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A STRATEGY FOR LEADERSHIP AND GROWTH  
THE **FUTURE**  
OF OUR INDUSTRY  
IN OUR **HANDS**



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# TOURISM HUSTINGS HIGHLIGHTS APRIL 2016

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## TOURISM HUSTINGS | 19<sup>TH</sup> APRIL 2016

A tourism hustings organised by the British Hospitality Association and the Scottish Tourism Alliance took place in Edinburgh on 19 April with representation from all five of Scotland's main political parties and an audience of over 40 tourism industry leaders present. During the two-hour session, seven key issues that are key to the growth of tourism industry in Scotland were raised. This document outlines the summary of the candidates' statements, the questions put to the candidates and the responses given.

**Moderator: Stephen Jardine,**  
Broadcaster/Journalist/Taste Communications

**Introduction: Calum Ross, STA Director/  
BHA Scotland Chair**

### Political Party Representatives



**Daniel Johnson,**  
Scottish Labour  
Party



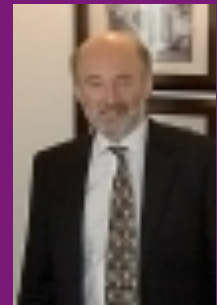
**Alex Cole-  
Hamilton,** Scottish  
Liberal Democrat  
Party



**Murdo Fraser**  
MSP, Scottish  
Conservative and  
Unionist Party



**Fergus Ewing**  
MSP, Scottish  
National Party



**Peter Mountford-  
Smith,** Scottish  
Green Party

## SUMMARY OF CANDIDATE STATEMENTS

### Daniel Johnson (DJ), Scottish Labour

- **Increase Connectivity:** pledging £100 million per year to improve broadband connectivity
  - **Improve Productivity:** set up strategic sectoral programme and invest in more R&D
  - **Greater Simplicity:** Streamline agencies and the interface between business and government
  - **Increase Certainty:** review of the Non-Domestic Rates Regime. Hospitality, much like retail is the interface of the economy
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### Alex Cole-Hamilton (AC-H), Scottish Liberal Democrats

No guarantee that tourism will grow therefore we need to provide an appropriate environment to enable Scotland to continue to be seen as one of the leading destinations in the world.

- **Cut VAT on hotels and visitor attractions**
  - **Comprehensive review of business rates:** businesses should not be penalised for enhancing their properties
  - **Increase income tax by 1%,** to be used to support education
  - **Reduce cuts to colleges**
  - **Focus on health,** in particular mental health
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### Murdo Fraser MSP (MF), Scottish Conservative and Unionist Party

- **Keep tax rates in Scotland the same as the rest of the UK**
  - **Review of business rates** is already underway, **however commitment to freezing business rates for the next 5 years**
  - **No to tourism tax or bed tax:** Scotland is high cost destination, so opposed to adding additional costs to visitors and businesses
  - Everyone in Scotland to have **quality broadband by end of the decade.** Mobile connectivity is key, perhaps more important than broadband
  - Support the **creation of National Parks** where demand is shown
  - VisitScotland has been a success at marketing Scotland, however do we have the right support mechanism beneath, such as Business Gateway, Enterprise Companies etc?
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## Fergus Ewing MSP (FE), Scottish National Party

Tourism is one, if not the most important economic sector in Scotland. There are four reasons why SNP are worthy of support:

- **Very strong team who are competent, effective, honest and extremely hard working**, led by Nicola Sturgeon and John Swinney.
  - **Demonstrated good understanding of the industry over past nine years in Government**. Shown practical and imaginative policies which are formed by listening to the industry. **These policies are industry led.**
  - Sensible and moderate approach to tax: namely a review of business rates and pledge to continue the Small Business Bonus Scheme.
  - **The SNP are passionate about Scotland and I am passionate about tourism.**
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## Peter Mountford-Smith (PM-S), Scottish Green Party

Support for the tourism industry's commitment through their strategy to long-term and sustainable growth and delivery of unique and authentic experiences.

The manifesto focuses on environmental protection, in particular:

- **Fracking:** outright ban
- **National Parks:** support for more, with a commitment to establish 2 new parks
- **Community greenspace:** increase for visitors to enjoy as well as residents
- **Urban environment:** ensure clean and tidy streets
- **Food and drink:** reform food systems and build on the strength of our food and drink industry
- **Transport:** the country needs to be better connected
- Building on our **culture and strengthening the arts**
- **Digital:** digital access is now expected by visitors



## QUESTIONS FROM THE AUDIENCE

### ISSUE: APD

**Andrew Macnair, Business Development Manager, UKInbound in Scotland** *“Feedback from our members and the wider industry indicate that Air Passenger Duty (APD) is a key inhibitor to inbound tourism and we advocate strongly that it should be abolished. Evidence suggests that where it has been removed, for example in the Republic of Ireland, this led not only to an increase in inbound tourism visits, but also helped create job opportunities in the tourism sector and wider economy. We would therefore fully support and welcome any reduction or eventual removal of this tax in Scotland given the economic benefits we believe it would bring. What are the individual parties' policies on this issue and would they seek to reduce, or entirely abolish APD should they be elected to Government?”*

#### FE:

- Would reduce APD and want to abolish it. Public commitment to start reduction by 2018, however would like to see a faster trajectory if possible. Single most effective way of improving tourism by bringing more tourism to Scotland. More direct flights will avoid needing to route via London. Also sends a signal to the world that Scotland is open for business.
- Also like to see a cut in VAT and proposed that the UK Government Treasury build a case for VAT reduction at recent meeting in March.
- Tourism taxes in Scotland are the highest on the world (UK is currently 140/141 countries for price competitiveness).
- Cutting APD is a winner and SNP will do what we can to see the quickest possible introduction.

#### PM-S

- APD is a blunt tool. Need to recognise overall need to reduce total air travel.
- 50% of flights are taken by 15% of population, therefore propose a Frequent Flyer Levy.

#### MF

- Would replace APD with a more progressive form of departure tax.
- The argument that APD is limiting travel numbers doesn't correlate with increase in number of air routes to Scotland.
- Making air travel cheaper also opens up outbound travel to domestic markets so may reduce visitor spend.
- If there's money for tax cuts, then would use to fund other areas rather than support the aviation industry.

#### DJ

- Oppose reduction in APD.
- Scottish budget is under huge pressure and in fiscally constrained times, need to ask what priorities are, and whether APD deters passenger numbers. All consumption taxes need to be looked at very carefully. At a time when we're seeing a 10% reduction in the education budget, it's questionable about whether that would be the right use.

## AC-H

- Opposed to any cut on APD.
- With recent SNP cuts to public services, can't justify cut to APD.
- Environmental concerns should discourage activities which make it cheaper to fly.
- Growth in passengers and new routes suggest APD is not limiting growth therefore other cuts would be more effective. Would help hospitality sector in other ways.
- Cut in APD could be a double-edged sword by making it easier for domestic markets to travel overseas.

## COMMENTS FROM AUDIENCE

**Gordon Dewar, CEO Edinburgh Airport:** tourism has seen flat growth in recent years, with any growth coming from international markets. All of the statistics show that the revenue raised from cutting APD is higher than any loss. This issue is not about giving money to the airlines. It's about getting airlines to invest in routes. It's about getting people here. A cut in APD would be tax generative. Sustainability has already been addressed. The aviation industry more than pays the cost of emissions. We are the most reliant country on Europe on aviation because of our geography. We cannot grow tourism without growing aviation.

**Rebecca Brooks, Managing Director Abbey Tours:** panel's comments suggest that do not understand the tourism industry, as the majority of growth come from international markets.

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## ISSUE: TUITION FEES AND POST STUDY

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**Jane Ali-Knight, Director, Edinburgh Institute: Festivals, Events and Tourism (EIFET) at Edinburgh Napier University**

*“What is the panel’s view on tuition fees and post study visas.”*

### **MF**

- Need to increase funding into HE.
- Propose introduction of graduate contribution £6k (to be repaid when earning £20k+) which would go directly to fund HE.
- Scotland has worst record of getting under privileged people into University.

### **DJ**

- Need to maintain or increase education spending in real terms.
- There is a funding gap in Scotland compared to the rest of the UK. Student financial support has declined, resulting in less generous system in Scotland than rest of UK. Students from poorest backgrounds are incurring over £2k costs more than other students.
- Need a healthy Further Education sector in order to future-proof the economy.

### **AC-H**

- Tertiary education in Scotland should remain free. We are committed to maintaining free higher education in Scotland.

### **FE**

- Tuition fees are free in Scotland and will remain so.
- Cannot accept the premise that every college course has the right to exist. We have to make sure that there are the right courses to equip people with the right skills.
- Need to encourage more children to choose a career in tourism and it being seen as a highly rewarding career.
- Post study visa issue is leading to a loss of talent. People should be allowed to remain and work in Scotland once they have completed their studies.

### **PM-S**

- We need to invest in education and make it more accessible for all.
  - Post study visas: should allow people to remain here to work.
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ISSUE: BEDROOM TAX

**Willie Macleod, Executive Director BHA Scotland,**

1. *“What is the policy of the panellists’ parties in relation to the introduction of tourist or bed taxes of any form in Scotland and what is the rationale / justification for the policy?”*

**MF**

- Opposes bed tax.
- Scotland already seen as a high cost destination and a bed tax would exacerbate that issue.

**DJ**

- Proposes a bed tax (of £2 per person per night).
- Not a mandatory tax, but an option given to local government. This would be a useful step towards increased autonomy for local government.

**AC-H**

- Opposes tourism tax.
- Considered as a regressive tax on smaller businesses.
- Supports cut to tourism VAT.

**FE**

- Opposes tourism tax.
- Already have highest tax on visitors in Europe, so no desire to increase costs.
- 25/28 EU states have a lower VAT rates and of these, some have introduced tourism taxes. However others have scrapped such taxes as they hadn’t worked.
- Need to consider alternatives, such as Tourism Business Improvement Districts (TBID) or Business Rates Incentive Scheme (BRIS).

**PM-S**

- Local authorities should have the option to implement a tax, however should not be used to prop up cuts in other services. Need to look at the bigger picture of funding for local government.
  - Small scale solutions, such a local taxes, miss the larger issue of tax evasion.
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## ISSUE: FUNDING AND SUPPORT FOR DESTINATION MARKETING

### **Sheila Gilmore, Executive Director, VisitArran & The Arran Trust**

*"VisitScotland receives core funding to promote Scotland at an international level, and the new marketing campaign is to be welcomed. However, it is recognised within the industry that it is Scotland's destination organisations who must be credited with much of the local marketing and product development. In what way do the parties see these destination organisations being supported, both practically and financially, in order to support the targets set by the national tourism strategy TS2020?"*

#### **FE**

- Need to sustain local activity and work with industry to find a way to sustain local energy and enthusiasm in destinations.
- Government contribution to destination is diverse, discretionary and not mandatory.
- VisitScotland should not take on role of local marketing. The people in the destinations are the right people to do this. TBID model (see above) is a possible funding model for industry.
- There could be a case for looking at the delineation of functions and responsibilities between VS and HIE and SE in relation to tourism development and destinations.

#### **MF**

- VisitScotland is a success story from a marketing perspective, however there is still an issue about local marketing in Scotland and how that is supported.
- Need to look across public sector agencies and local authority landscape to ask whether we have got it right. Call for a strategic review.

#### **DJ**

- Broad review of agencies' roles and what their interface with the industry is.
- Balance tension between streamlining activities and removing local accountability and flexibility.
- Need more joined up thinking between agencies, such as Scottish Enterprise and Business Gateway and improve relationships with destination groups.

#### **PM-S**

- As a de-centralist party, support local initiatives: local solutions that make sense to local people.

#### **AC-H**

- Need to avoid 'mission-creep' by agencies.

## COMMENTS FROM AUDIENCE

**Sheila Gilmore:** the question is asking for recognition of the role of destination organisations. If we didn't have the Scottish Tourism Alliance fighting our corner at a national/political level, we feel that our role and voices would be lost.

**Ben Mardall, Chair, Wild Scotland:** need one development strategy for our national enterprise agencies to demonstrate joined up thinking.

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## ISSUE: BREXIT

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### David Winpenny, Scottish Committee Secretary, Heritage Railway Association

*“If we leave Europe, how do the panellists see our trade and visitor numbers being affected?”*

#### MF

- Voting to stay in Europe.
- Key issues would be availability of staff.

#### DJ

- Voting to stay in Europe.
- A key principle of the EU is the free movement of people, therefore would be concerned that this movement would be restricted if we leave.
- If we leave, unlikely that there would be an immediate impact however in an increasingly globalised world, need to embrace and enhance rather than pull away.

#### FE

- Voting to stay in Europe.
- Impact could be very bad due to reduction in staff availability and negative messages given to visitors.
- If there is a yes vote in Scotland and no vote in England, Scotland would be pulled out of the EU against our wishes.

#### AC-H

- Voting to stay in Europe.
- Leaving the EU will not immediately affect visitor numbers, however people could turn their backs on the UK in terms of visiting and working here.
- Leaving the EU could also trigger an independence referendum which if voted for would send country into financial crisis.

#### PM-S

- Being out of the EU would not have an immediate impact on tourism, continued economic divergence could deliver positive or negative impacts.
  - More significantly, it is about the message and tone which leaving the EU would give which may put people off visiting.
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## ISSUE: IMPORTANCE OF CARAVAN/CAMPING SECTOR TO ECONOMY

**Fiona Bowers, Corporate Communications Manager, The Caravan Club**

*"I would be interested to hear your views about the importance of the caravanning and camping sector to the Scottish economy, and ways in which growth in the sector could be encouraged."*

### FE

- Caravan parks are a staple of many rural communities. The contribution of this sector to the economy is around £700M per year.
- Boosting the profile of what is seen by some as a Cinderella sector is important.

### MF

- Caravanning has been very useful to the economy in Scotland.
- One policy issue would be to ensure quality roads and infrastructure, such as the dualling of the A9.

### PM-S

- Caravanning and camping is a niche sector but there is demand.
- Opportunity to increase occupancy and extend season so scope to develop market further.

### AC-H

- Supportive of the sector, however need to continue to improve its reputation.
- Opportunity to introduce camping to children at early age through continued support for youth activities, such as Scouts, Guides etc

### DJ

- Roads infrastructure is critical to make sure that caravans can get around the country, however question put back to Fiona Bowers.

## COMMENTS FROM AUDIENCE

**Fiona Bowers, The Caravan Club:** sector is looking for increasing awareness of the sector overall and acknowledgement that they are part of the tourism industry which is not all hotels and airports.

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## ISSUE: DIGITAL

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### **Julia Amour, Director, Festivals Edinburgh**

*“The digital agenda is crucial for the future of Scottish tourism – how does your party respond to that issue?”*

#### **FE**

- Broadband: Scottish Government invested over £400M to roll out broadband in Scotland. First Minister’s commitment that everyone to be connected by 2021 and devoted considerable resources to tackle this.
- Mobile: more difficult as Scottish Government not directly responsible, however have brought together mobile operators and encouraging approval of new masts.
- Need to be digitally equipped and there is no sector for which this is more important.

#### **MF**

- Manifesto pledge to double Community Broadband Scotland funding.
- Progress is happening, however would like to see it go faster.

#### **DJ**

- Utmost importance to Labour.
- Mobile coverage is a vital element to our economy.
- Investment in Digital Skills Fund; £100m to broadband.

#### **AC-H**

- Digital has to be a priority. Criticism of current government’s disconnect between rhetoric and action on the ground.

#### **PM-S**

- This is an expectation from tourists of digital connectivity that is not negotiable.
  - Need to invest in city/public broadband and the development of skills.
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