
Economic Perspective 1

TOURISM: A HIGHLAND STRAMASH

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In Britain, national government does not have a policy on tourism, despite the considerable de facto State involvement and the Government's two-year review of tourism policy which culminated in the Lamont guidelines of 1983. Mr Duncan Bluck, joint chairman of the British Tourist Authority and English Tourist Board, stated this much when he appeared in February before the **House of Commons Select Committee on Trade and Industry**. Throughout this year the Committee has been staging a major enquiry into UK tourism administration, and is giving serious consideration to the question of how national government can best discharge its involvement in tourism. Currently running in tandem with the Trade and Industry enquiry is an **Inter-ministerial Committee of Enquiry** chaired by Lord Young, the Minister without Portfolio who has special responsibility for job creation and enterprise schemes. This committee is looking at ways of removing obstacles to the development of UK tourism which exist within the public sector, including licensing laws, town and country planning controls, and wages council regulations. These two committees would do well to scrutinise the findings of the **Scottish Affairs Committee's (SAC)** recently published report on the **Highlands and Islands Development Board***, for here the Government's failure to intervene authoritatively in tourism is laid bare.

The SAC report reveals in-fighting between two agencies, the Scottish Tourist Board (STB) and the Highland Board. The Scottish Office minister responsible for tourism, Lord Gray, admitted that:

"What is needed here is closer co-operation between the two Boards and quite frankly - let me put it to you this way - I think there has been over recent months, and, indeed, perhaps for a year or two, a certain jockeying for position here."

In fact, conflict between the two bodies has been bubbling along for over twenty years - ever since the formation of HIBD in 1965 and its early decision to encourage tourism. HIBD involvement in the industry has always been a source of contention to STB: first to the pre-1969 voluntary Scottish Tourist Board and then to its post-1969 statutory successor. For although STB has the official brief to market tourism and allocate cash to tourism development projects, it has never been a power north of the Highland line. In effect, it has been and is the "Scottish Lowlands Tourist Board", and even in this respect it must be borne in mind that its financial assistance and other **development** activities are inferior to those of the Scottish Development Agency.**

With a touch of opportunism, the Scottish Tourist Board used the forum of the SAC enquiry into the Highlands and Islands Board's operations to mount a takeover bid for the tourism **marketing** powers and responsibilities of HIBD. These include the promotional and advertising operations carried out by the HIBD's Tourism Division, as well as its co-ordination (and part funding) of a comprehensive

* Second Report from the Scottish Affairs Committee, **Highlands and Islands Development Board**, Vols 1 & 2, HMSO, 1984.

**The Scotsman, Saturday, 10 April 1985, "SDA and Tourist Board Agree on 'Territorial Rights'", p9.

Highlands and Islands-wide network of local-scale Area Tourist Boards (ATB's). A similar network, modelled on that of the HIBD exists south of the HIBD area. This is co-ordinated and funded by STB. The job of the ATB's everywhere is to promote their respective localities and service visitor enquiries.

The thrust of STB evidence was that duplication, waste and confusion of purpose was endemic in the current situation. The three main facets of HIBD marketing (advertising, promotion and ATB co-ordination) were said to overlap seriously with those undertaken by STB. Emphasising value for money concerns, STB chairman Alan Devereux felt that arrangements which resulted in duplication were "nonsensical", suggesting that £1 million could be saved. In complete contrast, HIBD chairman Robert Cowan suggested that "duplication really is a very minor matter". There was an absence of hard evidence on this question, though in written evidence to the Committee, the Loch Lomond, Stirling and Trossachs Tourist Board did cite the example of Argyll being served by no less than seven accommodation registers during the 1984 season!

Additionally, STB suggested that the tourist region of the Highlands did not entirely coincide with the administrative boundaries of the HIBD. Thus, it was misleading for HIBD promotion and advertising to relate to the latter as opposed to the former, since 'Highland' tourist attractions such as Loch Lomond, Aberfoyle and Perth lay outside the Highlands. This criticism was echoed by a number of ATB's within the STB's network. For instance, Kincardine and Deeside Tourist Board advised the committee that well-known tourist centres in its area (viz, Braemar, Balmoral and Ballater) and that most famous of tourist events - the Braemar Royal Highland Gathering - were Highland to the tourist but lay outside the HIBD area. However, there was little concrete evidence to justify the claim that these administrative quirks really did confuse the holidaymaker and distort publicity campaigns.

In essence, the STB case was that a "simplified" and more cost-effective approach could be achieved by stripping

the HIBD of its marketing responsibilities and transferring them to the STB. This would leave HIBD to continue its involvement in tourism but only as a development authority administering schemes of financial assistance to capital projects in the commercial tourist sector. However, the real effect would be to emasculate HIBD as a tourism authority. To understand why, it is necessary briefly to examine the tourism development and marketing roles of official government agencies such as STB and HIBD.

The tourism development role undertaken by both STB and HIBD is broadly similar. It consists essentially of the allocation of discretionary grants and loans. (A wider brokerage role, which would involve putting potential developers in touch with financial packages, is not practiced to any significant extent.) The application procedure is conducted at the grass-roots level and is inevitably time-consuming: a lot of time is spent explaining the complexities of the scheme and each application is rigorously appraised on its individual merits with a final decision being taken at Board member level. There is an ever-present danger of encouraging too many applications. This, together with inevitable delays, misunderstandings and refusals, means that the administration of the Section 4 (STB) and Section 8 (HIBD) schemes of assistance to tourism projects can result in ill-feeling and recriminations (see, for instance, *Glasgow Herald*, "Tourist Board Running Risk of Purse Snatch?", 14 January 1985, p9). Moreover, the gross amounts of Sections 4 and 8 monies allocated to tourism are small (£8.6 million for the combined 1983/84 budgets of STB and HIBD), and are positively miniscule when set against the scale of investment made by the major hotel, entertainment and travel operators and the larger local authorities. Trust House Forte has, for example, an annual investment programme running at approximately £100 million, while the cost of building Glasgow's Holiday Inn was over £10 million. A £2 million plus bill was run up as a result of the recently completed refurbishment of the Caledonian Hotel in Edinburgh. By their very nature, the Section 4 and 8 schemes are ad hoc, responsive ones, and are difficult to gear towards strategic objectives or even to utilise in an innovative, entrepreneurial fashion. Their effect is not so much to create new tourist development projects as to upgrade existing ones to meet rising consumer expectations.

In comparison, the tourism marketing activity of official agencies such as HIBD and STB is widely regarded as being of fundamental significance to the health of the tourist industry. It serves to present unified macro-level images of tourist destinations as nations, regions and localities (ie, "Scotland's for Me"), working along the grain of unit-level selling and promotional activities conducted by the tourist trade. For this reason, it is tourism marketing rather than tourism development activity which is seen as being the essential task of statutory national (and sub-national) tourist organisations such as STB and HIBD:

(Question) "Am I right in thinking that in essence your view is that STB is a marketing organisation and that HIBD is a development agency? You are agreeing?"

(Mr Deveraux) Yes, I am agreeing."

This is a view shared by influential sectors of the commercial tourism sector, particularly the large-scale operators for whom the current levels of Section 4 assistance hardly begin to meet their project-funding requirements. In contrast, macro-level marketing is highly valued by them because it leaves them free to concentrate their marketing efforts on unit promotion.

To disassociate HIBD from its tourism marketing role would therefore serve to remove its principal means of actually increasing tourist flows and its main source of contact and status with the tourist industry.

In an "Additional Tourism Submission" of 30 August 1983, the HIBD defended itself against the STB criticisms. It referred to its proven track record, and cast doubt on the degree to which the STB's "simplified" structure would actually save money. (The SAC chairman, David Lambie, suggested that the £1 million cited by the STB's chairman was a throw-away figure which Mr Devereux had a "hard job justifying".) The HIBD memorandum tartly observed that the STB takeover bid ran

"It has been made clear by successive Scottish Office ministers that consideration would only be given to the possibility of combining all ATB's in Scotland under the co-ordination of STB if that was the wish of the ATB's in the Highlands and Islands, when STB had successfully concluded the task of forming and co-ordinating Area Tourist Boards in the rest of Scotland and when that system had had the chance to prove its effectiveness. These conditions have clearly not been fulfilled in that there is no Area Tourist Board for Edinburgh, the most important single destination in Scottish tourism, and other districts of Scotland."

(My emphasis)

The principle that the wishes of the trade should be the acid test of any proposed changes was a point emphasised by Lord Gray in his verbal evidence of 28 November 1983. He has recently reiterated this at a meeting of the Scottish Confederation of Tourism - the collective forum of all Scotland's ATBs. A relevant point here is that the STB proposals have proved almost universally unpopular amongst ATB's and local authorities in the Highlands and Islands region, with the exception of the Aviemore and Speyside Tourist Organisation. The financial realities of relatively luxuriant HIBD funding of its ATBs, and local level tourist projects generally, is doubtless a major consideration underlying this groundswell of grass-roots support.

Faced with this complex issue, the Scottish Affairs Committee decided - by a single vote majority - to opt for the STBs realignment proposals. The Highland Board will fight to retain its tourism marketing powers, and the ball now rests firmly in Lord Gray's court. The SAC provided no serious and factual justification for their majority vote recommendation. It can be likened to a split-jury verdict of guilty based on circumstantial evidence. This, in the light of Lord Gray's firm commitment to the acid test of trade opinion, leads one to suspect that the crucial decisions have already been taken to the effect that the HIBD will continue to market Highlands and Islands Tourism. And until there is powerful evidence to the contrary, this is as it should be.