pleasure to see that the Kinlochbervie Hotel and the Mackay's Rooms and Restaurant in Durness—both of which Mr McGrigor will be acquainted with—were full of not just Scots but international tourists. We hear that tourism supports 9 per cent of Scotland's economy and 13 per cent of the Highland economy; those figures are true and I believe that they are rising. Our investment certainly seems to be bearing fruit.

I listened to Jamie McGrigor's speech with great interest. He made some strong points, to which I will come in a second, but if the situation is as bad as people have been telling him, why is the industry doing rather better than it was? That is a difficult question.

Mr McGrigor: I am delighted that the figures that we were published yesterday show an increase in visitor numbers, especially from America. However, I point out that most of those bookings would have been made when the old area tourist boards were still in place, so the figures are not a strong argument for the bill. Furthermore, I have heard recently that tourism bookings for this year may be considerably down.

Mr Stone: Perhaps the people who want to book a holiday in Stoer lighthouse need to book two years in advance, but VisitScotland has been around for considerably longer than Mr McGrigor suggests. I assure him that his point does not apply to the bookings that were made for Durness.

However, Mr McGrigor made a fair point about how crucial training is, especially for students of

tourism. I differ from Mr McGrigor in that I believe that we are building on a sure foundation, although I accept that we can build more on it.

As the minister and Brian Adam have mentioned, the bill will also change the official name of the Scottish Tourist Board. I take issue with Mr McGrigor, as I did with Murdo Fraser, about that. Perhaps being a trendy Lib Dem—or perhaps not, some of my colleagues might say—I believe that "VisitScotland" is an apt and snappy title. The Conservatives perhaps prefer to cherish the things of the past but, in fairness, the title "Scottish Tourist Board" is outdated. We are each entitled to our opinions about that.

On the connections between Scotland and the rest of the world, Brian Adam made the plea that other parts of Scotland should also be connected. I will come to his point about the United States in a moment, but there is something in what he said and the Executive is working on the issue. The point is fair. I am not talking about sending huge aeroplanes into the smaller airports that are scattered about the Highlands, but surely it is desirable to increase the number of flights into some of them. After all, Mr McGrigor knows Ackergill Tower as well as I do, and increasing the number of flights into Wick will help such businesses.

Chris Ballance (South of Scotland) (Green): Does the suggestion to increase the number of flights accord with the Liberal Democrats' stance on the environment?

Mr Stone: I think that it does. However, to be honest, the question is more pertinent for the Scottish nationalists—after all, it was Brian Adam who suggested that there should be extra flights to the United States from different parts of Scotland, although one would have trouble landing a Boeing 747 at Wick airport. In any case, given the singular nature of my constituency and as a back bencher, I reserve the right to take a singular view on my party's policies.

Jamie McGrigor expressed concern that local knowledge will be lost if the bill is passed. At the risk of repeating myself, I believe that what matters to tourists—and, indeed, to the tourism product provider—is not the structure of the tourism sector in any part of Scotland but what they see and the information that they receive in a tourist information centre. In that respect, the situation in my constituency is not bad and is, in fact, getting better. For example, in Wick, there are facilities that we did not previously have.

I do not wish to prolong the debate. I do not think that there is any division on the matter; we are of one accord and can make our comments fair and square. As far as this matter is concerned, I rest my case: this has been a splendid year for

tourism, and it is getting better. The more visitors we can welcome, the better.

I will close with an anecdote. This summer, an American visitor who was holding a map stopped me in Victoria Street to ask the way to “War-wick” Castle. “You mean ‘Warwick’”, I said. “Yes”, she said, “I guess that’s how you pronounce it”. I said, “But you’re in Edinburgh”. All she could say to that was, “Oh.”

14:51

Mr Charlie Gordon (Glasgow Cathcart) (Lab):

In passing the bill, we should do more than simply acknowledge that, since April 2005, a new partnership framework has been distributing Scottish tourism’s strong brands: we should also applaud the proven success that is reflected in the figures that the minister highlighted. There can be no more arguments or doubts about delivery processes—although that is not to say that we cannot or should not raise our game further. For example, a strategic programme of major events such as the 2007 Union of European Football Associations cup final—or, indeed, Scotland’s bid to host the 2014 Commonwealth games in Glasgow—provides strong support to Scotland’s brands and gives potential visitors more reasons to visit the country.

As I have said in previous transport and tourism debates, it is vital that we have direct transport links as the distribution networks for Scotland’s brands. That is why I am delighted with the minister’s decision to give VisitScotland another £800,000 to market direct air links to Scotland. Of course, many such links have been developed with help from the Scottish Executive’s air route development fund.

Nowhere are the new integrated delivery arrangements working more effectively than in the Glasgow city region, where VisitScotland’s increase in leisure visitors has been complemented by Glasgow City Marketing Bureau’s 28.5 per cent increase in conference-delegate days in 2005-06. The Scottish Executive’s city growth fund also supports the marketing of direct air links to Glasgow.

Although the target of increasing tourism by 50 per cent by 2015 is ambitious—rightly so—it is achievable, given our current good progress. Effective partnership, more transport links, a strategic events programme and joined-up funding and Government are delivering success in an industry that employs 200,000 people. Who is to say that the industry will not employ 400,000 by 2015?

I will close on this note. Of course, more infrastructure always helps. As a result, I send a memo not to the minister but to the United

Kingdom Government: put the supercasino in Glasgow and we will deliver even more jobs and revenue.

14:54

Murdo Fraser (Mid Scotland and Fife) (Con): I echo the support that has been expressed around the chamber for Scotland’s tourism industry—our number 1 industry. Like many other members, I engage regularly with the tourism industry in my parliamentary region, and although I accept that there has been growth and that there are many good news stories, we should also accept that not everything in the garden is rosy and that there are problem areas and concerns in the sector about some of the changes that the bill will entrench.

I would like to make two specific points about the bill. The first is about a subject that Enterprise and Culture Committee members will remember my raising at stage 1 and, again, with an amendment at stage 2: the change of name. I see no possible reason for legislating to change the formal name of what was the Scottish Tourist Board. That name is perfectly adequate and entirely descriptive, and it is obvious to anybody who looks at it what the organisation does. That is not the case with the name “VisitScotland”, which is, I concede, perfectly fine as a trading name. However, if one puts the name VisitScotland on paper, one has then to explain what the organisation is. No doubt it is a trendy name that has been dreamed up by consultants at great public expense. That is fine for trading, but it seems to me that the legal registered name should be something that describes what the organisation does. Of course, there is no requirement for the legal name and the trading name to be the same; they have been different for the past five years, since VisitScotland started trading. There is no earthly reason for the bill and it is, frankly, a waste of parliamentary time. It is unnecessary and pointless.

The more serious point that I want to make is about restructuring. My colleague, Jamie McGrigor, made serious points about industry concerns about the changes that have taken place. The area tourist boards were, I accept, a mixed bag—some were good and others did not work so well. In my parliamentary region, I have experienced the tourist boards in Perthshire, Dundee and Angus, and in Fife. All three worked extremely well and were well regarded by the tourism industry.

Under the old structure, tourism operatives were members of the tourist board and had ownership of the body to which they paid their subs, so they had a direct say in what went on and a vote in the election of the local board members. The new model moves away from that altogether: it is all

about a centralised national structure—albeit, one with satellite offices—that will sell services and packages to the industry. The crucial change is that the industry and the private sector will no longer have a direct say such as they once had. People in the industry will no longer be members of their tourist board; they will now simply buy services from it and will be clients rather than partners. That centralised structure is not necessarily best for the industry. The jury is still out on whether the new structure is the right one.

Like Jamie McGrigor, I have picked up on the great deal of concern from the industry in my area about what is seen as a lack of engagement with the industry in the new structure. Local tourism forums are being established, but at the moment they are not filling the gap and are not performing the role that the area tourist boards previously performed. Edinburgh is now the only European capital without its own tourist body, and we could see more sectoral marketing organisations being established because people are not satisfied with the new structure of VisitScotland. Jamie McGrigor attended a recent event that was organised by the Scottish Tourism Forum. There is no doubt that that body is growing—in numbers and in influence—in response to what the industry sees as a lack of engagement under the new structure, which is unfortunate. There are concerns about the new structure so, for that reason, the Conservatives will not support the bill.

14:59

Alasdair Morgan (South of Scotland) (SNP): Tourism, as has been said, is especially important in rural areas, so I welcome the successes to which the minister alluded. However, it is clear that much of that success is centrally based. I would not gainsay that, because visitors to our major towns and cities are important, but there is tension between the people at one extreme who believe that we need only market Scotland and her centres and leave the trickle-down effect to deal with the rest, and those at the other extreme who feel that what they see as overcentralisation ignores the needs of small providers, particularly in rural areas.

Jamie McGrigor exaggerated the problem and Murdo Fraser spoke in glowing terms about the elections to tourist boards under the previous system, but there were significant problems with that system. I remember that, on one occasion, an aspirant to the post of chair of Dumfries and Galloway Tourist Board became the chair simply by bussing in sufficient numbers of his supporters to the annual general meeting. When a large rural area is involved, that can have a significant effect.

It was always easy to see the problems, but it was not quite as easy to see the solution. That is

why the Executive took some considerable months, if not years, to produce the revised structure. We must ensure that the new system maintains good communications between the centre and small local providers. In some areas, the sense is that that may be missing. That will have to continue to be monitored, because it is important not to lose local input to tourism decisions.

In that context, I mention visitscotland.com, which is the private company that runs the website and takes bookings for many of our providers. It needs to be much more responsive to our small providers and not to be driven totally—as some fear it is—by simply pushing its profit margins.

I return to the bill that we are meant to be discussing. It may be a first—it will become the first act of the Scottish Parliament of which I am aware that refers to the Victoria and Albert Museum. The bill refers to it in the paragraph that will amend the Race Relations Act 1976, which is on a matter that is reserved to Westminster. The bill will also amend the Greater London Authority Act 1999, which is reserved to Westminster.

Brian Adam raised the point briefly in the stage 1 debate; I was not particularly convinced by the minister's response that, somehow, an order made under section 104 of the Scotland Act 1998 would cure the problem. She will have adequate time in her summing-up, so will the minister explain the mechanisms—which I am sure exist, because we in Parliament and, certainly, the Executive would not do anything that was amiss—by which an act of this Parliament can amend legislation on matters that are reserved to Westminster? That is curious and I am sure that we can spend the next 13 minutes happily discussing the question.

15:02

Patricia Ferguson: It is gratifying that my parliamentary colleagues recognise the importance of tourism to Scotland and to their areas and that they are as determined as I am that we get the system right. However, several issues—mainly raised by the Conservatives—still require to be clarified.

I will start with Mr Adam's points. Mr MacAskill may have supported the route development fund, but if my memory serves me correctly—I think it does—it was Lewis Macdonald who introduced the fund. Perhaps the fund is not a matter for which the SNP should take too much credit.

We must be realistic about US travellers. Understandably, after 9/11, people from the US did not travel in the way that they used to. However, good examples of joint marketing have taken place. I will mention two joint marketing activities that VisitScotland has undertaken, with

Continental Airlines and with Delta Air Lines on their respective routes to New York and Atlanta. Some \$1 million has been spent on that. I hope and am almost positive that a result of those activities is the 7 per cent increase in the number of visitors to this country from the US in the first six months of this year over the number in the first six months of 2005. I hope that Mr Adam finds that reassuring.

Brian Adam: I am happy to acknowledge the success of the two developments that the minister mentioned. However, does she concede that as America is such a big country and many potential links exist between Scotland and various parts of the US, one way to drive up the numbers coming to Scotland again would be to target the US market more by having more direct links and not just having links through London as usual or with just one or two places in the US?

Patricia Ferguson: I drew attention to only two examples of the work that we are doing; I was not suggesting that that was the limit of what we are doing in the US—far from it. We will continue to work with our colleagues on that issue as time progresses.

I am afraid that, a bit like Mr McGrigor's memories, the name "Scottish Tourist Board" belongs in the past. I also have to say to him that training is one of the key priorities that we have identified. Interestingly—in the light of one of his other points—we have jointly with the Scottish Tourism Forum and VisitScotland identified training as an issue that we must all address.

As recently as yesterday, when I attended the national tourism convention in Perth, I helped to launch a project called the Perth discovery trail. Young school pupils are encouraged to learn more about tourism in a fun and innovative way in order to give them a positive view of the tourism industry and to encourage them to go into it.

Mr McGrigor is wrong to say that the bookings to which he referred would have been made under the previous regime. Increasingly—I am sure that many members in the chamber can bear this out from their own experience—people who want to travel are more inclined than they were in the past to book close to the date of travel. We must recognise that trend.

Charlie Gordon is correct to identify the events strategy as a major plank in our work. Our events strategy is about encouraging international visitors to come to big events such as the ones that he mentioned, including, I hope, the 2014 Commonwealth games. I think also of events such as the Heineken cup final and the rowing championships at Strathclyde park, each of which netted about £12 million for the local economy. Such events are vital, but so are the small regional

events programmes, which are also funded, in part at least, by EventScotland. For example, the number of visitors who go to Wigtown is increasing all the time because of the help that it has been given to market itself as Scotland's national book town. That is an important part of what we are trying to do and we will continue with that work.

Murdo Fraser has a glowing view of the old system, but I am afraid that the whole reason why this debate is taking place and why VisitScotland has come about is that that system was beginning to fail us and was not working to best effect.

When I left Peter Lederer, the chair of VisitScotland, in Perth yesterday, he was about to embark on the latest leg of his chair's tour. He and members of the board go out regularly and talk to accommodation providers and to visitor attraction owners and operators around the country. They have the opportunity to hear at first hand what people are saying. The feedback that is coming through the industry is increasingly very positive about VisitScotland. Its success and satisfaction ratings are incredibly high, which is a good thing.

I am afraid that the Scottish Tourism Forum's view is not as jaundiced as Mr McGrigor might think. We work closely with the forum. Earlier this year, having worked on the document for some time, the forum and I launched our latest strategy to ensure that we can achieve our ambitions for tourism. A joint document was produced by the Government, the public sector and the tourism industry about the way forward for tourism in Scotland.

I was interested that Alasdair Morgan wanted to talk about the section 104 order. I suppose that we would expect a nationalist to make any debate one about the constitution. The section 104 order will go ahead and will be laid shortly. Such orders make consequential amendments to United Kingdom Government acts; for example, the order will change references from "the Scottish Tourist Board" to "VisitScotland". It is a straightforward administrative action that happens from time to time.

I am confident that this is the right way forward for Scottish tourism. Our industry is moving forward, working in partnership with VisitScotland, and moving towards the joint ambition to increase tourism revenues by 50 per cent by 2015.

Let me repeat, because it bears repeating, that 50 per cent more overseas visitors came to Scotland last year than came in 2001. Therefore, the industry is making excellent progress towards achieving its ambition. However, it can do that only if we have a national tourism organisation with the right structures to support it. The bill ensures that we have exactly that. It will put the seal on VisitScotland's restructuring and allow it to continue its world-class, award-winning work.

I take this opportunity to thank the board, management team and staff of VisitScotland for their contribution to making Scottish tourism the success that it is today. I also thank members of the Enterprise and Culture Committee for their consideration of the bill over the past few months. I ask the Parliament to support the bill.

The Presiding Officer: The third question is, that motion S2M-4919, in the name of Patricia Ferguson, that the Tourist Boards (Scotland) Bill be passed, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
Baillie, Jackie (Dumbarton) (Lab)
Baird, Shiona (North East Scotland) (Green)
Baker, Richard (North East Scotland) (Lab)
Ballance, Chris (South of Scotland) (Green)
Ballard, Mark (Lothians) (Green)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brown, Robert (Glasgow) (LD)
Butler, Bill (Glasgow Anniesland) (Lab)
Byrne, Ms Rosemary (South of Scotland) (Sol)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
Crawford, Bruce (Mid Scotland and Fife) (SNP)
Cunningham, Roseanna (Perth) (SNP)
Curran, Ms Margaret (Glasgow Baillieston) (Lab)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Eadie, Helen (Dunfermline East) (Lab)
Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Ferguson, Patricia (Glasgow Maryhill) (Lab)
Finnie, Ross (West of Scotland) (LD)
Fox, Colin (Lothians) (SSP)
Gibson, Rob (Highlands and Islands) (SNP)
Gillon, Karen (Clydesdale) (Lab)
Glen, Marlyn (North East Scotland) (Lab)
Godman, Trish (West Renfrewshire) (Lab)
Gordon, Mr Charlie (Glasgow Cathcart) (Lab)

Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Leckie, Carolyn (Central Scotland) (SSP)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Margo (Lothians) (Ind)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Campbell (West of Scotland) (Ind)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (South of Scotland) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Canavan, Dennis (Falkirk West) (Ind)

Monteith, Mr Brian (Mid Scotland and Fife) (Ind)

ABSTENTIONS

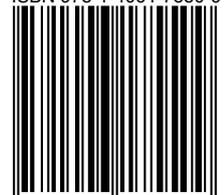
Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Brownlee, Derek (South of Scotland) (Con)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Murray (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 96, Against 2, Abstentions 15.

Motion agreed to.

That the Parliament agrees that the Tourist Boards (Scotland) Bill be passed.

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