



### Scottish Conservative Debate: Tourism in Scotland – 7<sup>TH</sup> June 2023

**Executive Summary:** The Scottish Conservatives led a debate on the tourism sector in Scotland in which MSPs emphasised its importance to the Scottish economy but also highlighted issues facing the sector such as short-term let regulation, the proposed introduction of a visitor levy, as well as problems with infrastructure.

#### **Importance of Tourism Sector**

There was a consensus across parties about the importance of the tourism industry to the Scottish economy.

- **Liz Smith (Mid Scotland and Fife) (Con)** began her remarks by noting the sector was not only *“essential to our global appeal; it is the prerequisite for rebuilding our economy stimulating economic growth.”*
- The **Cabinet Secretary for Fair Work Neil Gray** challenged the picture painted by the Scottish Conservatives motion, instead highlighting the government’s *“unwavering support”* for the sector, describing it as *“a jewel in the crown of Scotland’s economy”*. He also referred to increased numbers of overseas visitors, with the recovery in demand outpacing the rest of the UK, and noted Scotland wanted to become a global leader in 21<sup>st</sup> century tourism.
- **Edward Mountain (Highlands & Islands) (Con)** also spoke about the importance of Scottish tourism, noting *“only a fool would kill the goose that lays the golden egg.”*
- **Ivan McKee (Glasgow Provan) (SNP)** said *“the centrality of the tourism sector to Scotland’s economy is significant.”*
- **The Minister for Public Finance Tom Arthur** said the Scottish Government were *“committed to doing all that we can to support the tourism sector”*.

#### **Short-Term Let Licensing**

A number of MSP contributions mentioned the problems associated with short-term let regulation, with Scottish Conservative and Scottish Labour criticising licensing, although both **Neil Gray** and the **Tom Arthur** failed to mention this during their remarks.

- **Liz Smith** highlighted the interview with the owner of a self-catering cottage in the Western Isles that was recently featured in The Herald. She also mentioned that a third of Scottish Tourism Alliance members cited STL regulation as their biggest challenge and the government failed to recognise the knock-on effect of self-caterers giving up their properties only then to lie empty. She also mentioned the situation in Edinburgh: *“eye-watering fees are being charged ahead of the Festival and Fringe, undermining the availability of accommodation.”*
- **Daniel Johnson (Edinburgh South) (Lab)** said licensing had to be urgently revisited. While he had supported tackling the numbers of short-term lets, what was brought in *“was burdensome and unnecessary regulation of something that was not a problem: Licensing was tackling not the*

*number but the standards of short-term lets...It was unnecessary legislation in which the tail ended up wagging the dog."*

- **Willie Rennie (North East Fife) (Lib Dem)** briefly mentioned that he had "concerns" about short-term let regulation.
- **Rachael Hamilton (Ettrick, Roxburgh & Berwickshire) (Con)** criticised the Scottish Government for pursuing short term let regulation when the industry was trying to recover from the pandemic. She added that the government needed to "stop talking about the reset with Scottish businesses and get on with it" and abandon short-term let regulation and the visitor levy.
- **Ivan McKee** said there were "still wrinkles" with short-term let regulation but the government were "working hard to iron out those anomalies."
- **Murdo Fraser (Mid Scotland & Fife) (Con)** urged the Scottish Government to look again at short-term let regulation and "consider whether something might be done with a new intervention in the area" otherwise businesses would become unable to operate due to local councils not being able to process applications fast enough.
- **Jackie Baillie (Dumbarton) (Lab)** concentrated her remarks on the litany of problems associated with short term let regulation:

*"We must remember that this is the legislation that the Scottish Government has already delayed by six months to allow for dialogue with the sector, so that problems and concerns could be ironed out, which we welcomed. There has been lots of chat and there have been industry working groups, but not one single change has been made, and there are 81 days to go to implementation. In that time, all self-catering, bed and breakfast and other accommodation units need to apply to their local authority for a licence. Local authorities are struggling and there is no consistency, but, actually, that is not their fault. It appears that the Government has failed to provide any guidance whatsoever. It was promised for 12 May, but it was not delivered.*

*Let me tell you about the problem in Argyll and Bute. There are some 8,000 to 10,000 self-catering units across the area, including B& Bs, yurts, glamping pods and home shares—the lot. Some 2,354 of those are paying non-domestic rates. So far, 427 have applied but only 53 licences have been granted—out of more than 8,000 units—and we have 81 days to go. There is no chance of those units being licensed in time. Across Scotland, 20 per cent of units have applied and 2 per cent have received licences. Self-catering units and local authorities face an impossible task, all because the SNP Government does not think about implementation.*

*Of the plethora of suggested changes, such as local authorities being able to issue provisional licences to enable investment in new provision, has anything—even just one thing—been taken forward? The answer is no, not one. That disappointing position was confirmed to the Association of Scotland's Self-Caterers in a letter from the Minister for Housing, Paul McLennan, yesterday. There you have it: the SNP Government is deaf to the needs of business and incompetent at the practical implementation, and it charges on regardless. Unfortunately, that is a hallmark of the SNP's approach to government, but it has profound consequences for the tourism sector in Scotland."*

### **Visitor Levy**

There was also mention of the Scottish Government's proposed visitor levy, with Scottish Labour also indicating their support, and only the Scottish Conservatives indicating their opposition.

- **Liz Smith** highlighted the ASSC's Fiona Campbell condemning the introduction of a visitor levy at a time when the sector was "being hit by what she described as a juggernaut of regulation."

- **Daniel Johnson** disagreed with Liz Smith on the visitor levy but emphasised the importance of ensuring that the money raised was reinvested in *“the quality and fabric of our tourist centres.”*
- **Willie Rennie** mentioned in passing that he had a *“nuanced position”* on the levy.
- **Rachael Hamilton** was perplexed by the timing of the levy: *“While other governments try to attract visitors, the SNP wants to bring in a tourism tax to hike the price of accommodation during a cost of living crisis”*. **Murdo Fraser** also questioned its timing as it would *“take yet more money out of a sector that is already hard pressed.”*
- **Edward Mountain** argued a tourism tax wouldn’t work in Scotland: *“The reason why it works in Europe is that there is a lower rate of VAT there.”*
- **Ivan McKee** believed there was an opportunity to engage with the tourism sector to deliver a visitor levy that worked: *“We can really show how to do regulation well if we get that right and recognise that the value raised from that tax has to be used to support the tourism sector with investment.”*
- **Maggie Chapman (North East Scotland) (Con)** defended the levy and argued that it worked in other tourism destinations like Barcelona.
- **Tom Arthur** welcomed the comments by COSLA and Scottish Labour on the levy, as well as the constructive approach from the Scottish Tourism Alliance, adding *“my door is open to constructive engagement because it is vital that we get this right.”*

### **New Deal for Business**

**Ivan McKee** revealed he was unsure at how the New Deal business sub group would interact with the Regulation Taskforce and the Regulatory Review Group: *“some clarity on how all those groups knit together would be welcome”*. **Tom Arthur** replied the government were still taking forward the Joint Taskforce which would form part of the New Deal.

### **Infrastructure Issues**

MSPs referred to various infrastructure problems in Scotland, be it the issue with ferries and the need to dual roads like the A9 and A96. **Willie Rennie** mentioned the lack of public toilets. SNP members, including **Keith Brown (Clackmannanshire & Dunblane) (SNP)** reminded the Scottish Conservatives that energy costs, internet rate rises, inflation and Brexit were matters which were largely the responsibility of the UK Government.

### **Tourism Minister**

**Liz Smith** and **Murdo Fraser** criticised the lack of a dedicated Tourism Minister in the Scottish Government. **Neil Gray** explained that it fell within the remit of the Minister for Small Business, Innovation and Trade Richard Lochhead and that this was apt as most tourism businesses were small businesses, and that Lochhead’s *“engagement with the sector since his appointment would have confirmed that assurance.”* For reasons unknown, Richard Lochhead did not contribute to the debate.

### **Decision Time**

At Decision Time, the motion by Neil Gray was supported by 61 votes to 47.