Chair: Good morning. This is the first session of the Committee’s new inquiry into tourism and I would like to welcome for our first panel Ufi Ibrahim and Kurt Janson of The Tourism Alliance.

Q1 Tracey Crouch: To start off with, could you give us a brief overview of what you see as the main challenges and opportunities for the UK tourism industry?

Ufi Ibrahim: I think that the main challenge is international competition. This is a highly competitive industry worldwide. According to the United Nations World Tourism Organization, in the 1980s there were just 280 million international trips. Last year there were in excess of 1.2 billion. Internationally, Governments are vying for a greater market share of that growing market, particularly in order to drive exports, jobs and GVA for their economies. In the United Kingdom evidence points to the fact that we have a great potential for growth but we are not necessarily tapping into that. In 17 of our top 20 source markets our share of outbound tourism has declined over the last five years. The United Kingdom has fallen to eighth in the UNWTO rankings of countries most visited by international trips and you have most of our major competitors all ahead of us. Germany, France, Spain and Italy are all ahead of us and we are slipping down to eighth now in the UNTWO ranking.
I think one of the biggest threats that we have is international competition and Governments having a much more competitive rate on VAT, for example, a much better approach to removing barriers to entry to the country, such as visas, for outbound travellers from countries such as China, as well as supportive policy to ensure greater domestic activity. We know that in 2013 our domestic market contracted by about 3 million visits and I think that is also linked to price competitiveness. I know we will come to these points later on, but according to the World Economic Forum, for example, we rank 138th out of 140 countries in terms of our price competitiveness, affected by VAT, affected by fuel duty and affected by air passenger duty.

Q2 Tracey Crouch: That is a very pessimistic overview of the UK tourism industry. I asked if there are opportunities as well as challenges. Is there anything good about the UK tourism industry?

Kurt Janson: There is a lot that is good about the UK tourism industry. We have enormous opportunities. The UNWTO expects that tourism is going to grow by 60% over the next seventeen years. We can tap into that, but we need to remove some of the barriers that Ufi was talking about to be able to fully exploit that. We have a compelling product. We are one of the destinations that most people around the world want to come and visit. We have the largest hotel company in the world. We have the largest international airport in the world. We have the second largest entertainment company in the world. We have the most prestigious city in the world that people want to come and visit. We have an enormous wealth of product there. We just have a number of barriers that we need to remove to be able to fully exploit that.

Q3 Tracey Crouch: Some of those barriers are going to be picked up by other colleagues, but do you think that existing public funds could promote tourism better than it perhaps currently is to try to help the industry?

Kurt Janson: Sure. There has been a period of austerity and that has hit the tourism industry probably harder than most other industries in the country. If you look since the last inquiry, we have had the RDAs being abolished. That took £65 million out of the tourism development and promotion pot. The next biggest contributors to tourism are the local authorities. Tourism is not a statutory responsibility for local authorities. Therefore, local authorities have cut back on tourism much more than they have on their expenditure on core services. They have taken another £45 million out of the pot, so there is over £100 million that has gone out of tourism expenditure at the local level. On top of that, money has been taken out from VisitBritain and VisitEngland. They have had cuts of approximately 40%.

Mr Bradshaw: 40?

Kurt Janson: Yes, 40%. There is a lot of money gone out of that. We have reached the stage now that in fact DEFRA is the largest spender on tourism of the Government Departments, rather than DCMS.
Q4 Chair: DEFRA?
Kurt Janson: DEFRA, yes.

Chair: In what way?

Kurt Janson: DEFRA have £20 million that they put into a rural tourism pot through CAP. They also have other initiatives.

Q5 Mr Bradshaw: Is this farm diversification and that kind of stuff?
Ufi Ibrahim: Yes.

Kurt Janson: Yes. There is the LEADER programme that they are starting at the moment, which will start in January, that has another £38 million that will go into rural tourism development. The problem is there are those pots of money around the place—Coastal Communities Fund and the Regional Growth Fund—but they are not co-ordinated across Government. There is money there. If we could co-ordinate it and use it in an effective and efficient manner then we would be going somewhere.

Q6 Mr Bradshaw: It does not sound as if the DCMS has the right to continue to call itself the Department responsible for tourism when it is not spending as much as DEFRA on tourism.

Ufi Ibrahim: If I can interject, tourism is an activity that affects every type of sector in the United Kingdom. It is far reaching in terms of its impact on all sectors. Similarly, policies that are developed and activity that takes place across all departments of Whitehall have an effect on the tourism industry. I think the Tourism Council plays an important role, and the future of the Tourism Council certainly needs to consider extending that reach and ensuring that DEFRA and other Departments of Government that have an impact on the tourism industry have a more cohesive approach to policy making, particularly in terms of looking at the better co-ordination of public funds toward having an impact on tackling that competition and ensuring that we can tap into our potential as a tourism industry.

Q7 Mr Bradshaw: Given the importance of the size of our economy, would it not be better off in BIS?

Kurt Janson: It is not a question of where the location of tourism is within Government. It is a question of how Government treats tourism. If tourism was moved to BIS there would still be issues that were Treasury-related or Home Office-related. There would still be all the products on which the tourism industry is based being located in DCMS. You would be splitting off the product from the marketing of the product. While you would benefit in one way, you would cause problems in another way.

Ufi Ibrahim: In terms of the question on promotion, for example, if you take VisitBritain, VisitBritain has been working more closely with the British Council, with the Foreign and Commonwealth Office, and with UKTI, but I think there is room for much greater co-ordination between those bodies because they are all, after all, promoting Britain internationally.
Q8 Tracey Crouch: You have answered my third and final question about how effective you think the existing national promotional organisations are, but what about the subnational organisations? How are they working together and do you think they are doing a good job at promoting tourism?

Kurt Janson: Our view is that the subnational structure is effectively broken.

Q9 Tracey Crouch: We have a broken national system—

Kurt Janson: No, it is subnational.

Tracey Crouch: —and subnational?

Kurt Janson: I would not say that the national system is broken.

Tracey Crouch: But you did not think it was particularly effective.

Kurt Janson: I think it is effective within the resources that it has at the moment. If it was given more resources and greater co-ordination across Government it would be even more effective. At the subnational level, with the removal of the RDAs, which had statutory responsibility for tourism, you now have 200 destination management organisations all with the responsibility for tourism. You have them trying to co-ordinate with VisitEngland on the domestic side, but VisitEngland does not now have any public funding to give to them to coerce them into co-operation and it does not have any regulatory ability to make them take action. They are very much trying to corral an enormous number of organisations to work in a particular direction when there is no stick or carrot to make that happen and that is a very difficult situation.

At the subnational level, with the cuts in the RDA funding, the local authority funding, most of the DMOs are struggling to survive at the moment. For example, we get a situation where the council down in Cornwall has taken £1 million out of Visit Cornwall, which has basically gutted their destination management organisation. Tourism is the greatest industry down in Cornwall but the council does not have the funding. When that type of funding comes out from all these DMOs, they struggle to be as effective and efficient as they should be and to draw tourism out of London and the big centres to the rural areas.

Q10 Mr Bradshaw: It sounds like you think the abolition of RDAs was a real disaster when it comes to our tourist industry.

Kurt Janson: It certainly was not helpful. That is not to say that the removal of the regional tourist boards to the RDAs was good. That took about three or four years to settle down and there were great ructions to get that to work, but the system was rebuilding itself and was starting to work again when it was removed and it was not replaced by anything. That is the key issue; not that the RDAs were removed, per se, but there was no structure that was put in place to co-ordinate activity after they were removed.
**Q11 Chair:** Before we move on, picking up on Tracey’s point, you have sounded incredibly gloomy talking about declining competitiveness and all the burdens and every other country being better at them. However, it is the case that visitor numbers are going up and, according to the evidence you have submitted, a third of the new jobs have come from the tourism industry. Your members are not doing too badly. Would that be fair to say?

**Ufi Ibrahim:** I think it is more a question of geography. London has been doing extremely well and we know that last year London broke the record in terms of the most visited international city, but the question is one of looking beyond London and particularly looking to coastal areas, for example, and rural areas where tourism has not been doing so well. Yes, it is true that in some areas the industry has continued to thrive but the question is, for the coastal communities where regeneration is most necessary and perhaps arguably tourism is one of the greatest opportunities that they have for that regeneration, how do we ensure that that is going to happen? I think that is the greater question.

**Chair:** That is indeed one of the areas we intend to focus on.

**Q12 Mr Leech:** I would like to follow up on one of Tracey’s questions as well, in terms of promoting tourism. Is there any evidence that talk about not making foreigners welcome here has had any impact on the number of people that are coming into the country?

**Kurt Janson:** Yes, certainly on an anecdotal scale. We get a lot of reports back from countries, especially India, for example, where outbound tourism numbers from India over the last five years have increased by about 50% and have decreased to the UK. You would expect that if people are going overseas from India we would pick up on that because of all the cultural, historic and sporting ties that we have, and friends and relatives in the country. There has been a range of initiatives, such as taking the mobile billboards around communities saying that immigrants will be found and removed home, that has had a negative impact. The proposal to have a £3,000 bond for visitors—

**Q13 Chair:** Surely it would be fair to say that those billboards were not circulating in tourist destinations.

**Kurt Janson:** No, but they were in the communities of past immigrants—

**Chair:** How do the tourists know about them?

**Kurt Janson:** Well, because of friends and relatives. Anything that goes around the Indian communities here gets reported in the *Times of India*. It is a very direct link. The feeling of Indian nationals is that Britain is not a welcoming place and we are missing out on a large number of visitors from that country.

**Ufi Ibrahim:** It is not only true of India. If I may add that if you take China, for example, we invited the President of the largest Government-owned Chinese tour operator, CITS, Madam Yu, to come to London a few years ago to speak to us and tell us about what was happening in China, to build
relations with China, to try to draw more visitors from China. Unfortunately, when she arrived, we asked her how her flight was and she said, “That was fine, but when I arrived and I went to the desk at the border the gentleman behind the desk asked me for my passport. I presented it. He looked. I had a valid visa, and he said, ‘Where is the rest of your group?’” She said, “Well, I do not have a group. I am here on my own. I am visiting your country on business.” He said, “That is odd. What is your business here?” She said, “My business here is to work with you and your Government to ensure that we can bring more Chinese visitors”. To which the response was, “What gives you the impression that we want any more Chinese visitors in the United Kingdom?”

Now, the question is: if those types of individuals are taking those messages back to China and affecting the reputation of the United Kingdom, what more can be done to ensure that, while the industry are constantly trying to develop their skills and their welcome—and I think we have demonstrated during the Olympic Games what a fantastic welcome this country can deliver—that is transmitted from the very moment that you land in the United Kingdom and your first greeting is by the Border Force Agency?

Q14 Conor Burns: Did you report that?
Ufi Ibrahim: She reported that directly to the Minister of Immigration with whom we were having a meeting that morning.

Q15 Conor Burns: At the time that was who?
Ufi Ibrahim: Mark Harper.

Conor Burns: What happened?

Ufi Ibrahim: He blushed. He was very embarrassed. There were some discussions, and then Philippa Rouse and others from his team contacted us to see what could be done. We cited to them a model that the World Travel and Tourism Council had been involved in, in the United States where Disney, for example, and other private sector businesses provided free training on welcome to the US border agency staff and said, “Why not try to see whether the UK industry would be in a position to do the same?” I am sure they would, on a complementary basis, to be able to provide that training in terms of welcome. We have fantastic companies here who could do that, too.

Q16 Mr Leech: Does the difficulty in accessing visas from certain parts of the world to come as a visitor add to that sense that it is not a welcoming place?
Kurt Janson: One of the major problems that we have at the moment is that we are the only European country that requires people to have biometric visas to come to the UK. In Schengen countries you do not need them. Basically, any visitor, their family, children, have to go to a processing centre where they have their fingerprints taken and their irises scanned. This is not just a hassle, but you are treating a visitor as if they were a criminal before coming into the country. Compare that to a Schengen country where you do not have
to go through that process and you get access to 26 countries on one visa that costs less than a UK visa and you can understand why there is a perception that the UK does not want visitors but Schengen is open for business.

**Q17 Mr Leech:** But is there any concrete evidence that this stops people coming in? Let me give you an example. I know it is a slightly different situation, but in Turkey you used to have to queue up for a visa once you arrived in Turkey. They have simplified the process. I am not sure it means that more people are going to Turkey. It just means it is less hassle once you get there.

**Kurt Janson:** We have been tracking visitor numbers from visa-requiring countries, especially the main BRIC countries, for the last 20 years. What it shows is that up until 2008 we were tracking at a fairly constant level for most BRIC countries. Once the requirements for biometric visas came in, our share of Russia, India and China all fell by about 40% in one year.

**Angie Bray:** 40%?

**Kurt Janson:** 40% in one year and they have tracked along at this new level. For example, out of China we used to get 0.36% of Chinese outbound up until 2008. We now get 0.2% of the Chinese outbound. That pattern was repeated exactly for India, China and Russia. In Brazil you do not need a visa to come here and—

**Q18 Chair:** Isn’t that about to change? I think Schengen are about to introduce biometric visas.

**Kurt Janson:** It is. They plan to bring them in, in May next year, which is a great concern to us because, if you need to get a biometric visa for Schengen and you have to go through the hassle of going to a processing centre and going through all that, do you want to then have to do that again to get a British visa to add the UK to your European tour? We think that the vast majority of people would say, “Going through that process twice is too much hassle. I will do it once where the maximum benefit is”. The maximum benefit is getting 26 countries. European tours will increasingly start in Paris or Schiphol.

**Q19 Chair:** The evidence we have heard does support the idea of joint processing of biometric visas. Is that something you would like to see?

**Kurt Janson:** What we would like to see is a sharing of biometric processing centres with our European colleagues. That way a person could go to one centre and take one set of prints. Those would be sent separately to the Schengen country and to the UK, be processed and come back, so it is a one-stop shop.

**Q20 Chair:** Have the Home Office looked at that with any enthusiasm?

**Ufi Ibrahim:** Yes, and Theresa May did.

**Kurt Janson:** She did.
**Ufi Ibrahim**: She stated support for that approach. However, she did say that that would take time because there would need to be a level of negotiation with the Schengen states in order to get agreement to all of that, although we think that the process could be much faster in terms of making that happen. In the meantime, we are still seeing that France, for example, had 1.2 million Chinese visitors last year versus 200,000 for the United Kingdom.

**Q21 Mr Bradshaw**: In terms of visitors from the rest of the EU, how important is the principle of the free movement of people within the EU for our tourism industry?

**Ufi Ibrahim**: Extremely important I would say. The free movement of people is what tourism benefits from most of all.

**Mr Bradshaw**: Any discussion about curtailing the free movement of people within the EU would be disastrous for our tourism industry.

**Chair**: I think that is what they call leading the witness.

**Mr Bradshaw**: Yes, thank you.

**Q22 Mr Leech**: To what extent is the constraint of airport capacity in and around London an issue for inbound tourism?

**Kurt Janson**: It is very much an issue for the tourism industry. London is a global brand. It is the jewel in our tourism crown. It is what gets us the international recognition and attention. People want to come to London and if they cannot come to London then they will not come to London and disperse out to other regions.

**Q23 Mr Leech**: On that basis, surely Gatwick should be full and Stansted should be full as well.

**Kurt Janson**: It does not work that way. Stansted and Gatwick are not global hubs. Heathrow is the global hub. It is the airport that long-haul carriers want to go to, and economically have to go to, to make things worth while. There was one route into Gatwick. As soon as a Heathrow slot came up, Chinese Airlines moved it over.

**Ufi Ibrahim**: I think the position of the industry on aviation capacity is that we need more aviation capacity. We can see that there is a constraint on slots at major airports in this country and we know that, the greater the capacity, the greater the number of people that can arrive. For example, if you take China, we know that France has eight times the capacity of flights coming in from China versus the United Kingdom and we can see the fact that they have, as I said, 1.2 million visitors that go to France versus the 200,000 coming to the United Kingdom. We know that aviation capacity will enable people to come here. Accessibility is key to the industry. The bottom line is we need more aviation capacity and we do want to ensure that we have the Government’s support and commitment to following through on the Howard Davies Commission results when they are put forward.
Q24 Mr Leech: Finally, you mentioned passenger duty was also a barrier for tourism. Roughly how much would air passenger duty put additionally on to a flight from China to Heathrow?

Kurt Janson: In the order of about 20% to 25%.

Mr Leech: 20% to 25%?

Kurt Janson: Yes. It has reached the stage, referring back to the World Economic Forum’s competitiveness survey, on air passenger duty where we ranked 139th out of 140 countries. The only reason we did not rank 140th is because Chad did not file a return. We have a barrier there that is far bigger than any other country in the world.

Q25 Mr Leech: It 20% to 25% cheaper for someone to fly to Paris than—

Kurt Janson: No, it is not 25% cheaper. It is 25% of the cost of coming here. Flights to the UK, if you take out air passenger duty, would be a lot cheaper than our European rivals.

Q26 Mr Leech: What would be the difference in the cost of flying to Heathrow compared to flying to Charles de Gaulle?

Kurt Janson: No, there is a very marginal pricing difference. What we are saying is that, because of the efficiencies that we have in the British air transport industry, if it was not for air transport APD we could undercut European prices. At the moment we are just level with them but we could undercut them significantly.

Q27 Mr Leech: Isn’t the reality, though, that the airlines would just be making more money? They would be putting more in their back pocket rather than it going to the Treasury?

Ufi Ibrahim: I think that is an unfair statement to make. I also think it is important to look at the cumulative additional cost burden put upon a traveller’s price of the package of their holiday coming to the United Kingdom. It is not just about APD. Take VAT, for example. It is the cumulative effect. You have 20% to 25% added on to your ticket because of APD and then if you compare the average rate of VAT across accommodation it is about 10.7%. We are twice that in the United Kingdom, so you have that additional burden as well and all of these additional tax burdens make us an uncompetitive destination in terms of price.

Kurt Janson: I would also point out that PwC undertook a report on air passenger duty last year and found that if you removed air passenger duty completely there would be zero cost to the Treasury because you would get more inbound visitors who would spend in the country and that would make up for the loss of APD revenue.
Q28  Mr Bradshaw: Can you address the particularly severe impact in the way APD operates on regional airlines, like Flybe?

**Ufi Ibrahim**: Yes, domestic.

**Mr Bradshaw**: Because it pays twice?

**Kurt Janson**: Yes, on domestic routes it is very difficult because it is a departure tax. You are departing from each leg of your journey within the UK and, therefore, you pay it twice.

Q29  Mr Bradshaw: How important are these domestic routes for the tourism industry?

**Kurt Janson**: They are very important for the outlying areas. There is a scale where if you go past something like 200 miles, I think it is, then people switch from train to plane. For any travel outside of that type of distance you are running into problems if you are taxing the form of travel that people want or need to take.

Q30  Angie Bray: As a Member of Parliament for a west London seat I must briefly return to the issue around your view that expanding Heathrow is the only way to help our tourism industry. Would it not be reasonable at least to say that, when we finally get a result from the committee inquiring into this, that, were they to choose Gatwick for the second runway, Gatwick would then have a second runway that would make it more able to compete with Heathrow and that there would be a lot of infrastructure built around that, which might also help to boost access to this country and to London?

**Kurt Janson**: I think I should point out that we do not have a position on whether the additional capacity should be at Heathrow or Gatwick.

Q31  Angie Bray: The way you said it, you seemed to suggest that Heathrow was the only show in town.

**Ufi Ibrahim**: I hope that I can set the record straight at that point by saying that the industry’s position is that we would like to ensure that Government does follow up on the results coming out of the Howard Davies review. The bottom line for us is that we need more aviation capacity in the United Kingdom and we would hope that the results of the review will point to where that capacity should be.

Q32  Angie Bray: Excellent. I think we can all agree on that point. You have already said that London does significantly well in comparison to other major cities. Could you outline for us how well London is doing? It is obvious why it does, we have a lot to see, but could you give us a brief outline on how you see London at the moment competitively?

**Ufi Ibrahim**: We know that London registered over 17 million visitors last year, which put them ahead of other destinations and broke London’s own record in terms of a major city. My comparative was not only between London and other cities but also London and other regions of the United Kingdom,
including coastal and rural regions of the United Kingdom. I think it is fair to say that perhaps more effort needs to be placed upon understanding how London can be used to push out more visitors, beyond London, to other areas of the United Kingdom in order to share more of that wealth. Less of that seems to be happening at the moment. I think many of the barriers that we have already talked about have an impact on that, particularly VAT, for example, and also domestic tourism coming out of London. Scotland would claim that something in the region of 60% of all their domestic tourists come from London.

We need to do more in terms of ensuring that we are price competitive across the United Kingdom, particularly in those areas that are suffering, in order to get more visitors living within London to travel across the UK but also visitors coming to London to then explore further areas of the United Kingdom. We find that in our business, repeat visitation is very important. Perhaps on a first visit people may come to London but then on a second visit, when they come back to London, we know that there is an opportunity there for them to be encouraged to go to Cambridge, Oxford or Blackpool, helping to drive that business beyond London, and I think much more emphasis needs to be positioned on that.

Q33 Angie Bray: Is one of the problems that, particularly outside of summertime, people tend to do weekend breaks and, therefore, people coming to this country are likely to say, “We will fly to London and do a weekend in London; we don’t have the time to get beyond London before we have to go back again”?

Kurt Janson: Yes. One of the issues in global tourism at the moment is that people are taking more trips but shorter trips. The shorter the trip is, the harder it is to get people away from the gateway where they enter the country, so there is a job to be done there. As we mentioned previously, that is not helped by the lack of funding at the regional level to promote themselves and pull people out. There is a job to be done at the national level to push them, but there is the pull needed to have some healthy, vibrant destinations that attract the attention of people travelling from overseas. It is increasingly hard because it is an increasingly competitive international environment that they are working on. To get the cut-through to register in people’s minds overseas needs an incredible amount of resource and effort.

Q34 Angie Bray: What are your ideas for boosting places to visit beyond London? Promotion, better charges, better infrastructure, what is it? You have talked about the VAT stuff, but what else do you think the regions can be doing? Kurt Janson: The greatest problems are basically the resource issue and co-ordination: get the resources right and get the co-ordination going between the local tourism strategies, the national strategies that VisitEngland has and the international strategies that VisitBritain has through the GREAT campaign. If you get the linkages there where everyone is working to the same end, then we can do that.
**Ufi Ibrahim:** I want to add, if I may, that in principle the idea of the local enterprise partnerships helping to drive enterprise in their regions was a good idea. However, what we found for tourism is that there are few local enterprise partnerships that have embraced tourism and positioned it at the heart of their own economic growth strategies for those regions. I think we need to do much more collectively, not just the industry but also Government, to encourage local enterprise partnerships to see tourism for the important contribution it makes to those local economies. For example, even while the local authority is withdrawing its funding into the local DMO, perhaps the local enterprise partnership could help to provide much more support in helping to drive tourism in those areas. Particularly in the coastal regions we find there needs to be much support from local enterprise partnerships to embrace tourism as a key lever to drive economic value to the area.

**Q35 Angie Bray:** Could seaside destinations perhaps be doing more to attract people, not necessarily to the traditional seaside holiday of beach and swimming and sea, but to do water sports all year round? Is there more that you think they can be doing to expand their attraction?

**Ufi Ibrahim:** I think the private sector in this country is very innovative, very enterprising. It is fair to say also that more than 80% of our industry is SMEs and all they need is for Government to ensure that they have the right conducive environment within which to thrive. We know that our industry will say that the single most important contribution that could be made to stimulate further activity, further investment into training, further capital investment, and to ensure better price competitiveness would be to have the reduced rate of VAT, particularly in those regions.

**Q36 Angie Bray:** Can I ask you one final question? What about the weather? Nobody can do much about the weather, but is that always going to be a problem in terms of competing with other destinations and other capitals?

**Ufi Ibrahim:** I honestly think that, even if it were, one should concentrate on the things that we can influence.

**Angie Bray:** But is it a factor?

**Kurt Janson:** It is not a factor. Look at a lot of Mediterranean countries and destinations. They have a very short tourism season because sun is all they have and they compete with a lot of other destinations that also have sun, so there is not a unique product there. We have a very unique, diverse product here in the UK that is suited to a temperate climate and lends itself to having extended seasons. We work with what we have and we have a vast range of attractions that countries would die to have. I say that having worked for the New Zealand Tourist Board and we had basically national parks and Hobbits and they were about the only things to attract people to the country. I look at the vast resources that we have here in heritage, cultural attractions and the like. We would have died to have this diverse product.
Q37 Angie Bray: What about the answer to the weather forecast? Every year there is a fury from various resorts and local tourist operations saying, “Oh, you have just gone and put a whole lot of people off by a really rubbish weather report”, or something.

Kurt Janson: Yes, it is an issue.

Ufi Ibrahim: Honesty is the best policy. It is absolutely right that the weather can have an impact. There is no doubt about that. You can see the difference between dining in and dining out, for example, or going to attractions that are outdoors versus indoor attractions. You can see all of these patterns absolutely linked to weather and it is true that we do have our fair share of rain. You are from London, so we can quote Boris Johnson in saying that Paris has more rainfall than London does, comparatively speaking. I think it is important to state that. If weather is a factor that creates competitive disadvantage for us, it should underline the need to do much more in areas that we can influence to drive competitive advantage for our destinations.

Q38 Jim Sheridan: As you mentioned Scotland, could I maybe ask a few questions about Scotland, in particular the aviation capacity and the APD? I think the arguments around an APD have been well rehearsed but, more importantly, in Scotland we have a unique dependency on aviation, given our location in northern Europe. Indeed, there is a commission that has now been set up by the Government called the Smith Commission. A number of submissions have been put in that APD should be devolved to the Scottish Parliament—some of us remain unconvinced that that will be successful—which will have knock-on consequences elsewhere. It will be interesting to hear if you have any views, if indeed APD is devolved, on what impact that would have on the tourism industry.

Just this year alone, the eyes of the world have been on Glasgow and Scotland, in particular with the Commonwealth Games and the Ryder Cup. Also, the MTV Music Awards is coming to Scotland and the BBC Sports Personality of the Year is coming. It will be interesting to hear what advice you could give in order that we try to build on that success story in terms of enhanced capacity at Glasgow Airport. The figures from Glasgow are up 2.8% this summer alone, which is encouraging. In terms of the aviation capacity, Glasgow Airport and indeed the regional airports in Scotland are always seeking to secure direct links but there is a limit to how many direct links that perhaps they can use. That is why there is a vested interest in trying to ensure that south-east airports are maintained at current levels and preferably enhanced, and it will be interesting to see the Airport Commission’s views on this.

We would certainly like to see the opportunities, for instance, at Heathrow being enhanced, because the reality is that, rather than go south to Heathrow, people are going to Schiphol and various other airports, which could have the consequential effect of people losing their jobs at airports like Heathrow, and obviously lost revenue to the Treasury. The other concern, again from a Scottish perspective, is the monopoly of the major airlines, like British Airways, and how that is damaging the economy in places like Scotland, particularly the business community. If you are trying to get a flight from London to Scotland it is
extremely difficult and you are very limited in your choices and that must be equally so for the tourist industry.

_Ufi Ibrahim_: Let us take United Arab Emirates as an example. In the United Arab Emirates you have Dubai, where Emirates Airline is absolutely the major airline serving the hub there; and in Abu Dhabi, which is not very far away—you can drive between the two within an hour—you have Etihad and you have a major hub there as well. I do not see why that cannot exist between an Edinburgh and a Heathrow, for example. There are many international examples to show that different models in terms of aviation capacity and the way in which airports operate are possible. I think that would certainly require much greater in-depth review, in terms of understanding perhaps what model could be applied in the United Kingdom.

On Scotland, I think much of the success that Scotland has had certainly does derive from the fact that Visit Scotland has a budget that is £60 million, versus VisitBritain, which is less than £21 million. I think that kind of comparator does need to be drawn to show that where funding is available, we can certainly see that destinations such as Scotland have been very successful but, using VisitBritain’s budget in comparison to that, I think this does draw an important point for contrast.

**Q39 Mr Bradshaw:** What is VisitEngland’s budget?

_Kurt Janson_: It is about £8 million.

_Mr Bradshaw_: £8 million?

_Kurt Janson_: Yes.

_Mr Bradshaw_: One-tenth of Scotland’s?

_Ufi Ibrahim_: Nearly one tenth.

_Kurt Janson_: A bit more.

_Mr Bradshaw_: An eighth?

_Ufi Ibrahim_: An eighth sort of, yes.

**Q40 Jim Sheridan:** What about in terms of aviation capacity—British Airways dominance and so on?

_Ufi Ibrahim_: As I said, there were different models internationally that show that different business models can work in destinations, and I think it would be fair to look to aviation experts to give an answer to that question.

**Q41 Jim Sheridan:** Do you think the devolving of APD to Scotland will have any influence or make any difference?

_Ufi Ibrahim_: As you said, the Smith review is conducting a thorough review on that and I think that would be a question. However, I would like to draw a comparative with Ireland, for example, where you had the difference between...
the Republic of Ireland lowering their VAT rate to 9% and looking at the impact on the tourism industry and seeing the very negative impact that had on Northern Ireland, versus the growth in Ireland in activity. I think that perhaps could draw a model for what may come if APD is reduced in Scotland, although I do not know if the difference between VAT and APD is directly comparable.

**Kurt Janson:** They did that with air passenger duty in Ireland as well. They reduced air passenger duty in Ireland and the Government had to reduce air passenger duty in Belfast to maintain flights to the States especially. We do expect that, if it was a devolved responsibility and air passenger duty was reduced in Edinburgh and Glasgow, there would be a knock-on effect on Newcastle, and Newcastle would find that people were driving from there up to Edinburgh to take flights, which would be good for Scotland but not so great for Newcastle Airport. They would lobby to get a reduction that would then cause Leeds/Bradford to do the same, which would cause Birmingham/Manchester to do the same, so you could see a domino effect.

**Q42 Conor Burns:** APD and VAT are both massive revenue generators for the Treasury. The Government, even under the so-called “austerity and savage Tory cuts”, are still borrowing more than £100 billion this year, more than they are bringing in in tax revenue. Why do you guys spend your time campaigning on things you know the Government are not going to deliver for you?

**Ufi Ibrahim:** If Government had an investor approach to it, they would lower VAT on tourism services, just as most other EU countries have done. Looking at the return on investment that they have had by lowering VAT on Treasury, actually, Treasury’s coffers do grow. We have worked with the Treasury and its economic advisers and, as I said, there is a huge amount of research through the Cut Tourism VAT campaign. All of the evidence, using Government-sourced data and using the Government’s CGE modelling, shows that there would be a return of just under £4 billion to Treasury’s own coffers within 10 years if Treasury did reduce VAT to the 5% for tourism services in this country, plus 120,000 jobs, 80,000 new jobs, delivered within just three years, and £4 billion added to GDP in the United Kingdom.

We know that the returns on investment from a reduction of VAT on tourism services would have a very big, positive contribution to the Exchequer, to tackling the deficit that the United Kingdom continues to face and certainly to creating jobs in the United Kingdom, particularly, I have to add, in specific areas across the UK where we are seeing high levels of unemployment and where other industries do not seem to be able to tackle that problem.

**Q43 Conor Burns:** You have been working with Treasury officials. You have demonstrated to them that it will bring in £4 billion in additional revenue and create 80,000 new jobs?

**Ufi Ibrahim:** Correct.
Conor Burns: You have reached agreement with Treasury officials that that is the case?

Ufi Ibrahim: We certainly have the facts. The facts speak for themselves. The evidence is there. The Treasury’s own economic adviser, Professor Adam Blake, said that the results he had seen were far better in terms of the returns for Treasury compared to changes in corporation tax, for example, or business rates. That evidence is absolutely there. I think the only impediment to enacting the reduction in VAT is now political will. We are very pleased that we have just under 90 MPs who are actively supporting and championing the Cut Tourism VAT campaign now. It is not necessarily a matter of if, but we hope, as an industry, it is more a matter of when the Treasury is going to embrace this opportunity and enact a reduction in tourism VAT.

Q44 Conor Burns: This is fascinating. The Chancellor’s own advisers agree with you that a cut in VAT in this sector will create 80,000 new jobs and create £4 billion in new revenue, and the only thing that is absent is the political will of the Chancellor to do that?

Ufi Ibrahim: Yes, because the big issue is that in year one, Treasury argue that there will be an impact on the level of funds going into the Exchequer, somewhere in the region of £600 million. I know that you will have a separate session with the Cut Tourism VAT campaign and they will be able to provide you with more detail on that. However, there are again many examples, even within Europe, as to how the industry have worked with Government to tackle that first-year loss to Treasury. Take France, for example. In France, as in Germany, Italy, Ireland and many EU countries, tourism VAT is under 10% and a pledge was made by the industry in order to be able to give Treasury that confidence that the price differential would be passed on to the customer and the investment would be made in more training and employment. We have seen the success in those countries, so I do not see why it would not be feasible and possible here. I believe it is a matter of time.

Q45 Conor Burns: I am now looking forward to the autumn statement. I declare an interest. I represent Bournemouth. Our second largest employer in Bournemouth is tourism and hospitality. I back the campaign to cut VAT, but I have not heard before, in my interaction with Treasury, the warmth with which you are extolling Treasury officials embracing this idea. I am now looking forward to the autumn statement because no Chancellor of any side would turn down an extra £4 billion in revenue and 80,000 new jobs for absence of political will.

Chair: £600 million loss in year one. That number is a bit more difficult.

Conor Burns: Oh John, when we are borrowing £100 billion, £600 million is neither here nor there, is it?

You talked about concentrating on the things we can influence. Ben picked you up on the amount that VisitBritain and VisitEngland spent. That is something you could influence. I think there is a big problem with both VisitEngland and
VisitBritain, which I think do a very good job, but sometimes they seem to be “Visit London” and we need to do much more to push people. London is the start point. Get them out to the regions more, and a very small increase in spending. Ireland do this incredibly well. You always hear on the radio in London, in taxis and so on, the adverts from Visit Ireland. Why don’t we do more of that? Why don’t you put more emphasis on pushing for smaller increases in spending that have more influence, rather than concentrating on these big-ticket ones that I don’t think Treasury will pick up on?

Ufi Ibrahim: We represent the private sector, just to be very clear on that, and private industry does make a considerable investment on marketing the United Kingdom as well. It is not to say that the private sector is not making an important contribution to driving business to their businesses, for obvious reasons. As I said, I think the single most important facilitation that Government should provide is making sure that we have a conducive environment within which our businesses can thrive.

On the Visit agencies and their role, tourism affects every business. The economy affects retail. It affects construction. It affects everyone. Therefore, we feel that Government absolutely must play a role in protecting an industry that represents 10% of employment and 10% of GDP in this country. It is a major industry. There is absolutely a role there for Government to complement in terms of driving our visibility internationally. Also, tourism should not be forgotten for the role it plays in presenting the reputation, the branding, for the nation in the world, and a big role in terms of public diplomacy and our positioning internationally.

I think the fundamental necessity is to have greater funding, absolutely, for the Visit agencies, VisitBritain and VisitEngland, and greater clarity over their own roles and responsibilities as well: for example, VisitBritain concentrating on international tourism and VisitEngland perhaps concentrating more on domestic tourism, where there does appear to be a slight blurring along the lines at the moment.

Kurt Janson: You say you see Visit Ireland marketing. The reason you see that is because they spend £18 million a year on the UK market, whereas VisitEngland’s marketing budget is £5 million to convince people in the UK to stay at home. You can see the disparity between the two organisations and that is why you spend money.

Q46 Conor Burns: If you take the spending multiple of a visitor coming to the UK, you can make the economic case for investment in VisitEngland and VisitBritain, where you are talking about relatively modest amounts of money. You are talking about millions rather than billions. Why are you not focusing on persuading Government where you might have an influence, rather than focusing on big-ticket stuff, which in the current economic environment, regardless of which side are in power, you have very little chance of getting at the moment.

Kurt Janson: There are a whole range of things that we try to talk to Government about: from deregulation, which would help the industry; low-ticket items there, which would have a very significant change; through to
being big campaigners for daylight saving going to double summer time, which would have basically no cost.

Q47 Conor Burns: I think we are coming on to that, but what I am trying to get at is the disconnect. When I talk to hoteliers and restaurateurs and so on in Bournemouth, they agree with you on VAT and they agree with you on APD, but they understand there is very little chance of those things being delivered upon. For example, in Bournemouth, the council a few years ago created an air festival. We had 1.2 million visitors to Bournemouth over four days in August to come to the air festival. That is delivering for them. That is bringing people in. These big campaign things are disconnected from their day-to-day businesses.

Kurt Janson: You have a fantastic person in Mark Smith down there who does a great job on those campaigns. I absolutely agree with you that there is more need to get the campaign work that VisitBritain and VisitEngland are doing connected with what is happening at the local level. That is the problem at the moment with having all the 200 DMOs and trying to co-ordinate their activities with what VisitEngland is doing at a national level and VisitBritain is doing overseas, when you have no funding channels to get everyone to work together or the regulatory channels to make them do it. You are herding 200 cats and it doesn’t work.

Q48 Conor Burns: In conclusion, the thing I am saying to you is: put more emphasis into something you can influence rather than—

Ufi Ibrahim: The triennial review at the moment looking into VisitEngland and VisitBritain does give us an opportunity to be able to help influence, hopefully, Government’s thinking on how those two agencies will be reviewed and perhaps helped to improve moving forward. We did say at the start there are a number of organisations in the United Kingdom who are marketing and all have their own budgets. Get greater alignment between them—the British Council, the Foreign and Commonwealth Office, UKTI, the GREAT campaign, VisitBritain and DEFRA. We talked about the Rural Tourism Fund that DEFRA has, for example. All of these funds do exist. I think greater cohesive alignment between them is a structural issue and we have already put that view forward to the triennial review. In terms of the greatest financial big prize ticket that the Government could give this industry to ensure our competitiveness, not just in the short but also in the medium term, we would come back to the big prize ticket requests that we have because, as a business, we know that price competitiveness and our elasticity makes the biggest impact on the returns, not only to our businesses but also to the Treasury and UK plc.

Q49 Chair: Just before we leave tax, can I ask you about a very specific issue that I have to admit I am not completely up to speed on, so perhaps you could explain it, and that is margin VAT and TOMS.

Kurt Janson: That is the Tour Operators Margin Scheme. It is basically a scheme where, if you are a tour operator, you have products in various countries throughout Europe. Rather than paying VAT in various countries,
there is a European scheme whereby you pay for the products, including VAT, and then you are taxed on the difference between what you buy your products for and what you sell them on to your customer at. The problem that comes with that is that most businesses are taxed on their profits. This is basically taxing you on all your costs, so costs of sourcing of product, of advertising it, going and printing all your brochures and getting it out to market and taking all the bookings. That is what you pay your tax on, and that makes tour operators that are located in the UK selling into Europe uncompetitive. We have seen all the business-to-customer operators move overseas. The problem at the moment is that the European Court of Justice has decided that business-to-business or wholesaling of tourism products should be included in the TOMS scheme, which would make them totally uncompetitive and see our wholesale tourism industry relocate overseas as well.

Luckily, everyone realises that TOMS does not work properly and it needs to be reformed. HMRC has determined that they will not enforce the European Court of Justice ruling because the whole thing needs to be reviewed. They have done the right thing for the industry but, for them to hold that position, there needs to be a review of TOMS.

**Q50 Chair:** It is enormously encouraging that a British Government agency has told the European Court of Justice they are going to ignore its ruling, but is that accepted by the European Court or are we looking at infraction proceedings?

**Kurt Janson:** They will look at infraction proceedings if nothing happens in the way of TOMS reform. This is why the reform is required. HMRC can get away with it as long as there is an understanding that the whole system is going to be reviewed.

**Q51 Chair:** That understanding exists?

**Kurt Janson:** At the moment, although there are rumours coming out of Europe that proceedings are in the wings.

**Q52 Jim Sheridan:** Can I just clarify the figures? The figure you quoted for Visit Scotland is £80 million, against—

**Ufi Ibrahim:** £60 million.

**Jim Sheridan:** £60 million against £20 million against £8 million. Are you comparing apples with apples, though?

**Kurt Janson:** Yes.

**Jim Sheridan:** It seems grossly disproportionate.

**Ufi Ibrahim:** Yes.

**Kurt Janson:** It depends which way you want to look at it. It is either kind of a—
Jim Sheridan: That is why I am asking you.

Kurt Janson: The Scottish Parliament recognises the value of tourism to the Scottish economy and has funded—

Jim Sheridan: It comes out of the Scottish fund, then? It doesn’t come out of the UK fund?

Mr Bradshaw: Maybe we need devolution in England as well.

Chair: We won’t go down that particular road.

Jim Sheridan: We are not going that far.

Q53 Mr Bradshaw: What is your latest estimate of the benefits to the UK tourist industry of daylight saving?

Kurt Janson: The last work that we did, which is a few years old and went to the Private Member’s Bill, was between £2.5 billion to £3.5 billion additional revenue to the tourism industry, which would equate to 60,000 to 80,000 new jobs.

Mr Bradshaw: A year?

Kurt Janson: An annual figure.

Q54 Mr Bradshaw: That £2 billion to £3 billion figure is over what period of time? Is it an annual figure?

Kurt Janson: No, there would be a step-change.

Q55 Mr Bradshaw: That is bigger than VAT and everything else we have been talking about, by far.

Kurt Janson: It is certainly a huge amount. There are a number of small-ticket items that would have huge impacts. That is one. Another one is if we change the package travel directive that prevents small businesses working together on value added products. For example, if you had a B&B you could not say, “£100 for staying at my place and a meal at the local pub”. You have to comply with the package travel regulations. Small businesses cannot do that. The value of changing that regulation to encourage packages is about £3.7 billion in work that we have done with VisitEngland. Daylight saving, no real cost, huge benefits; package travel directive, absolutely the same.

Q56 Mr Bradshaw: Given it has no real costs and huge benefits, not just for tourism but for road safety, physical health, mental well-being, and that this Private Member’s Bill had the largest cross-party support of any Private Member’s Bill in this Parliament, are you disappointed that the Government has not moved on this?

Kurt Janson: Very disappointed. As you will know, it was talked out on Third Reading, which was not particularly democratic in our view. David Cameron
undertook to have a group take it forward and have a committee look at it. Nothing has happened.

**Q57 Mr Bradshaw:** Why do you think that is? He made a promise to set up a committee that he has not fulfilled?

**Kurt Janson:** Yes. There was an undertaking to have a look at taking it forward. I forget the actual wording of his statement, but I could look that up for you. It certainly encouraged us that something would be taken forward even though it was rejected.

**Mr Bradshaw:** A lot of people spent a lot of time on this and you have every right to feel extremely disappointed.

**Kurt Janson:** I am sure its time will come again.

**Q58 Mr Bradshaw:** Do you think its time will come again more easily now the Scottish referendum is out of the way?

**Kurt Janson:** I would hope so.

**Chair:** Do you want to move on to skills?

**Q59 Mr Bradshaw:** Yes. It sounded a little earlier as if you were making improving skills and training dependent on getting what you want on VAT, but you should be concerned about skills and training anyway, shouldn’t you?

**Ufi Ibrahim:** We are, absolutely. Our industry is leading in terms of our commitment to generating 20,000 apprenticeships, 20,000 work placements and 20,000 new jobs for young Briton NEETs—16 to 24 year-olds not in employment, education or training. We made that commitment 18 months ago. We have already delivered over 35,000 and we are on target to deliver 60,000 by the end of 2015. As far as I am aware, we are ahead of other industries in the United Kingdom in terms of our pledge contribution. We feed into the national skills leadership council, chaired by Steve Holliday of the National Grid and supported by the Prince of Wales. We have an absolute commitment to that.

I think the fundamental barriers that exist to the wider breadth of our industry, particularly SMEs, are that we need a lot of clarity over apprenticeships for SMEs, for example. There are specific areas that are acting as barriers to the SMEs embracing apprenticeships and moving forward with them: for example, clarity over the funding penalties in terms of performance risk—a big burden for SMEs, and there is great fear among them in terms of being able to embrace that.

Also, many of the frameworks—the occupational standards—that support the development of those standards have, unfortunately, up to this point in time been focused on perhaps larger businesses. The SMEs are finding it very difficult to embrace and deliver to those occupational standards. Trailblazers 3, for example: reaching out and embracing the SMEs and ensuring that their
voice is heard in simplifying those frameworks, to enable them to be greater contributors to apprenticeships and delivery of skills, would be very helpful.

**Q60 Mr Bradshaw:** The industry has often been criticised for low pay and lack of qualifications. Do you think that is an unfair criticism?

**Ufi Ibrahim:** I think there does seem to be a culture in the United Kingdom, probably spearheaded by the media, that bad news sells much greater volume than good news. Similarly, I could say that for our industry perhaps the perception has been negative. However, perhaps that is a misperception and we are missing key facts, such as the fact that we are a very big meritocracy in the United Kingdom and that low-skilled people entering the industry—no, take it the other way round. We are estimating that 80% of the senior executives in our industry all started at the lowest skilled entry points into the industry and have developed through the channels, through the skills, through the training provided by those organisations on a day-to-day basis.

**Q61 Mr Bradshaw:** The old “Fawlty Towers” image of rickety and eccentric service is an outdated parody, you would say?

**Ufi Ibrahim:** One should be careful of how much one takes media comedy to be a true representation of what now is a very modern, very competitive industry and an industry—if you take the food side, for example—which is now highly scientific as well. The huge amount of regulation that our members have to deal with would require them all to have much more than a John Cleese/”Fawlty Towers” kind of skill.

**Q62 Mr Bradshaw:** You mentioned food. We could go off into a whole other tangent but, very briefly, how important for our tourism industry is the growing food renaissance, food festivals, cultural offers in places like the south-west, for our tourism industry?

**Ufi Ibrahim:** Very important.

**Kurt Janson:** Extremely, yes. The thing tourists are looking for now is authentic experiences, and food plays an incredible part of having an authentic experience at a destination. We are finding that the Padstow or “Padstein” effect, where people go to a particular—

**Mr Bradshaw:** The Committee will be visiting Padstow and Exeter, I am very pleased to say, to sample some of these delights.

**Kurt Janson:** See, it has had its effect.

**Ufi Ibrahim:** Sorry, if I may bring it back to your original question. If you look at estimates in terms of what labour costs are to the P&L of a tourism business, it is somewhere in the region of 40%. Enabling businesses to have more growth and more revenue means that they will then be able to inject more into skills training and development, and I think that is a fundamental point not to forget.
**Kurt Janson**: It also highlights the point that tourism is cross-Government. The whole thing of wanting authentic experiences in places—you pull in other Government Departments. This is why DEFRA is playing such a large role in rural tourism development, and the linkages between farmers producing these products that can be sold at local bed and breakfasts or pubs is a real strength that underpins the industry. The more that we can develop that, the better we can compete in the future.

**Ufi Ibrahim**: We are very pleased that the Tourism Industry Council played a role in bringing BIS and the Minister of Skills, specifically, and the Minister of Tourism closer together because, unfortunately, our industry was omitted from the first round of Trailblazers, which was shocking considering the volume of opportunities that we are embracing in terms of apprenticeships, driving apprenticeships, driving young people and youth employment coming into our sector. We do hope that the Tourism Industry Council will continue, at the very least, in its role of ensuring that the development of a future-skilled workforce for our industry will be across the borders of DCMS and BIS, at a minimum, even though there is greater scope, as I said earlier, for greater cross-departmental thinking in terms of policy supporting tourism for the future. We need a greater representation of Ministers across that table beyond the next election.

**Q63 Philip Davies**: I am still slightly reeling from the fact that, reading the evidence we have had, in effect, our immigration and border controls are too stringent in this country. Good luck with selling that message around the country. I think that might be a harder message to sell than the one to the Treasury about scrapping VAT or reducing VAT and air passenger duty. On skills, what proportion of the work force in the tourism/hospitality industry are migrant workers?

**Kurt Janson**: Less than 20%. Over 80% of people who work in the tourism industry are British. If I could come back to the point you made—sorry, I am just having a mind blank.

**Philip Davies**: Are immigration and border controls too stringent?

**Kurt Janson**: No. We have never said that they are too stringent, and we would be supportive of the Government in saying that the level of control over immigration is absolutely fine. We have no problem with that whatsoever. It is the fast and efficient processing of legitimate visitors to come into the country that we want to rectify.

**Ufi Ibrahim**: In the United States of America some years ago Condoleezza Rice, then Secretary of State, struck a deal with Michael Chertoff, Secretary of Homeland Security, in order to ensure that, while the US borders were secure, that would not be a deterrent to incoming tourism. Since then, through the work of the US Obama-led Travel and Tourism Competitiveness group, which represents heads of government across all of the United States Government, we have seen a demonstrable impact on the volume of Chinese and Brazilian visitors going into the United States. If the US can do it—arguably they are
also very keen on immigration and security—I do not see why the United Kingdom cannot achieve it.

Q64 Chair: Coming back to this question of migrant workers, you said that the overwhelming majority are British. Ufi, I have been doing this job for too long, in that I remember our last inquiry when your predecessor, as chief executive of the BHA, was giving evidence. I recall him saying to us that 80% of workers in the hospitality industry in London were east European.

Philip Davies: It was higher in London.

Chair: It was possibly across the country as well, but he then went on to say to us, and I recall this vividly, “The reason is because they turn up on time, they work hard, they smile at the customers, they do not take sick leave, they do not look surly and they do not slam the plates down”. He went into a lengthy comparison regarding why restaurants and bars employed east European workers. Are you saying that all that has changed or that he was wrong?

Ufi Ibrahim: I cannot comment on what my predecessor would have said. I wasn’t here at that time.

Chair: But you would not take that view?

Ufi Ibrahim: However, what I can tell you is that we are very careful and cautious to focus all of our messaging on real evidence and, where possible, to focus that on data coming out of the ONS, for example, or data that have credibility with Government as well, so that we can have a very clear picture on what the situation is. The data cited by Kurt are from—

Kurt Janson: ONS.

Q65 Philip Davies: What proportion of migrant workers would you say are in the hospital industry?

Kurt Janson: Just in hospitality—

Philip Davies: Not wider tourism. Let us compare apples with apples. What would you say is the level of migrant workers?

Ufi Ibrahim: The figures coming out of ONS do take into consideration hospitality. I have forgotten the other parts that they have to it as well. It is a single figure that embraces hospitality within it. Therefore, you could say it is the same figure for hospitality.

Q66 Philip Davies: You are saying that only 20% of workers in the hospitality industry are migrant workers?

Ufi Ibrahim: According to the ONS, yes.

Q67 Philip Davies: Why has that changed so much in—is it four years ago since we—

Chair: More; about six.
Philip Davies: About six.

Ufi Ibrahim: As I said, I cannot comment on my predecessor’s comments at that time. What I can tell you is that we focus our comments on evidence and I think the issue around perception needs to be tackled by ensuring that the facts speak for themselves.

Q68 Philip Davies: What would you say was the proportion in London? Do you have any figures for migrant workers in the hospitality industry in London?

Ufi Ibrahim: I think that, considering the volume of activity in London versus the rest, it should not be too dissimilar because, otherwise, London would have a greater impact on the figures for the rest of the country. I do not know the figure off the top of my head, but maths would tell me that the figure cannot be too dissimilar.

Chair: I think we have got through all our questions, so can I thank both of you very much?

Ufi Ibrahim: Thank you.

Witnesses: John Dunford, CEO, Bourne Leisure Holdings Ltd, Dermot King, Managing Director, Butlin’s, and Jackie Martin, Director of Sales & Marketing, Butlin’s, gave evidence.

Chair: Good morning. For our second panel this morning, I welcome John Dunford, the Chief Executive of Bourne Leisure Holdings, and Dermot King and Jackie Martin of Butlin’s.

Q69 Tracey Crouch: I found the previous witnesses at the start of this inquiry interesting, but also rather depressing in terms of their assessment of the outlook for the industry. I wonder if you could perhaps give your own assessment of the current state of the tourism industry and its potential for improvement.

Dermot King: If I can speak certainly on behalf of the seaside tourist industry, which is where we come from, I read last night, according to VisitBritain, that 91 million overnight stays are taken by British residents in seaside towns. We account for 22 million of them, so a little less than one in four. I wouldn’t be completely pessimistic from the consumer-demand side of seaside tourist attractions and the industry itself. I think there is great engagement amongst the British public with seaside towns. I think the challenge we face is how to create a product that is good enough for more of us to want to spend more time in seaside towns and locations and enjoying what they have to offer.

Jackie Martin: We have done an awful lot of research with our guests and with those who go out and visit our brands at the moment, and what they tell us is they have a lot of heart for the British seaside in particular. The reasons for that are twofold: one is a practical reason and one is an emotional reason.
The practical reason is they tell us that travelling by air can be very stressful. You have limited baggage allowances and you have worries about delays and how your children will behave on the plane, for example. What they would like to do is to pack up all the paraphernalia that you need when you go on a holiday with your children in the car and drive to the seaside. That is the practical reason. The emotional reason that parents talk about, which is as important if not more so, is that they remember their own childhood holidays at the seaside with a great level of fondness. It represents to them that idyllic, natural environment when the world was a much better and simpler place. They are desperate to give that sort of holiday experience to their children today.

Q70 Tracey Crouch: But, anecdotally, people say that it is often cheaper to go abroad, to get on a cheap flight and go off to some resort in Spain or Greece or what have you, than it is to have a holiday in the UK. What do you say to that?

Jackie Martin: It is true that families do need their week of sun. We are not denying that but, as I say, there is a real heart for the British seaside in particular. The average cost of a Butlin’s holiday is £450, just to give you an example.

Q71 Chair: Per person?

Jackie Martin: The average cost for a family of four.

Chair: For four?

Jackie Martin: Yes.

Chair: For a week?

Jackie Martin: For a short break, which might be three or four nights.

Q72 Tracey Crouch: But you could fly to Barcelona for a weekend for £450.

Jackie Martin: Indeed, and maybe that is the choice that customers make. However, as I say, all our research points to the fact that British consumers have a very strong heart for the seaside that lives in this country.

Q73 Tracey Crouch: You are relying on sentiment to keep the business going, rather than perhaps reducing prices and encouraging people in a battle of the purse, as it were?

John Dunford: In terms of our business or in terms of the seaside?

Tracey Crouch: Both. As a family of three, if you can fly to Barcelona for a long weekend for the same price of spending a weekend in a Butlin’s resort or wherever, surely it would be no competition?
John Dunford: But we must, and hopefully we do this quite well as a business, understand the guest’s need. Most of our research is done with mums, and mums have families. If you look at what they want for their family, they are not going to get that in Barcelona. It is apples and pears. If you look at the need of a mum on a family holiday and what she is looking for, we believe our resorts are very well positioned to provide that. We believe that, with further investment and the right environment, the seaside could do a fantastic job of providing that and take away even the people who decide to go to Barcelona, Prague or wherever it is they choose to go to.

Dermot King: If you are looking for not just a hotel and restaurant but a holistic holiday experience with your family, which means that you and your kids want to spend a day on the beach or you want to take the kids for a walk somewhere along the Jurassic Coastline, perhaps, or somewhere around Studland or Swanage where you can see Durdle Door—

John Dunford: You could do Exmouth as well.

Dermot King: —there is enough demand for that type of break to fill the need for that type of break and for a weekend in Barcelona as well, if the product is good enough and the environment is right.

John Dunford: The trends we are seeing are in terms of modern life, which is essentially moving families further apart. What holidays do is give that opportunity to come back together again. That is the centrepiece of our business but we also believe that could be the centrepiece for the coasts of Great Britain. We think that that is a real, deep, underlying need. The trend is very clearly there, and we believe the seaside is the best place to deliver that need.

Q74 Tracey Crouch: Do you think the Government is doing enough to listen to and work with the tourist industry?

Dermot King: No. I think one of the issues for Government is that it thinks that it can fix all the problems, but what it needs to do is create the environment so that entrepreneurs can fix the bigger problems. The seaside offer particularly has suffered from lack of private investment and that is because the environment to create the return that investors would need has not existed. It has not existed for a lot of the reasons that we have said in our submission and you have just heard about. The biggest single one, in my view, is VAT but it is not the only issue.

John Dunford: I think the second issue for us is: is tourism important? We think it is important. It is 9% of the GDP and 9.6% of employment, yet we sit within a sector that is DCMS. It does not even mention tourism in the name. Is that right? I know culture, media and sport are very sexy but we would like to think that tourism could be a real growth engine for the UK.

Dermot King: If I may point this out, the current Tourist Minister was not even aware she had the tourist brief until 24 hours after she was appointed as Sports Minister. It was added to her brief afterwards, or certainly that is the
way their release of information came across. Is that reflective of the attitude of Government toward tourism generally?

**John Dunford:** We accept that the Government has choices. There are lots of things that Government needs to do but, again, we would like to think that tourism could be a real growth engine and, with some real focus, could deliver growth for the UK. In our heads, that means it should be taken more seriously and probably have a leader who has real clout in the Government. Currently, we are not seeing that.

**Q75 Tracey Crouch:** John, you refer in your evidence to “the fancy tourism offices that DCMS seem to place as a high priority”. Do you just want to expand on that slightly?

**Dermot King:** Well, I have pulled rank on my boss, which is why I am sitting in the middle, because I wrote the submission and I have seen very nice offices in New York, Los Angeles, Singapore and other places like that. It seems very focused on that, which quite rightly it needs to be, but I would like to see as much focus on the domestic industry. That is the point. Do we focus as much on the domestic opportunity as we do on the visitor opportunity?

**Q76 Tracey Crouch:** The GREAT campaign is obviously highly visible. It is not a bad campaign, but do you think the money could have been spent better investing in the UK tourism industry directly, as opposed to from a big PR perspective?

**Dermot King:** It was a good campaign. It had no benefit to our business whatsoever. You have just heard about the marketing budgets that the local—

**Q77 Chair:** Presumably that is because the proportion of your visitors who are not domestic visitors, British residents, must be minute.

**Jackie Martin:** Our occupancy at Butlin’s is certainly not in decline and I think Dermot can talk about the numbers, too. Our occupancy is 85% and probably approaching 100% during the school holidays, so there is definitely no decline there. The same goes for the other two brands in Bourne Leisure as well.
In terms of our guests, I think, between the three brands, we represent a real cross-section of the family population in the UK. We do not categorise through social class, but we talk about the relationship that the guests have with the brands, the sort of experience they buy into and what they like to do when they are on our parks. We do it in that way.

**Q79 Tracey Crouch:** I have very fond memories of Butlin’s.

**Jackie Martin:** Excellent. Which one?

**Chair:** Which one? Would you like to tell us about it?

**Tracey Crouch:** I spent a very happy childhood on the Isle of Wight and in Bognor Regis.

**Jackie Martin:** Bognor, yes.

**Dermot King:** We thought we recognised you.

**Tracey Crouch:** I won many competitions. You refer in your written submission to “the London bubble”. How can other parts of the country emulate the successful draw both to foreign and domestic tourists of what you call “the London bubble”?

**Dermot King:** Well, you have to celebrate what there is outside of London. I think I am right in saying London accounts for 16% of the bed space but 52% of the occupancy. With that sort of draw, of course it is a very successful destination. What you have to celebrate is the rich heritage that we have around the rest of the country. The Lake District or the Jurassic Coastline or Cornwall or any of those other areas need to be celebrated, but then the offer needs to be more of a holistic holiday offer aimed at, predominantly in our view, families, which gives people a more varied holiday experience, not just a very limited one. Reference was made earlier on to sport. Yes, sport needs to be part of that, and we need to encourage those sorts of activities to take place.

My main point is that we do not have to manage that process. All we have to do, Government anyway, is create the environment for entrepreneurs to do it. I can assure you we have some brilliant entrepreneurs in this country and I would like to think we are part and parcel of that. We have the ability to drive tourism to be a very successful and more value-added industry, if the environment was created that allowed us to do it.

**Q80 Tracey Crouch:** You work very closely with partner organisations around your holiday parks and camps to ensure that that offering is there?

**John Dunford:** Certainly part of our role is working with local government, and what we see there is they are crying out for investment. I was in Great Yarmouth on Friday and a month ago I was back in Poole. The desire is for money to invest in essentially making a 21st-century seaside. Be it Blackpool, be it Yorkshire, be it Scotland, you see it everywhere. That is the desire. From what we see, there is the odd local authority who still believes they should be
diversifying away from tourism, which always feels a bit strange to us, but the vast bulk of local authorities want to make tourism work.

**Jackie Martin:** All of our parks and resorts have good relationships with those local authorities and with local charities and local schools as well.

**Q81 Jim Sheridan:** Just on the seaside town figures, what proportion of these holiday figures are made up by the lads and lasses at the weekend who are on stag nights, stag weekends? Without mentioning locations, there are a number of seaside locations that, at the weekends, more mature people of my age steer clear of. From Monday to Friday it is okay, but get out of town by the weekend because it is just drunken louts falling about and so on.

**John Dunford:** That is a fantastic question. It is not just you. It is families. If you go back prior to the 1970s, the British seaside was very strong economically. Package holidays came in and it declined. That led to a reduction in investment and one of the follow-on effects was the search for guests, which went into stag and hen nights. What that does is it reinforces with mums, in the research we see, that the seaside is grubby. It is not safe and it is not a place to take your family. You have to deal with all of those elements if you want to recreate a successful British seaside. There are a number of necessary aspects to this in terms of the actual underlying offer and experience you provide, as well as the marketing of that experience, to make it come back to life again.

**Jackie Martin:** That is what families are trying to get away from.

**John Dunford:** Yes.

**Jackie Martin:** A lot of our families are based in towns and cities up and down the UK and they want to escape from that very behaviour.

**Q82 Jim Sheridan:** I once heard a story, I do not know if it is true, about a farmers’ weekend at a location in England where a group of boys go—and it is mainly boys—have a good weekend and smash things up and what have you. But the hoteliers were perfectly happy for that to happen because, to be fair to the farmer people, they pay for the repairs and it is an ideal opportunity for the hoteliers to get their hotel renovated.

**Dermot King:** That would be a very short-term view for you to take of your business.

**Jim Sheridan:** It would. Is it true, though?

**Dermot King:** Not for our business. Whether it is true for anyone else, I do not know, but it would be a very short-term view to take. If you are interested, which we are, in building a long-term, sustainable business, you will not do it by adopting those sorts of weekends and those sorts of policies.

**Q83 Jim Sheridan:** Can I just ask you a final question? One of the accusations levelled against the tourist industry is you actively exploit cheap
labour in the sense of paying people the minimum wage, and you exploit the lack of employment legislation and protection. Is that a true reflection?

**John Dunford**: No.

**Jim Sheridan**: Tell me I am wrong, then.

**John Dunford**: Yes. We employ about 15,000 people at peak. You would say about 55% to 58% are classified as minimum-wage, but each of those individuals will have an opportunity to earn more. Each of those individuals will be trained. Each of those individuals has the opportunity to progress in our business or to take their qualifications elsewhere. Indeed, if you look at our management team, we have Richard, who started out as a barman in Hagerstown, which is on the other side of the country. Paul, Mike and Sharon—all of us started in caravan sales or in entertainment.

Q84 **Jim Sheridan**: 55% of your employees start on the minimum wage?

**John Dunford**: Yes.

**Jim Sheridan**: That is above any other industry.

**John Dunford**: Because we are seasonal. You would see that in any seasonal business, I would suggest.

**Dermot King**: Yes. Our business is seasonal. People come for the summer. Our seasonal employees are down for the summer. They are predominantly college kids and so on coming into work for the first time. It is what you would expect.

Q85 **Jim Sheridan**: That is not a reason for paying them the minimum wage.

**Dermot King**: All my team leaders in Skegness, for example, started as seasonal employees on that basis and have moved on through the business as a result of that. In 2013, we spent £3.7 million on various training initiatives and over 200 training courses. Unlike others in the industry, we do not have a great need for Government to spend on initiatives and training. We think the premium or the benefit or the value that we bring as a business to our estates is in the training.

Q86 **Jim Sheridan**: I am going to push you on this. Because you are paying these kids, mainly kids, the minimum wage, they have to depend on state benefits. You are the scroungers in the system because you are paying these people such low wages that they have to claim state benefits or go to food banks. Do you feel any guilt about that?

**John Dunford**: I do not see any of our people going to food banks.

**Jim Sheridan**: You might not know them.
John Dunford: We do. Again, in terms of engagement, whether your team is engaged in doing a good job is vital to providing a great experience to the guest, so we measure that. We measure that constantly, both internally and externally. In The Sunday Times’ “Best Companies to Work For”, we were fifth, and we have been fourth and second. We feel that the offer that we provide to our team is good and one that they like. No, certainly I do not see anybody going to food banks.

Q87 Mr Leech: Our previous witnesses talked about the negative impact of visa and border controls. Does that have any impact on your business at all?

Jackie Martin: No.

Dermot King: We are vastly more than 90% domestic. We have no experience of border issues affecting our business.

Q88 Chair: From your point of view, on the other conversation we had about air passenger duty, you are probably rather in favour of air passenger duty.

Dermot King: I try to take a wider view of the industry.

Q89 Chair: It certainly would not have a negative impact on your business.

Dermot King: No.

Chair: It might even have a positive one.

Dermot King: Let me give you a perspective. For a family of four flying to Barcelona, which is 800 or 900 miles from here, air passenger duty would be £13 each. That is £52 for a flight to Barcelona. If they were staying, using the example we used earlier on, in a hotel that cost £50 a night, if you did not think that was too extravagant, the difference in the VAT that they would pay is £140 because Spain only charges 10%, whereas we charge—

Chair: I understand that.

Dermot King: That disparity has far more influence on our business than air passenger duty.

John Dunford: Our overseas guests are primarily from Holland, France and Germany, but it is a small proportion.

Q90 Chair: What sort of proportion would you say?

John Dunford: It would be less than 10% at this time.

Q91 Mr Leech: Why is your market so domestic-focused? Is there not an opportunity to expand to the tourist market as well?
**Jackie Martin**: Potentially. I think that Butlin’s, if I could talk for Butlin’s because that is the brand I know the most, is a very British brand. We are 80 years old in two years’ time and what we offer is traditional and fairly nostalgic seaside entertainment. It is part of British history and so it resonates a lot with the British public. Likewise, the caravan park offer is much more of a “breath of fresh air, all about the location” seaside experience and it is British families that understand that and are looking for that seaside experience. But there is no reason why, with that investment and the quality in those seaside towns, more visitors from Europe could not come and visit as well.

**Dermot King**: You are right in hinting at the opportunity, because if our seaside locations, which could be massively improved, were more massively attractive you would get more visitors particularly from Europe. They would not be coming by air. They would more likely be coming by car. We would get more family trips, particularly from the Dutch, German and Belgian markets, who would come over here and who are quite happy to enjoy the coastal locations and the cities that we have profiles in.

**Q92 Chair**: Are there Dutch and German equivalent camps to yours?

**Dermot King**: Yes.

**Chair**: Do you have competitors in Holland and Germany?

**Dermot King**: Yes.

**Q93 Mr Leech**: But is one of the reasons why seaside resorts are not doing as well tourism-wise as London partly that we are not catering for the foreign tourists when they are coming in?

**John Dunford**: Not catering for families would be our—as your colleague stated, the connect between particularly mums, the seaside and ozone is huge. If you want to get the best bang for your buck that is what you would do. You would go for the family market and you would go for mum and you would create an environment that she felt comfortable in.

**Jackie Martin**: Because a lot of those areas feel quite run-down at the moment, they play to the very fears that parents have, but they want seaside towns to succeed. That is what all of our research over the last four or five years is telling us and, in fact, we are basing our whole business strategy around reinventing the seaside, so we clearly believe that.

**Q94 Mr Leech**: My question is: is it not a problem with the industry that they are focusing too much on the domestic market in the seaside resorts and not trying to encourage growth in foreign tourism?

**Dermot King**: We are saying no. What they are not focusing on is the family market and it does not matter whether they are British, French, German or whatever. They are not focused on the family market and that is where the opportunity lies.
Q95 Mr Leech: I am talking specifically about your business, which, according to everything we have seen, is doing quite well. In terms of growing that business, you are not concentrating on trying to get in foreign tourists as well as domestic families into your resorts?

Dermot King: We are not actively doing it but what we believe is, the better we make our product geared toward the family market, the more likely we are to attract foreign tourists to our business. You would not be surprised to know that the vast majority of our business is focused on where our customer base is, and that happens to be in the UK.

Q96 Mr Leech: I understand that. I am just trying to get to the bottom of the fact that, generally speaking, seaside resorts are not focusing on the potential growth of the foreign tourist market, whereas London is very focused on drawing those foreign tourists in. Yes, there is a role for Government to play, but surely there is a role for industry to play by making their products more geared towards making sure that, once the foreign tourists are coming into London, they do go out to the seaside resorts as well?

John Dunford: For us, the focus is on families, as we said. That is where we see the big untapped opportunity. That is much nearer and it is much easier to access than overseas. Now, that is not to say that, in due course, you might not move but I guess any business will always take the nearest market that is most easy to access. We think we are capable, certainly with our resorts, of delivering against that expectation and we think, with investment, seaside resorts could be capable of that as well.

Q97 Conor Burns: Not all seaside resorts are run-down.

John Dunford: No. We would accept that, yes.

Jackie Martin: No, absolutely.

Conor Burns: Bournemouth is far from run-down.

John Dunford: It is very good, yes.

Conor Burns: Just for the record.

Chair: Indeed.

Q98 Mr Bradshaw: Presumably the issue that you feel most strongly about that we are looking at is VAT. Would that be right?

Dermot King: If I were to summarise one issue, yes, it would be the VAT. There are a couple of other issues but VAT predominantly.

Q99 Chair: Obviously you have heard the evidence that came from The Tourism Alliance. Is there anything you would like to add as to why VAT is so important to you?
Dermot King: There was a point that I did not think came across strongly enough. It was a very engaging discussion about our negotiations with Treasury and the Treasury economic adviser, whom we were working with in modelling what we thought the outcome of a VAT reduction would be, but I think, if you did not know that that was even happening, you probably will not have known what the economist wrote in his report. I want to read it out to you, just so you absolutely understand what he said. He said, in concluding, that a cut in tourism VAT is “one of the most efficient, if not the most, efficient means of generating GDP gains at low cost to the Exchequer.” That is what he wrote.

Q100 Mr Bradshaw: Is that the Treasury’s own economist or your economist?
Dermot King: This is the Treasury’s own appointed economic adviser. Trust me, for an economist that is very excitable language to use. He is very excited indeed, I can assure you. This is not me. He said it was better than a 1% reduction in corporation tax and a reduction in the euro tax, as Dermot referred to. It is not us that are saying it. This is the Government’s own economic adviser, who wrote the model on which Treasury’s numbers are based, who is working with our economic advisers, and we are comparing and contrasting their report to the report that Deloitte had written. Again, not a report we had written; a report Deloitte had written.

Q101 Mr Bradshaw: There is a clear answer to this, is there not? The Government is intending to cut corporation tax further next April. It should not do that and instead it should cut VAT for tourism.
Dermot King: That is what their own chief economic adviser would say. That is what he did say.

Q102 Conor Burns: Do you think it will happen?
Dermot King: We certainly hope so and we think it is worth fighting for, is the honest answer.

Q103 Conor Burns: To quote somebody else, surely it would be reckless, perverse and bizarre for a Chancellor who wants to encourage growth to turn down a recommendation from one of his own leading advisers on how to encourage growth?
Dermot King: The way I expressed it before is, it is such a no-brainer you would need to have no brain not to implement it.

Q104 Conor Burns: What have you been doing to lobby people like us? It is the first I have heard of this, today, from the previous evidence session and this. I represent Britain’s premier destination resort, we would argue.
Dermot King: And Bournemouth.
Conor Burns: I sit on this Committee and this is the first time I have heard this. Are you not being negligent in not lobbying harder for this?

Dermot King: What we have done is—

Conor Burns: You have not lobbied me.

Dermot King: What we have done is, we start with all the seaside MPs and you would not be surprised to know we start from the lowest margin, going upwards. I think we have signed up 80 MPs at the moment.

Q105 Conor Burns: I must be at the top. It must not have reached me yet.

Dermot King: You must be near the top. We have not reached you yet. What is interesting is that, in our discussions with all the MPs, we have not come across anybody who privately disagrees with this. Everyone agrees the findings and the outcome, and in their desire to do it. All we hope, being optimistic by nature, is that the collective good will in facing this challenge will build up and build up. We believe it is one of the biggest opportunities we have.

Q106 Chair: I think, Conor, is fair to say that it is a very big ask of the Treasury.

If you cannot get that, what other things would you like to get from Government?

John Dunford: The thing we talked about earlier on, which is just someone with clout to look after tourism because we think that would help in creating the environment where tourism can thrive.

Q107 Chair: Is it frustrating to you—we are guilty as a Committee, to some extent, on this question as well—that a huge amount of the focus is on persuading people from other countries to come and visit Britain, rather than focusing on persuading people living here to go out and visit tourist resorts like yours?

Dermot King: I would not categorise the frustration as just being that. I would categorise it as being frustrated that tourism per se does not appear high enough up the agenda, or doesn’t appear to have the same degree of clout around the Government table that we think it ought to for an industry that employs one in 10 of the work force. I suppose I am suggesting tourism should come out of DCMS. In other countries, it has its own portfolio and tourism to the UK is pretty important.

Q108 Chair: We now have a Tourism Minister and we have a Tourism Council. Do you feel that you do at least have people in Government who are trying to help you in tourism?

Dermot King: I think we could do much better.
Q109 Conor Burns: You do not think the Minister is up to it, do you?
Dermot King: I did not say that. I think our collective efforts could be much better because the opportunity is much bigger than we think.
John Dunford: Once you get an individual, then it's about recognising the importance of putting together a strategy that takes all the elements into consideration as well. We think that is eminently achievable in tourism. There are a number of disparate parts that need to be brought together. I think we have talked about creating the environment: If you did that, you would create an environment where we could deliver growth. That is important for everybody.

Q110 Chair: None the less, tourism is generating a third of the new jobs. It is seen to be a growing industry and you told us about your extremely impressive occupancy rates in your own resorts, so it cannot be all bad.
Dermot King: No, but it could be much better.
John Dunford: It is the untapped opportunity. We believe passionately in Britain and British coasts. We have lived through that decline and we would like to see that reversed. That is why we are here today.

Q111 Chair: In the same way that the hotel industry is struggling to overcome the betrayal of “Fawlty Towers”, are you still battling against “Hi De Hi”?
John Dunford: I am going to let you two answer that one.
Jackie Martin: No, definitely not.
Chair: “Hi De Hi” presumably is not representative of the modern Butlin’s.
Jackie Martin: No, it is not. There is a lot of heart for Butlin’s and for the British brand that, as I said, in two years’ time will be 80 years old, and a lot of heart for nostalgia as well. One of the things that we are doing at the moment, for example, is bringing back the chalet, because we have a very soft spot for the chalet, but reinventing that chalet for today’s families.
Dermot King: 18 months ago we opened our third hotel at Bognor Regis. 12 months ago, we opened a very large swimming complex at Skegness. This year we are investing £16 million, as Jackie said, on what we call 21st-century chalet accommodation at Minehead. I think it is probably the biggest investment in tourism in the south-west at the moment. We are very confident in our business and we are very confident that the more we improve our offer, the more our customers will pay with their feet, so to speak. We think that is a great example of what British tourism and British seaside tourism could achieve as well.
John Dunford: We would like to show you, as well. If you are coming down to Exmouth we have got Devon Cliffs, which is very close. We would love to show you our restaurant there, South Beach, which serves the local food. There is a whole raft of things. Feel free to come to any of the Butlin’s sites.
Mr Bradshaw: I am in Exeter already.

Chair: Ben is very keen we should spend a lot of time in Exeter, for perfectly understandable reasons, but thank you for the offer. We will look at it. I think that is probably all we have this morning, so I thank the three of you for coming.