

ECONOMY, ENERGY AND FAIR WORK COMMITTEE**COVID-19 – impact on Scotland’s businesses, workers and economy****SUBMISSION FROM****Wilderness Scotland Ltd**

I write on behalf of Wilderness Scotland Ltd, a tour operator specialising in active and nature-based travel throughout the country, with a focus on the Highlands and Islands. We are based in Aviemore and currently employ 62 FTE staff, comprising a full-time office team and seasonal freelance guides. Since relocating from Edinburgh to the Highlands in 2010, the business has grown revenue and staffing numbers from 15%-25% per annum every year for the past decade. We are now one of the main employers in Aviemore with salaries 45% higher than the regional average.

Prior to the Covid-19 crisis, the business was on course to grow by 20% in 2020 and reach £7.5million in sales, hosting customers from visitor markets around the world. More than 60% of our customers come from outside of the UK.

As a tour operator, our business supports a wide range of enterprises across the supply chain including hotels, restaurants, transport, visitor attractions, retail and other providers. Based upon research data, we calculate the direct and indirect impacts of our business to be worth in the region of £12million to the Scottish economy, supporting 98 FTE jobs. Our business model is based upon working with locally and nationally owned businesses (rather than international chains) which delivers more positive local economic impacts than mainstream tourism.

The impacts felt so far from COVID-19 are huge and simply unprecedented. While we have weathered many storms over our 20 years of operation, nothing comes close to this level of disruption and financial consequence. Already, we have received nearly £3million in cancellations and are now modelling a scenario where we will operate no tours whatsoever in 2020. This scenario would mean a very significant loss to the Scottish economy, with the majority of that adverse impact being experienced in the Highlands and Islands. While it is challenging to predict, we are now basing forecasts for 2021 on 2018 levels of business which were some 35% lower than what we were predicting for this year.

It is our view that the impacts of COVID-19 on the Scottish economy will be severe and not just limited to the short-term. Arguably this will be felt the most in Scotland’s visitor economy which contributes 5% of GDP and supports 1 in 12 jobs. While the United Nations World Tourism Organisation (“UNWTO”) are currently estimating that international visitor arrivals will drop by 30% in 2020, this feels like a gross underestimate. As noted above, our own modelling is based upon zero international visitors in 2020.

Once the lockdown is lifted and a “new normal” is established, we anticipate that there may be some possibilities for Scottish tourism from the domestic and UK markets. However, we expect this to still be limited and certainly not of sufficient value to replace the very significant contribution lost from international visitors.

We welcome the interventions of the UK and Scottish Governments in providing short-term financial support to businesses and individuals. We have made use of the furlough scheme for 50% of our staff. However, unlike a hotel or restaurant, we are still having to incur significant monthly costs in order to service our 3,000+ customers who are looking to

postpone or cancel their holidays. The impacts of incurring these monthly costs as well as processing up to £1.5million in refunds is placing a huge financial strain on our business. Prior to the crisis, we were well capitalised having built up strong cash reserves over several years. This financial discipline along with the government support means that we have been able, so far, to avoid any job losses.

To help our business and the wider Scottish tourism industry weather the storm and then position for recovery, we strongly believe that a varied and continued package of financial support will be essential including payroll, tax relief, rates relief and grant finance for innovation and marketing. For example, there is a strong case to take an industry-specific approach to the furlough scheme providing the most support to those sectors which will take the longest to recover. It would also be our strong recommendation that the furlough scheme be reviewed to allow employees to work where there is a clear business requirement. We consider that the approach adopted in Ireland through the Wage Subsidy Scheme is far more logical, lending support to employers with payroll costs while allowing employees to continue making an economic contribution.

Without such support, it is our fear that the Scottish tourism industry will be decimated with multiple business failures and tens of thousands of jobs lost. Based upon our experience of operating throughout the country, the impacts in rural areas are likely to be the most acute. In such places, tourism businesses provide not only a service to visitors but also form an integral part of the local community. Without an appropriate level of support, the economic and social fabric of these communities may take many years to recover.

There is no denying that the current situation is extremely challenging. However, we remain optimistic that with proactive and positive collaboration between the public and private sector there is a way through this crisis. We have to remember that up to the end of February 2020, Scottish tourism was thriving. The fundamental product remains inherently strong and of international appeal. The task at hand is to ensure that as many tourism businesses survive the short term, so we can rebuild and rebound for success in the long term.

I would welcome the opportunity to address the committee and share further thoughts on how we can best navigate the coming weeks and months.