

PO-CH/NL/0161 PTA



Part A.

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Begins: 11/9/87.

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PO -CH /NL/0161



PART A

Chancellor's (Lawson) Papers:

THE BRITISH TOURIST  
AUTHORITY

Disposal Directions: 25 Years

DA 1/9/95

NL/0161

-CH

PO

PART A





FROM: J J HEYWOOD

DATE: 11 SEPTEMBER 1987

PS/CHANCELLOR

BRITISH TOURIST AUTHORITY

The Financial Secretary thought the Chancellor might be interested to read the attached article on the British Tourist Authority.

2. The Financial Secretary thinks that the article is "spot on".

*A.H.*

*Thanks.  
Having done fairly  
well in BDCs, ~~because~~  
and we should turn our  
best eye to this.  
If an industry promotion  
stand is wanted, it should  
be financed by the relevant  
authorities. I have a note  
for the Chancellor.*

JEREMY HEYWOOD  
PRIVATE SECRETARY



# THE GREAT WHIGGERY OF TOURISM

*Michael Trend questions the efficiency of an aristocratic quango, the British Tourist Authority*

THE TOURIST in Britain today is hideously obvious: that at least is how it seems to many of us keen to enjoy our national patrimony in a way that would have been familiar to our forefathers. Did Ruskin have to jostle with the Japanese in order to catch a glimpse of the paintings in the National Gallery? Did William Wordsworth have trouble parking among the noisome 'Eurocoaches' at sublime Warwick Castle? Did you or I, even 20 years ago?

In many places, thankfully, the worst of such problems has been contained due to the ridiculously low satisfaction level of the average tourist. That Madame Tussaud's — by definition *ersatz* culture — is the most popular destination for paying overseas visitors tells us something. I saw the same thing recently on the battlefield at Culloden. This dreadful heath is still one of the most blood-chilling places in the whole of our two kingdoms. The site is much as it must have been in '45, when the Young Pretender led his exhausted troops to their doom and the extinguishment for ever of the real spirit of the Highland Scots at the hands of Butcher Cumberland. Out among the scrub the graves of the clans still have the power to stir many Scotsmen to tears.

This was a moving place to visit, but only so because of what the field of Culloden did not contain: masses of tourists. They were there all right, as the crowded 'bus-park' made evident, inside the spacious 'Visitor Centre' watching video shows, drinking tea and buying mementoes. It is such a splendidly appointed 'centre' that there was really no need to go outside. And, then, you can never be sure it won't rain, can you? But it is too easy to laugh —

or despair at this; and it is as well to remember that we are ourselves all likely to be somebody else's tourists now.

Moreover, there is a very serious side to modern tourism in Britain for it is one of the most promising faces of the future in economic terms. The tourist industry is the single most important part of the 'revolution in the service industries' that the Conservative government is so very keen on nowadays. To Ken Livingstone the new work created there may be, as he puts it,

£7.1 billion as tourists in their own country, a 13 per cent increase on the previous year. Tourism in Britain was thus worth nearly £14 billion last year. About 1.4 million full-time jobs exist already in the tourist industry, increasing by some 50,000 a year.

Britain is now the fifth most successful country in the world in terms of earnings from tourism, behind the USA, Spain, France and Italy. In particular, about half of all Americans who come to Europe come to Britain, and in terms of US dollars

spent by tourists more are earned by British businesses than by those in France and Italy combined. Twenty-five years ago both these countries each earned more US dollars than Britain.

What, or who, is responsible for this extraordinary growth in tourism? And how can past successes be built upon? When asked what reasons people have for coming to Britain the answers cover familiar areas: heritage, pageantry, shopping, countryside, friendly and interesting people, a chance to speak or learn

English. So says an 'overseas visitors' survey' reported by the British Tourist Authority at the press conference held last week to publish their annual report. Are these reasons enough in themselves, or must the palm of honour be awarded to the BTA itself? As they put it: 'Our record may speak for itself'. But, is it really *their* record?

Is the BTA the engine that has created such success in tourism in Britain or has the great growth in the industry come despite its existence? Having spent some time recently looking into its position I am not persuaded that one could construct a real defence of its position of performance. Of course the BTA itself will not agree. It



just 'Mickey Mouse jobs'; but to the Prime Minister, tourism is a leading force in job creation, the wealth of the future, and in helping to change the general attitude of British people to the 'service ethos'.

The facts are very impressive. For the year which ended on 31 March 1987 spending by overseas visitors in Britain reached some £6.7 billion. This figure is almost equal to that of the previous record-breaking year, and is remarkable because 1986 was made troublesome for tourism by terrorists, the bombing of Libya and the Chernobyl disaster. Something in the region of 14 million overseas visitors came to Britain (this year it will be close to 15 million). Last year British people spent



speaks fluently in the many tongues of the marketing world; its glossy brochures rival anything from the best of the advertising industry. But when you get closer to the BTA you hear a different voice altogether, for this is a genuine 1960s-70s governmental quango. When I asked if I could interview a senior figure about whether a quango really was the best way to oversee such a booming area of business I received the reply, 'I don't think we want to be drawn on this one.' The language of Madison Avenue gave way to the even more familiar tones of Mandarin Whitehall.

I was delighted, however, to have a chance to ask one of my questions at the recent annual press conference. What specific evidence, I queried, was there about the BTA's success in promoting tourism in Britain today? How was it measured? The BTA's Chief Executive, Mr Michael Medlicott, was ready for me. Various measurements of effectiveness were being discussed with the Ministry, I was told, and would be brought in soon. This from a body which receives £22 million in grant-in-aid this year, a 6.8 per cent increase on last year. Is it really possible that no assessment is made at the moment — or has been made in the past — about how this public money is spent? Later on, the Countess Spencer, one of the Board present on this occasion, was kind enough to make a special point of thanking me for my question — which I had fondly hoped had put them all on the ropes. She added that it was an awful shame if people didn't ask questions and it had been 'jolly' of me to 'pitch in'.

Maybe the Countess had been worried that nobody was going to ask any questions at all. This is not as silly as it may sound: almost nobody takes a serious interest in the affairs of the BTA except the BTA itself. This begins with the Government. Why, one can ask, do the modern Tories still leave a booming modern industry to the landed Whigs of today? For, looking down the 12 regional tourist boards of the English Tourist Board, one finds as Presidents five Dukes, one Marquess, one Earl, two Viscounts, two Barons — and a Mrs Jennifer Robson. And the same old faces have been there for years.

In the past, governments of all complexions have been reluctant to take tourism seriously. The current minister with special responsibility for tourism is Mr John Lee, who told the House recently that he would concentrate on the 'Three Ss': spotlessness, service and signposting. Hot water should be installed in all lavatories in public houses and tables in cafes must be cleaned properly. This is stirring stuff. Moreover, the debate of 22 July on tourism in the northern towns seems to have attracted only 12 Conservative members and not a single opposition MP at all.

It was to look into this whole state of affairs that a Select Committee of the

House of Commons sat on tourism, reporting in December 1985. It showed that the government of the day in 1929 had granted £5,000 to the Travel Association of Great Britain, and this continued for 40 years until 1969. Then the whole paraphernalia of the BTA with the English, Scottish and Welsh Tourist Boards, and now, 56 regional tourist bodies — of greatly varying sizes — was set up. The Select Committee came out in favour of scrapping the present arrangements, saying that to have a three-tier system was not necessary or effective: there was also strong feeling from some parts that the BTA and the ETB should not be under the chairmanship of the same man, Mr Duncan Bluck, even though he assured the committee that he had no trouble 'wearing two hats'. The committee concluded: 'A truly nationwide policy on tourism is, at present, simply non-existent. The reason, ultimately, lies in the present framework of the statutory boards in Great Britain established by the 1969 Act.'

**T**he Government, however, saw fit to ignore the committee's recommendations. This suits the Civil Service Department responsible for tourism — Employment — fine. They have only a tiny staff dealing with the entire matter and are, no doubt, happy enough to leave things with the BTA, a body which in the nature of these things they understand how to 'work with'. The department will have surely been very persuasive in sticking up for the status quo.

The BTA has all the traditional characteristics of a standard quango, yet even this Conservative government has done little but tinker with it. A few years ago, for instance, in the heady days of 'rationalisation', the 'central services' for the BTA and ETB were merged. This led to a lot of trouble, especially in establishing a new command structure: who was to take orders from whom? Those days have left bitter memories in some parts of the organisation. Working at the BTA is essentially a power-building exercise. Over the years the BTA has built up a considerable network of overseas offices — 26 at the last count, costing some £10 million a year. Each of these is well staffed and provided for; and expensive to run. Each also has — on the Foreign Office model, even in its terminology — a supporting 'desk' in London. They all report annually on the number of seminars they have arranged and pamphlets given out, but there has never been serious questioning as to whether any or all of them is truly effective. Do we, in any case, need separate offices in Oslo, Copenhagen and Stockholm? Or Buenos Aires? And what about the one in Atlanta which is 'not open to the public'?

As with many other quangos of yesteryear the BTA has inspired an often cynical attitude among some of its younger employees. I have spoken to many of them

who joined after university and found themselves with reasonably high salaries, excellent prospects for full expenses-paid travel and not a great deal to do. As in the Civil Service, few of them are ever put 'on the spot' — and this in an organisation which is, in essence, a marketing machine. This is partly due to another aspect of the 'quango syndrome' that the BTA suffers from: decision by anonymous committee. The recent adoption of a supposed national system of grading hotels by awarding 'Crowns' is a good case in point. It is a complicated compromise, difficult to understand, which clearly suits nobody. It has none of the simplicity of the AA or RAC classifications, nor of the perfectly reliable methods that other countries — Greece, for instance — insist on for their hotels. The BTA system is in any case not mandatory.

The BTA is also unable to act with any sort of speed or decisiveness, especially in what one might call an 'emergency'. Such was the case when last year huge numbers of American tourists cancelled their trips to Britain. Did the BTA spring into action? No: it was left to British Airways — who stood to lose a lot of money as a major transatlantic carrier — to lead the counter-attack, aided by major London stores like Harrods, and hotels. Through a series of stunts and schemes, most notably the 'Go For It America' campaign, it helped bring an improvement to the dire position. What, by its very nature, the BTA argue, could it have done itself? The argument, of course, seriously backfires on the BTA: perhaps, the next suggestion goes, the 'very nature of the BTA' is what is chiefly wrong with it.

There are other unsatisfactory aspects to the BTA. It is, perhaps, not always only a sense of public duty that brings so many aristocrats onto the boards of the tourist authorities. Some of them have, after all, a real personal or family interest in keeping the show on the road. This is particularly sad when one thinks of what has happened in recent years at many of the stately homes of England. The Countess Spencer's sales of valuable heirlooms from Althorp is a case in point. Furthermore the appearance of the Hon. Rocco Forte on the main BTA Board signals another area where the old quango lights start flashing. Without imputing anything improper at all to anyone we must not be surprised that, in circumstances such as they are, large companies will take an obvious interest in the affairs of the BTA. In a different context, Ken Warren, the chairman of the 1985 Select Committee said to the House of Commons that his investigations had shown that 'some large enterprises carried enormous muscle in getting loans and aid from tourist authorities to generate new business in tourism'.

Tourism in Britain has huge implications for many areas of government policy. The regeneration of the inner cities, for inst-



ance, can owe much to tourism. Manchester, Bradford, Glasgow, even Liverpool, have done very well in this respect. There are also important considerations for the creation of new jobs. Just because the tourist industry has done so well in recent years does not necessarily mean that it could not have done substantially better, nor that the future will be as secure as it could be.

It can easily be argued now that privatisation, rather than a quango, would be better for the tourist industry as a whole. There is no point in spending public money where it is not really needed, especially if a thriving private sector would do it anyway.

Private companies and other concerns that have a vested interest in the business of tourism in Britain already provide substantial backing for those central schemes that they believe will be of benefit to them, and there is every reason to believe that if a national tourist authority had itself a vested financial interest in the business then it would be a sharper and much more effective force. At the moment this is far from being the case, and the BTA and its many parts will just slip quietly along — as is the way of the quango — riding contentedly on the backs of the taxpayer, without ever seriously having to justify its existence.

## ANOTHER LEVANT

*Charles Glass muses on the  
travel book and journalism  
interrupted by his kidnap*

*Levanto, Liguria*

DESPITE my love for this Ligurian coast, called south of Genoa the Riviera di Levante, its history remains for the most part a mystery to me. In the fishing village just south of here, Monterosso, there is a 13th-century church of St John the Baptist whose pillars and arches in alternate layers of black and white stone are reminiscent of the Norman Crusader churches of the Levant. In Levanto, there is a 13th-century loggia, which bears a passing resemblance to the courtyard and *liwan* of a Levantine palace. A partially defaced Latin inscription on the loggia refers to the 'Levantini' who built it. Many of the old buildings along this coast seem to date from the 13th century, which dawned black for Christendom in the shadow of the loss of Latin Jerusalem to Islam 12 years earlier. Could this coast — and here a thorough knowledge of history could only shatter my illusions — have been settled by survivors of the Latin Kingdom of Jerusalem or the Genoese trading colonies on the Lebanese coast when Christendom began its second retreat from the Levant? The remains of St George himself, carried here by Crusaders from the Holy Land, are said to repose on a hill overlooking Portofino, just north of Sestri Levante. Or might Liguria have been settled by Greeks who fled Constantinople and its provinces in 1204 when Byzantium fell to the barbarous Latins? Civilised Levantines would feel at home here: the olive-and-vine-covered mountains roll

down to the sea as they do in the eastern Mediterranean, and the sun here, as there, sets in the sea.

Sir Steven Runciman, who wrote the classic three volume *History of the Crusades* and other excellent mediaeval Mediterranean histories, would undoubtedly know the answers to the questions vexing me about this Levant coast and the other one from which I've recently fled. It was while reading his *Crusades* in Liguria and Lebanon in 1983 that I conceived the idea of writing a travel book about the Levant. So little had changed in the eastern Mediterranean from the era of the Crusades, and one had only to wander over the terrain to see the similarities.

Lebanon was in 1983 in a more interesting state of confusion than it is now, with nearly everyone — the US, France, Italy and Britain, not to mention Iran, Syria and Israel — sending troops there to contend for control of the Crusader coast. Reading Runciman as the battleship *New Jersey* threatened the Druze mountains, I knew the American navy would sail away just as the Genoese and Pisan fleets had. The Levant coast had always been dominated from the hinterland, not the sea. Nothing was going to change that.

I went up to Scotland to see Runciman, comfortably and actively retired in a pretty house adjoining the peel tower which houses his library. At lunch, he spoke to my friend David Gilmour and me of the royal

families of the Mediterranean — the Bourbons and Braganzas, the Savoias and Grimaldis. He knew everything about them, and he jumped from century to century so that I was not always certain whether a marriage or affair had taken place in the last week or some time before the discovery of America. He advised me to follow the 'usual invasion route' from north to south in planning the journey upon which I would base my travel book. This would take me from Alexandretta in southern Turkey through the Beilan Pass, called the Gates of Syria, to Antioch and Aleppo, Hama and Homs, down the Syrian coast to Tripoli in Lebanon. From Lebanon, I would go to southern Syria, Israel and Jordan.

The journey would begin in Alexandretta, the northernmost Mediterranean Levant port, and end in Aqaba, Jordan's Red Sea harbour. Beginning in Alexandretta and ending in Aqaba had both alliterative and historical purposes: Alexandretta had been ceded by France to Turkey in 1939 and is the last corner of the Arab world ruled by Turks, who had governed most of the Arab world for four centuries; Aqaba was the first Ottoman fortress liberated by the Arab army from the Hejaz under T. E. Lawrence in 1917. I was a hostage this July on the anniversary of the fall of Aqaba and the beginning of seven decades of Arab pseudo-independence. Were the Arabs any worse off under the Turks than they are now? The Ottoman theme in my journey and in the book would be strong: hardly any remnant of the empire remains, because the Turks have planted no colonies and left few monuments.

After its imperial army fled north to Anatolia, Turkey never again tried to play a role in its former provinces. You would hardly know the Turks had been there, let alone for four centuries, until you looked more deeply. The Ottoman political structure of rule through religious and ethnic communities persists — most starkly and disastrously in Lebanon, but just as surely in Israel and Syria. It is an impressive, if tragic legacy — made worse by the divisions established by Mr Sykes and M. Picot.

The title of my book came from something Tahseen Basheer, a retired Egyptian diplomat and old friend, once said: 'Egypt is the only nation-state in the Middle East. The rest are tribes with flags.' The subtitle of *Tribes with Flags* was to have been 'Memoir of a Journey from Alexandretta to Aqaba'. Due to circumstances beyond my control, the new subtitle, if there is one, may well be, 'Memoir of a Journey Curtailed'. It was not to be a political book, but a literary ramble through a land in which so many good writers from the Arab travellers Ibn Jubayr and Ibn Batuta in the Middle Ages to Alexander Kinglake, Mark Twain, Lamartine and Gerald de Nerval in the 19th century, to Lawrence





A handwritten signature in the top right corner of the page.

FROM: J M G TAYLOR

DATE: 15 September 1987

PS/FINANCIAL SECRETARY

**BRITISH TOURIST AUTHORITY**

The Chancellor has seen and was grateful for your minute of 11 September.

2. He has commented that, having dealt firmly with the EDCs, we should turn our eye to this. If an industry promotion board is wanted, it should be financed by the industry and not by the taxpayer. He would be grateful for a note; could you kindly arrange for this to be prepared?

Handwritten initials, possibly 'JMG', in the bottom right area of the page.

J M G TAYLOR





A handwritten signature in the top right corner of the page.

**FROM: J J HEYWOOD**  
**DATE: 16 September 1987**

**MR P GRAY**

cc **PS/Chancellor**  
PS/Chief Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr F E R Butler  
Mr Monck  
Mr Burgner  
Mr Cropper  
Mr Tyrie  
Mr Call

**BRITISH TOURIST AUTHORITY**

1. I attach a self-explanatory exchange of minutes between the Financial Secretary and the Chancellor.
2. We agreed that you would take this work on.

Handwritten initials, possibly "J.H.", in the bottom right area of the page.

**JEREMY HEYWOOD**  
**Private Secretary**

ENC





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DATE: 11 SEPTEMBER 1987

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The Financial Secretary thought the Chancellor might be interested to read the attached article on the British Tourist Authority.

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JEREMY HEYWOOD

PRIVATE SECRETARY



# THE GREAT WHIGGERY OF TOURISM

*Michael Trend questions the efficiency of an aristocratic quango, the British Tourist Authority*

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In many places, thankfully, the worst of such problems has been contained due to the ridiculously low satisfaction level of the average tourist. That Madame Tussaud's — by definition *ersatz* culture — is the most popular destination for paying overseas visitors tells us something. I saw the same thing recently on the battlefield at Culloden. This dreadful heath is still one of the most blood-chilling places in the whole of our two kingdoms. The site is much as it must have been in '45, when the Young Pretender led his exhausted troops to their doom and the extinguishment for ever of the real spirit of the Highland Scots at the hands of Butcher Cumberland. Out among the scrub the graves of the clans still have the power to stir many Scotsmen to tears.

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Moreover, there is a very serious side to modern tourism in Britain for it is one of the most promising faces of the future in economic terms. The tourist industry is the single most important part of the 'revolution in the service industries' that the Conservative government is so very keen on nowadays. To Ken Livingstone the new work created there may be, as he puts it,

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What, or who, is responsible for this extraordinary growth in tourism? And how can past successes be built upon? When asked what reasons people have for coming to Britain the answers cover familiar areas: heritage, pageantry, shopping, countryside, friendly and interesting people, a chance to speak or learn

English. So says an 'overseas visitors' survey' reported by the British Tourist Authority at the press conference held last week to publish their annual report. Are these reasons enough in themselves, or must the palm of honour be awarded to the BTA itself? As they put it: 'Our record may speak for itself'. But, is it really *their* record?

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Crawford

just 'Mickey Mouse jobs'; but to the Prime Minister, tourism is a leading force in job creation, the wealth of the future, and in helping to change the general attitude of British people to the 'service ethos'.

The facts are very impressive. For the year which ended on 31 March 1987 spending by overseas visitors in Britain reached some £6.7 billion. This figure is almost equal to that of the previous record-breaking year, and is remarkable because 1986 was made troublesome for tourism by terrorists, the bombing of Libya and the Chernobyl disaster. Something in the region of 14 million overseas visitors came to Britain (this year it will be close to 15 million). Last year British people spent



speaks fluently in the many tongues of the marketing world: its glossy brochures rival any from the best of the advertising industry. But when you get closer to the BTA you hear a different voice altogether, for this is a genuine 1960s-70s governmental quango. When I asked if I could interview a senior figure about whether a quango really was the best way to oversee such a booming area of business I received the reply, 'I don't think we want to be drawn on this one'. The language of Madison Avenue gave way to the even more familiar tones of Mandarin Whitehall.

I was delighted, however, to have a chance to ask one of my questions at the recent annual press conference. What specific evidence, I queried, was there about the BTA's success in promoting tourism in Britain today? How was it measured? The BTA's Chief Executive, Mr Michael Medicott, was ready for me. Various measurements of effectiveness were being discussed with the Ministry. I was told, and would be brought in soon. This from a body which receives £22 million in grant-in-aid this year, a 6.8 per cent increase on last year. Is it really possible that no assessment is made at the moment — or has been made in the past — about how this public money is spent? Later on, the Countess Spencer, one of the Board present on this occasion, was kind enough to make a special point of thanking me for my question — which I had fondly hoped had put them all on the ropes. She added that it was an awful shame if people didn't ask questions and it had been 'jolly' of me to 'pitch in'.

Maybe the Countess had been worried that nobody was going to ask any questions at all. This is not as silly as it may sound: almost nobody takes a serious interest in the affairs of the BTA except the BTA itself. This begins with the Government. Why, one can ask, do the modern Tories still leave a booming modern industry to the landed Whigs of today? For, looking down the 12 regional tourist boards of the English Tourist Board, one finds as Presidents five Dukes, one Marquess, one Earl, two Viscounts, two Barons — and a Mrs Jennifer Robson. And the same old faces have been there for years.

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It was to look into this whole state of affairs that a Select Committee of the

House of Commons sat on tourism, reporting in December 1985. It showed that the government of the day in 1929 had granted £5,000 to the Travel Association of Great Britain, and this continued for 40 years until 1969. Then the whole paraphernalia of the BTA with the English, Scottish and Welsh Tourist Boards, and now, 56 regional tourist bodies — of greatly varying sizes — was set up. The Select Committee came out in favour of scrapping the present arrangements, saying that to have a three-tier system was not necessary or effective: there was also strong feeling from some parts that the BTA and the ETB should not be under the chairmanship of the same man, Mr Duncan Bluck, even though he assured the committee that he had no trouble 'wearing two hats'. The committee concluded: 'A truly nationwide policy on tourism is, at present, simply non-existent. The reason, ultimately, lies in the present framework of the statutory boards in Great Britain established by the 1969 Act.'

The Government, however, saw fit to ignore the committee's recommendations. This suits the Civil Service Department responsible for tourism — Employment — fine. They have only a tiny staff dealing with the entire matter and are, no doubt, happy enough to leave things with the BTA, a body which in the nature of these things they understand how to 'work with'. The department will have surely been very persuasive in sticking up for the status quo.

The BTA has all the traditional characteristics of a standard quango, yet even this Conservative government has done little but tinker with it. A few years ago, for instance, in the heady days of 'rationalisation', the 'central services' for the BTA and ETB were merged. This led to a lot of trouble, especially in establishing a new command structure: who was to take orders from whom? Those days have left bitter memories in some parts of the organisation. Working at the BTA is essentially a power-building exercise. Over the years the BTA has built up a considerable network of overseas offices — 26 at the last count, costing some £10 million a year. Each of these is well staffed and provided for; and expensive to run. Each also has — on the Foreign Office model, even in its terminology — a supporting 'desk' in London. They all report annually on the number of seminars they have arranged and pamphlets given out, but there has never been serious questioning as to whether any or all of them is truly effective. Do we, in any case, need separate offices in Oslo, Copenhagen and Stockholm? Or Buenos Aires? And what about the one in Atlanta which is 'not open to the public'?

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who joined after university and found themselves with reasonably high salaries, excellent prospects for full expenses-paid travel and not a great deal to do. As in the Civil Service, few of them are ever put 'on the spot' — and this in an organisation which is, in essence, a marketing machine. This is partly due to another aspect of the 'quango syndrome' that the BTA suffers from: decision by anonymous committee. The recent adoption of a supposed national system of grading hotels by awarding 'Crowns' is a good case in point. It is a complicated compromise, difficult to understand, which clearly suits nobody. It has none of the simplicity of the AA or RAC classifications, nor of the perfectly reliable methods that other countries — Greece, for instance — insist on for their hotels. The BTA system is in any case not mandatory.

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There are other unsatisfactory aspects to the BTA. It is, perhaps, not always only a sense of public duty that brings so many aristocrats onto the boards of the tourist authorities. Some of them have, after all, a real personal or family interest in keeping the show on the road. This is particularly sad when one thinks of what has happened in recent years at many of the stately homes of England. The Countess Spencer's sales of valuable heirlooms from Althorp is a case in point. Furthermore the appearance of the Hon. Rocco Forte on the main BTA Board signals another area where the old quango lights start flashing. Without imputing anything improper at all to anyone we must not be surprised that, in circumstances such as they are, large companies will take an obvious interest in the affairs of the BTA. In a different context, Ken Warren, the chairman of the 1985 Select Committee said to the House of Commons that his investigations had shown that 'some large enterprises carried enormous muscle in getting loans and aid from tourist authorities to generate new business in tourism'.

Tourism in Britain has huge implications for many areas of government policy. The regeneration of the inner cities, for inst-



ance, can owe much to tourism. Manchester, Bradford, Glasgow, even Liverpool, have done very well in this respect. There are also important considerations for the creation of new jobs. Just because the tourist industry has done so well in recent years does not necessarily mean that it could not have done substantially better, nor that the future will be as secure as it could be.

It can easily be argued now that privatisation, rather than a quango, would be better for the tourist industry as a whole. There is no point in spending public money where it is not really needed, especially if a thriving private sector would do it anyway.

Private companies and other concerns that have a vested interest in the business of tourism in Britain already provide substantial backing for those central schemes that they believe will be of benefit to them, and there is every reason to believe that if a national tourist authority had itself a vested financial interest in the business then it would be a sharper and much more effective force. At the moment this is far from being the case, and the BTA and its many parts will just slip quietly along — as is the way of the quango — riding contentedly on the backs of the taxpayer, without ever seriously having to justify its existence.

families of the Mediterranean — the Bourbons and Braganzas, the Savoias and Grimaldis. He knew everything about them, and he jumped from century to century so that I was not always certain whether a marriage or affair had taken place in the last week or some time before the discovery of America. He advised me to follow the 'usual invasion route' from north to south in planning the journey upon which I would base my travel book. This would take me from Alexandretta in southern Turkey through the Beilan Pass, called the Gates of Syria, to Antioch and Aleppo, Hama and Homs, down the Syrian coast to Tripoli in Lebanon. From Lebanon, I would go to southern Syria, Israel and Jordan.

The journey would begin in Alexandretta, the northernmost Mediterranean Levant port, and end in Aqaba, Jordan's Red Sea harbour. Beginning in Alexandretta and ending in Aqaba had both alliterative and historical purposes: Alexandretta had been ceded by France to Turkey in 1939 and is the last corner of the Arab world ruled by Turks, who had governed most of the Arab world for four centuries; Aqaba was the first Ottoman fortress liberated by the Arab army from the Hejaz under T. E. Lawrence in 1917. I was a hostage this July on the anniversary of the fall of Aqaba and the beginning of seven decades of Arab pseudo-independence. Were the Arabs any worse off under the Turks than they are now? The Ottoman theme in my journey and in the book would be strong: hardly any remnant of the empire remains, because the Turks have planted no colonies and left few monuments.

After its imperial army fled north to Anatolia, Turkey never again tried to play a role in its former provinces. You would hardly know the Turks had been there, let alone for four centuries, until you looked more deeply. The Ottoman political structure of rule through religious and ethnic communities persists — most starkly and disastrously in Lebanon, but just as surely in Israel and Syria. It is an impressive, if tragic legacy — made worse by the divisions established by Mr Sykes and M. Picot.

The title of my book came from something Tahseen Basheer, a retired Egyptian diplomat and old friend, once said: 'Egypt is the only nation-state in the Middle East. The rest are tribes with flags.' The subtitle of *Tribes with Flags* was to have been 'Memoir of a Journey from Alexandretta to Aqaba'. Due to circumstances beyond my control, the new subtitle, if there is one, may well be, 'Memoir of a Journey Curtailed'. It was not to be a political book, but a literary ramble through a land in which so many good writers from the Arab travellers Ibn Jubayr and Ibn Batuta in the Middle Ages to Alexander Kinglake, Mark Twain, Lamartine and Gerald de Nerval in the 19th century, to Lawrence

## ANOTHER LEVANT

*Charles Glass muses on the travel book and journalism interrupted by his kidnap*

### *Levanto, Liguria*

DESPITE my love for this Ligurian coast, called south of Genoa the Riviera di Levante, its history remains for the most part a mystery to me. In the fishing village just south of here, Monterosso, there is a 13th-century church of St John the Baptist whose pillars and arches in alternate layers of black and white stone are reminiscent of the Norman Crusader churches of the Levant. In Levanto, there is a 13th-century loggia, which bears a passing resemblance to the courtyard and *liwan* of a Levantine palace. A partially defaced Latin inscription on the loggia refers to the 'Levantini' who built it. Many of the old buildings along this coast seem to date from the 13th century, which dawned black for Christendom in the shadow of the loss of Latin Jerusalem to Islam 12 years earlier. Could this coast — and here a thorough knowledge of history could only shatter my illusions — have been settled by survivors of the Latin Kingdom of Jerusalem or the Genoese trading colonies on the Lebanese coast when Christendom began its second retreat from the Levant? The remains of St George himself, carried here by Crusaders from the Holy Land, are said to repose on a hill overlooking Portofino, just north of Sestri Levante. Or might Liguria have been settled by Greeks who fled Constantinople and its provinces in 1204 when Byzantium fell to the barbarous Latins? Civilised Levantines would feel at home here: the olive-and-vine-covered mountains roll

down to the sea as they do in the eastern Mediterranean, and the sun here, as there, sets in the sea.

Sir Steven Runciman, who wrote the classic three volume *History of the Crusades* and other excellent mediaeval Mediterranean histories, would undoubtedly know the answers to the questions vexing me about this Levant coast and the other one from which I've recently fled. It was while reading his *Crusades* in Liguria and Lebanon in 1983 that I conceived the idea of writing a travel book about the Levant. So little had changed in the eastern Mediterranean from the era of the Crusades, and one had only to wander over the terrain to see the similarities.

Lebanon was in 1983 in a more interesting state of confusion than it is now, with nearly everyone — the US, France, Italy and Britain, not to mention Iran, Syria and Israel — sending troops there to contend for control of the Crusader coast. Reading Runciman as the battleship *New Jersey* threatened the Druze mountains, I knew the American navy would sail away just as the Genoese and Pisan fleets had. The Levant coast had always been dominated from the hinterland, not the sea. Nothing was going to change that.

I went up to Scotland to see Runciman, comfortably and actively retired in a pretty house adjoining the peel tower which houses his library. At lunch, he spoke to my friend David Gilmour and me of the royal





FROM: J M G TAYLOR  
DATE: 15 September 1987

PS/FINANCIAL SECRETARY

**BRITISH TOURIST AUTHORITY**

The Chancellor has seen and was grateful for your minute of 11 September.

2. He has commented that, having dealt firmly with the EDCs, we should turn our eye to this. If an industry promotion board is wanted, it should be financed by the industry and not by the taxpayer. He would be grateful for a note; could you kindly arrange for this to be prepared?

A handwritten signature in dark ink, appearing to be 'JMG'.

J M G TAYLOR



EXCHEQUER	
REC.	21 JAN 1988
ACTION	MR Funnegan
COPIES TO	CST
	MR N Monck
	MR T Burgher
	MR MacAuslan
	MR Dyer

MR SURANT



*mp*

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

21 January 1988

Dear Jan,

Thank you for your letter of 19 January enclosing a copy of the response to the Committee on Welsh Affairs Report on Tourism.

The Lord President has seen and is content with your proposals for announcing the response by written answer today.

I am copying this letter to Andy Bearpark (No 10), Alex Allen (Treasury), John Turner (Employment), David Crawley (Scotland) and Robin Masefield (Northern Ireland).

*Yours,  
Alison*

ALISON SMITH  
Private Secretary

Jon Shortridge Esq  
PS/Secretary of State  
Welsh Office



EMBARGOED UNTIL 4PM THURS 21 JANUARY





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**THE GOVERNMENT'S RESPONSE  
TO THE COMMITTEE ON WELSH  
AFFAIRS REPORT ON  
TOURISM IN WALES**

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**(SESSION 1986-87)**

**January 1988**



**GOVERNMENT RESPONSE TO COMMITTEE ON WELSH AFFAIRS REPORT ON TOURISM IN WALES****INTRODUCTION**

The Government welcome the report of the Committee on Welsh Affairs into Tourism in Wales and acknowledge the lengthy and searching examination which underlies the report. They are pleased that the Committee shares their view of the importance of the tourism industry to Wales and on the need to maintain the Wales Tourist Board (WTB) as the principal agency for promoting the industry's growth and development in the Principality.

**GOVERNMENT FUNDING OF TOURISM**

Before responding to individual recommendations it seems to the Government to be important to comment in general terms on the question of resources.

Many of the Committee's recommendations would imply increased expenditure. The Committee fully recognises this and in some instances urges the provision of additional resources specifically for the purposes in question. In general, however, the Committee has not indicated what scale of increased expenditure it would favour nor offered a view on the associated benefits as it perceives them. In the Government's view such an assessment would have been helpful given the continuing need to judge competing claims upon limited public resources in relation to defined objectives and in terms of value for money.

As the Committee has noted, it is the responsibility of the Welsh Office to set out the general policy which the Board should pursue, the Board itself then being primarily responsible for establishing and pursuing an appropriate strategy that reflects that policy and which will best achieve its own defined objectives. The Government are, of course, wholly responsible for determining the total level of Exchequer resources made available to the Board. The allocation of those and other resources between different activities is a matter for mutual consideration by the Government and the Board in the context of the annual Public Expenditure Survey and the preparation of the Supply Estimates. Subject to that the Government take the view that it is for the Board to judge in detail how its resources can most effectively be deployed. This viewpoint is reflected in many of the comments made later in this response.



Reference is made in paragraph 10 of the Report to the resources made available to the Board in 1986/87. In 1987/88 the Government have made available to the WTB an additional £711,000, representing an increase of 9 per cent on the previous year's provision. Subject to Parliamentary approval of the Supply Estimates a further 9 per cent increase, £754,000, will be made available in 1988/89.

These increases have been concentrated on project assistance under Section 4 of the Development of Tourism Act 1969. This budget increased from £2.394 million in 1986/87 to £2.971 million in 1987/88, a rise of 24 per cent. This is in line with a continuing and significant trend with a further 12 per cent increase planned for next year. Since 1983/84 the net resources made available to the WTB will have increased by 90 per cent. Within this overall figure the Grant in Aid provision will have increased by over 50 per cent and the provision for Section 4 assistance will have increased from £1.004 million to £3.320 million, a rise of 230 per cent.

Resources for tourism are allocated by the Secretary of State for Wales in competition with other activities which must be funded in Wales. The allocation is on the basis of the perceived needs of the Welsh tourism industry and the contribution it can make to the achievement of the Government's economic objectives in Wales. Reflecting that, a level of assistance has been provided which in comparative terms is significantly greater than that made available to the English Tourist Board.

In evidence given to the Committee a Welsh Office Minister and Welsh Office officials noted that assistance to the tourism industry in Wales is provided from a variety of sources. Given the widespread nature of the tourism industry and the contribution which individual projects and activities can make to the achievement of objectives which go beyond tourism, this is wholly appropriate. Thus evidence made available to the Committee noted the important role of Cadw in developing tourist attractions appealing to domestic and overseas visitors, assistance provided under the Urban Programme and through Urban Development Grant, the land reclamation activities of the Welsh Development Agency which have assisted, for example, the Monmouth and Brecon Canal, Big Pit at Blaenavon and Snowdon summit, and expenditure by Mid Wales Development both directly and in grant aiding tourism-orientated projects such as Aberystwyth Harbour.

Expenditure of this kind which brings benefit to tourism continues. In 1987/88 £3 million has already been provided via Urban Development Grant, some



£510,000 under the Urban Programme and an estimated £5.5 million via the Welsh Development Agency (including Garden Festival expenditure) and £517,000 via Mid Wales Development. Cadw's total provision for 1987/88 is £9.2 million, a significant proportion of which is spent on promotion work which has a beneficial effect on tourism. The Government welcome the Committee's recognition in paragraph 41 that funding packages for large tourism projects have to be put together from several sources. In more general terms they think it is important for there to be a wide understanding of the contribution made to the development of tourism in Wales by the bodies and schemes mentioned. This contribution complements in a substantial way the central role of the Wales Tourist Board.

#### **RECOMMENDATION 1**

**The WTB should include in its corporate policy objectives:-**

**"To conserve the unique way of life, culture and environment of Wales, which gives tourism in the Principality its distinctive character".**

#### **RESPONSE**

In its written evidence to the Committee the Wales Tourist Board stated that its objectives "are to be considered against the need to sustain and promote Welsh culture, language and heritage and to protect and enhance the physical environment of Welsh communities, which are matters to which the Wales Tourist Board attaches great importance". This consideration, therefore, underlies all the Board's objectives.

#### **RECOMMENDATION 2**

**The Welsh Office should establish a department whose sole responsibility is tourism. The Welsh Office should set the policy for the WTB, and produce a series of performance indicators by which it can monitor the effectiveness of the Board. Both the indicators and the assessment should be made public.**

#### **RESPONSE**

With its wide range of responsibilities the Welsh Office is well placed to co-ordinate a range of programmes and activities. In relation to tourism this is



a major strength. The multi-dimensional nature of the industry means that policies relating to transport, urban regeneration, training and education and planning all impinge upon its development. The need for co-ordination of these and other activities is generally recognised. The publication 'Pleasure, Leisure and Jobs' in 1985 identified that need in relation to the responsibilities of the Whitehall Departments concerned. For the Welsh Office to create a department whose sole responsibility was tourism would be a retrograde step. In fact, sponsorship of the industry and oversight of the activities of the WTB form a significant and important area of work within the Department's Economic and Regional Policy Group and this arrangement provides a good balance between the need to give tourism a clear focus within the Office and the need for co-ordination.

In the evidence it gave to the Committee the Welsh Office highlighted its role as setting the policy for the WTB with the main responsibility for developing the strategy to achieve the objectives resting with the Board. In line with the Welsh Office's general policy for developing the Financial Management Initiative in its Non-Departmental Public Bodies the WTB has been asked to identify appropriate performance indicators and to set targets to be approved by the Welsh Office; performance against those targets will be monitored and reported. The WTB's Annual Report is seen as the appropriate vehicle for recording the key results of this exercise and will do so from 1988/89.

### **RECOMMENDATION 3**

**The Welsh Office should co-ordinate the relationship between, and the objectives of, the various bodies involved in tourism. In conjunction with the WTB, the Welsh Office should issue policy guidelines on the marketing and development of tourism in Wales, which should be made public.**

### **RESPONSE**

The Welsh Office establishes the framework for the activities of the WTB and of other non-departmental public bodies by means of its control of budgets and staff complements and by setting operational guidelines. Discussions are held on a continuing basis on the objectives of the Board and other bodies, and on their achievements. There are regular meetings between the Board's Chairman and the Welsh Office Minister with responsibility for tourism at which the overall objectives of the Board and any new initiatives are discussed.



Similarly there are discussions with the Chairmen and Chief Executives of the other bodies for which the Secretary of State is responsible. In addition to the normal dialogue between various parts of the Welsh Office and individual non-departmental public bodies there are also regular meetings bringing together a number of the Chief Executives at which the interfaces between their respective bodies are considered.

The Welsh Office, therefore, exercises a broad oversight of the way in which the various agencies perform their functions and steps are taken throughout the year to ensure that in respect of tourism or any other interests there is a co-ordinated approach.

The Government take the view that the sort of guidelines on marketing and tourism development that would be meaningful to the industry are best issued by the Board itself in consultation with the industry and interested parties. The Board's Marketing Plan has been produced in this way, and its Framework Development Strategy is in course of preparation.

#### **RECOMMENDATION 4**

**At least one member of the WTB should have, or have had, local government experience, and the balance of membership should reflect the diverse nature of the industry.**

#### **RESPONSE**

In making appointments to the Board the Secretary of State is always prepared to consider candidates with local government experience. However, members are selected for their personal qualities and not to represent particular interests. The small size of the Board is seen as one of its strengths and the present membership embraces a wide range of direct experience of activities relevant to the tourism industry in Wales.

#### **RECOMMENDATION 5**

**When local authorities make nominations to regional councils, they should appoint officers in the interests of continuity and regular attendance.**



## RESPONSE

Continuity in the work of Regional Tourism Councils is important and the Government would encourage all participants to strive to achieve that. Nevertheless, it is for local authorities to decide upon their own nominations and to make the necessary arrangements to achieve continuity and regular feedback of information.

## RECOMMENDATION 6

The WTB should set up geographic marketing areas in Wales, and the necessary funds should be made available to implement such a structure. The Board should be given the resources to strengthen local tourist associations as and when the need arises.

## RECOMMENDATION 7

The WTB should amalgamate the areas shown in Figure 2 of this report to produce no less than 5 geographic marketing areas supported by their own regional offices.

## RESPONSE

The designation of marketing areas is a matter of considerable complexity. In some cases it makes sense to sell on the basis of geographic areas, while in other cases a product-based approach is more relevant. In the latter case the whole of Wales might constitute the appropriate marketing area.

The 16 areas shown in the map at Figure 2 in the Committee's Report are not marketing areas as such. Rather, they represent convenient areas chosen by the Board for the purpose of indexing properties in the Board's main promotional literature. A reduction to 5 areas is not necessarily right. The better approach is to keep the question of marketing areas under constant review and to choose those areas which are the most appropriate given the nature of the product and the state of the market at the time. The overriding consideration at all times should be to use the marketing concept best suited to the prevailing customer perception and which will induce the customer to buy the product.



The Government take the view that it is for the Board to determine the optimum number of regional offices, bearing in mind these requirements and other demands on the budget.

#### **RECOMMENDATION 8**

**Local authorities should make far greater efforts to co-ordinate tourism development.**

#### **RESPONSE**

The Government agree that the effective development of tourism demands an adequate measure of co-ordination between local authorities, although they recognise also that the industry is more important in some localities than in others and that in consequence the necessity for and nature of co-ordination will vary. Experience suggests that there is, in fact, growing and effective co-operation between local authorities and this is something the Government are anxious to foster.

#### **RECOMMENDATION 9**

**The Welsh Office should ensure that the enhanced population factor in the Rate Support Grant adequately reflects the impact of day visitors on tourist areas.**

#### **RESPONSE**

The present arrangements for assessing Grant Related Expenditure (the need to spend on local authority services) have been established and developed with the co-operation and agreement of the Welsh Local Authority Associations. That is not to say that there is total satisfaction with the system but broadly speaking there is an understanding that the scope for further improvement is marginal. The present formula for enhanced population, having been agreed with the Associations, is not in doubt and does reflect the impact of tourism on councils. However, there is general acceptance that the data on which the formula relies is both out-of-date and inadequate. There is also agreement that in practice it is extremely difficult to collect accurate and up-to-date information on tourism. A Tourism Statistics Working Party has been set up with representation from the WTB, Welsh Office and the Local Authority Associations to consider ways and means of improving the data. In



the meantime the Welsh Office and the Associations have made a number of amendments to the present formulae using the existing data base and these will be implemented in the 1988/89 Rate Support Grant Settlement.

#### **RECOMMENDATION 10**

**The WTB should co-ordinate local marketing efforts through our proposed system of geographical marketing areas.**

#### **RESPONSE**

The WTB is already acting to co-ordinate local marketing efforts through its joint marketing schemes which, over the past 3 years, have brought into the market place groups of operators and local authorities who had not previously engaged in any effective tourism marketing. The Board acknowledges that marketing schemes must constantly be reassessed for their effectiveness and it will be looking at the possibility that more effective marketing can be undertaken by combining schemes into larger units. This evolutionary process must be undertaken in consultation with the industry. The need for cross-border co-operation with England is also borne in mind.

#### **RECOMMENDATION 11**

**Local authorities should include in their marketing efforts information about places which lie outside their boundaries if this serves to enhance the attraction of the area to the tourists.**

#### **RESPONSE**

The Government endorse this recommendation. The WTB encourages the practice wherever appropriate while recognising that decisions on their own marketing activities must rest with the local authorities concerned.

#### **RECOMMENDATION 12**

**The Wales Tourist Board should continue to exist.**



## RESPONSE

As the Committee acknowledges, the Government have already announced - on 27 February 1986 - that in the interests of the effective promotion of tourism within the United Kingdom, all the statutory Tourist Boards should remain in existence.

## RECOMMENDATION 13

The Welsh Office should examine ways to place greater emphasis on tourism in the school curriculum and improve careers advice on the industry. The WTB should undertake a study into the structure of tourism education in Wales at further and higher levels.

## RESPONSE

The Government's response to the Trade and Industry Committee in 1986 referred to the policies set out in the 1985 "Better Schools" White Paper (Cmnd 9469). Subsequently these have been restated and developed in the consultation document "The National Curriculum 5-16" (Department of Education and Science and Welsh Office July 1987). The main policy objective is to improve the performance of the education service in equipping all pupils with knowledge, skills and personal qualities which they will need in adult and working life.

The Government's view is that the school curriculum should be broad, balanced and relevant and differentiated to meet differing levels of ability. The Education Reform Bill now before Parliament includes provision for a national foundation curriculum which will meet these criteria. The Government would not wish to see children specialise too early - that would not be in the interests of the children or their future employers. There is, however, in the increased role of course work within the GCSE, for example, the opportunity and the need to develop links with the local economy. The Welsh Office would expect and encourage the development of projects relevant to the tourist industry. It would look also to the tourist industry itself to work with teachers in the provision of suitable materials and opportunities. The study of modern languages, economics, business studies and geography are examples where schools can make use of good material produced by the tourist industry. The Government are concerned to develop links between the schools and industry including the tourist industry in particular; a specific tourism



dimension is being introduced in some areas into the school curriculum for 14-18 year olds in a number of the projects under the Technical and Vocational Education Initiative.

The Government's response to the Trade and Industry Committee is relevant also with regard to the recommendation concerning careers advice. Much has been done and will continue to be done to improve the advice given by the Careers Service on opportunities available in tourism as reported in the Government's annual reviews on tourism "Action for Jobs in Tourism" (1986) and "Tourism '87".

The considerable progress in the provision of relevant further and higher education is another area highlighted in the Government's response to the Trade and Industry Committee. In Wales the WTB is represented on the Welsh Joint Education Committee Services Advisory Panel, which advises the Wales Advisory Body on all applications for higher education courses. The Board has also been involved in consideration of non-advanced further education for tourism in Gwynedd and it responds to and advises colleges contemplating provision. It has, for example, recently had considerable contact with the South Glamorgan Institute of Higher Education (on which the WTB's Chief Executive serves as a Governor), the West Glamorgan Institute of Higher Education and Carmarthenshire College of Technology and Art. In conjunction with the MSC in Wales and West Glamorgan Institute of Higher Education the WTB convened two "Careers in Leisure and Tourism" Seminars in June 1987. Two significant developments in respect of higher education for tourism have been a BA course in Tourism Studies at the South Glamorgan Institute which recruited students for the first time in September 1987, and the announcement of a Chair in Tourism Studies at the University College, Swansea.

The Government is inviting the University of Wales, the Wales Advisory Body and the Welsh Joint Education Committee, in consultation with the WTB, to consider the adequacy of existing provision for tourism education at further and higher levels.

#### **RECOMMENDATION 14**

**Resources should be provided to the WTB to secure the all-year-round opening of the Regional Tourist Information Centres. The staff of these centres**



should be encouraged to obtain certification in TIC management and practice, and the WTB should ensure that they are able to do so within the Principality. The WTB should accelerate the trend towards the development of TIC sites in conjunction with the private sector, as this enables the Board to release resources for other purposes.

#### RESPONSE

The Government's general view on resources has already been set out. They believe that it is for the WTB to decide what priority it gives Regional Tourist Information Centres in the deployment of its resources.

The WTB attaches considerable importance to staff of Tourist Information Centres being appropriately trained. In conjunction with City and Guilds, and Local Authorities, the Board are planning the first Welsh City and Guilds Certificate in Tourist Information Centre Competence. This will commence in March 1988.

The Board will continue to look for opportunities to develop Tourist Information Centre sites in conjunction with the private sector. This has been done successfully at the Pont Abraham Service Station and the Sarn Service Station on the M4 and another is programmed for the Ewloe Barn Wood Service Station under construction on the A55.

#### RECOMMENDATION 15

The WTB should be allowed to market independently overseas, as the Scottish Tourist Board is currently permitted to do. The Board should have its own representatives in key overseas markets, and the necessary resources should be made available to enable this.

#### RESPONSE

The Government think it is very important for the British Tourist Authority and the WTB to collaborate effectively in the promotion of Wales overseas to supplement the impact the WTB makes upon the domestic market. The largest proportion of visitors to Wales will come from other parts of the United Kingdom, and this is a tourist market of a very considerable dimension, which needs to be developed to a far greater extent. However the Government were



anxious as a result of the comments made by the Select Committee to see that the arrangements for the overseas promotion of Wales were effective in making an impact upon the potential overseas tourist. The Secretary of State for Wales therefore had discussions with the Chairman of the WTB and subsequently with the British Tourist Authority to see whether or not the arrangements were effective. The Government are delighted to say that as a result of these discussions and negotiations, in addition to the improved arrangements that were introduced in 1983, a number of major changes have now been made so as to make the overseas promotion of Wales far more effective in the future. The British Tourist Authority has now agreed to provide £70,000 for distinctively Welsh promotions. Among the initiatives this will finance are the start up costs of a Wales Reservation Centre in the United States of America. In addition for the year 1988/89 the British Tourist Authority has agreed to provide £94,000 of access to funds in relation to contributions from within Wales of £220,000.

The British Tourist Authority has also identified a number of areas abroad in which the Government believe tourism to Wales can be more strongly promoted and arrangements have been made between the two authorities to see that the staff capability in these locations will have a detailed specialist knowledge of Wales.

In the course of the discussions on overseas promotion the Chairman of the WTB identified certain activities which could be undertaken within the United Kingdom that would complement the British Tourist Authority's operations. Within the enhancement of the Board's resources envisaged in 1988/89 the Secretary of State for Wales is providing an additional £50,000 for such activities.

#### **RECOMMENDATION 16**

**The WTB should be given the funds necessary to maintain its "main-line" advertising and to promote Wales in new or expanding market segments.**

#### **RESPONSE**

As indicated earlier, it is for the WTB to determine priorities in detail within the substantial overall level of resources made available by the Government.



#### RECOMMENDATION 17

The WTB should more effectively monitor trends in tourism and leisure by increasing their sample size of their statistical sources, and commissioning a regular survey on day visitors. Resources should be made available to enable them to do this.

#### RESPONSE

A Tourism Statistics Advisory Group, with representatives from all interested Government Departments and Tourist Boards and from outside bodies, has been set up to consider the scope for further improvements to sources of information on tourism and leisure and to provide a forum for discussion of related estimates and forecasts produced by Government Departments, by the Tourist Boards and the British Tourist Authority and by outside experts. One of the outcomes of this Group is the commissioning of consultants to undertake a strategic review of tourism statistics.

#### RECOMMENDATION 18

Once the Crown system of hotels and other establishments has been evaluated the Government should introduce a statutory scheme.

#### RESPONSE

As indicated in evidence to the Committee and in the Government's response in 1986 to the report on Tourism in the UK of the Trade and Industry Committee, the Government believe that effective voluntary self-regulation is a far better means of raising and maintaining standards than widespread statutory control. Good progress has been made with the introduction of the new and strengthened voluntary Crown system which indicates facilities available. In December 1987 the WTB and English Tourist Board issued a consultation document to interested parties seeking views on proposals to enhance this scheme by incorporating, from 1990, an assessment of quality. The Government and the Tourist Boards will keep the effectiveness of the scheme under review.



## RECOMMENDATION 19

The WTB should be given the means to establish a computerised reservation system on the understanding that once its viability is assured it will be offered for sale to the commercial sector.

### RESPONSE

The Board already operates a "hotline" accommodation reservation system. The resources necessary to computerise that system, estimated by the Board at £100,000 for 1988/89 and £20,000 in 1989/90, are such that in the Government's view the Board could accommodate this expenditure within its own priorities if it wishes. The Government believe the service should be privatised as soon as practicable.

## RECOMMENDATION 20

Local authorities should take the opportunity now given to deal more sympathetically with requests from tourist attractions for road signing, and in particular to be realistic in terms of visitor numbers.

### RESPONSE

Welsh Office Circular 26/86 - Traffic Signs to Tourist Attractions in Wales - allows local authorities to set their own criteria for determining the eligibility of tourist attractions for signing on their own roads. They are, therefore, free to adopt whatever visitor number criterion they feel is appropriate to their area. Where tourist attractions have a direct access to a trunk road, or if there is no nearer numbered road, the Welsh Office will follow the same criteria as adopted by the local highway authority for that area.

The WTB has indicated that it is prepared to approve financial assistance of some £12,000 a year for each County as "pump-priming" assistance for them to introduce signposting schemes. In addition, in some circumstances the Board may be prepared to offer financial assistance to private operators towards the cost of new signs.



## RECOMENDATION 21

The Government should place greater emphasis on the potential for new air services from Manchester airport in its bilateral negotiations with other governments. Bilateral agreements between the UK and the main tourist markets for Wales should be reviewed with the purpose of allowing scheduled flights into Cardiff-Wales airport in place of the existing charters. "Open-jaw" policies should be encouraged, by which tourists may enter through one airport and leave by another, as a means of increasing the regional dispersion of visitors.

## RESPONSE

The Government remain committed to encouraging the maximum use of regional airports and in particular to maintaining and further developing Manchester as a hub airport. Subject to normal traffic distribution rules and local operational considerations inbound charter flights are not restricted as regards choice of airport. Scheduled services are operated in accordance with bilateral Air Services Agreements, based on the concept of reciprocity. Where such agreements are completely liberal there are no limits on the number of destinations airlines from the other country may serve. In other cases it remains essential that access to all UK airports for foreign airlines should be seen in the context of the willingness in each case of the other country concerned to grant reasonable reciprocal access to UK airlines. The right for foreign airlines to serve Cardiff-Wales Airport and other UK regional airports cannot therefore be granted automatically, but the Government will do their utmost to ensure that no unnecessary obstacles are placed in the way of bids by foreign carriers to serve such airports, and thus develop services to and from them. The Government are pleased to note that 1987 saw a significant increase in the number of North Americans arriving at Cardiff Wales Airport from Canada, and that present indications are that this growth will continue. This year is likely to see the inauguration of scheduled services between Toronto and Cardiff Wales Airport. There are no regulatory constraints which oblige passengers to arrive and leave from the same UK Airport.

## RECOMMENDATION 22

All relevant statutory agencies, as well as the trade and County and District Authorities, should give the WTB their fullest co-operation in producing a



**Tourist Development Plan for Wales, which should be subject to the Welsh Office guidelines the Committee has proposed.**

**RESPONSE**

The Government endorse the recommendation that other interested parties should co-operate fully with the WTB in this activity. The Board has issued 7 sectoral policy papers. The Regional Councils, the Board's Advisory Committees and the major statutory agencies have all been involved in commenting upon them and further meetings have been held throughout Wales involving local authorities and members of the trade to obtain their views. A Draft Framework Development Strategy has also been issued for comment.

**RECOMMENDATION 23**

**The restriction of "additionality" should be removed from Section 4 of the Development of Tourism Act 1969, and the WTB should set up development teams in concert with other agencies, such as Mid Wales Development, the Welsh Development Agency, and local authorities to assist in realising the full tourist potential of the local authorities' areas.**

**RESPONSE**

The additionality criterion is written into the Section 4 arrangements to ensure that assistance is given only to projects which would not otherwise proceed on the scale or within the time period envisaged. In other words its purpose is to ensure that something positive results from the provision of public money. It is for this reason that the additionality criterion is applied to many Government schemes of assistance.

The issue of establishing development teams in concert with other agencies and local authorities is one for the agencies and local authorities themselves to address. The Government would, however, encourage the relevant agencies and local authorities to liaise in this way where they have a strong mutual interest and there are realistic possibilities of beneficial results.



#### RECOMMENDATION 24

The Welsh Development Agency should invest more of its resources in tourism, particularly in North and South Wales to balance the activity of Mid Wales Development.

#### RESPONSE

The Welsh Development Agency recognises the important contribution that tourism can make to the development of the Welsh economy and will continue to place emphasis on complementing the work of the WTB through its marketing, venture capital and grant aiding activities. The Agency's budget for measures such as DRIVE (Development of Rural Initiative, Venture and Enterprise), rural building grants and subsidised loans, which often support tourism or tourism-related schemes, is about 70% higher in the current financial year than the out-turn for 1986/87.

The WTB acknowledges the valuable input of the Welsh Development Agency in respect of a number of tourism developments. The extent to which the Agency uses its resources on tourism-related activities must depend on a continuing assessment of the relative priorities of the various needs of Wales.

#### RECOMMENDATION 25

The momentum for clearing derelict sites in the Valleys and Wales as a whole should be maintained, so that the WDA achieves the target it has set for itself by the end of the century.

#### RESPONSE

Since 1979 the Government have committed, at today's prices, about £130 million to the land reclamation effort in Wales; and the package of schemes announced in July 1986 was the single biggest programme of its kind ever launched in the Principality. Over £10 million has been added to the Agency's planning totals for the period up to 1989/90 to enable it to contribute to the Garden Festival at Ebbw Vale and to bring forward a wide range of schemes aimed at enhancing the environment. The Valleys Initiative launched by the Government in 1986 is, amongst other things, intended to bring about a substantial improvement in the environment of certain valley communities.



Seven selected town centres are receiving support over a 3 year period commencing 1986-87. The resources in question - £10 million in the first 2 years - are additional to the very large public sector resources being spent in the Valleys on housing, derelict land clearance and urban improvement. The WDA is also stimulating further significant contributions from the private sector.

Proposals are being formulated for longer term redevelopment of the Valleys. These will build on the Valleys Initiative and will entail intensified and co-ordinated activity on the part of the principal public agencies as well as harnessing the commitment of local communities. The proposals will be announced shortly.

#### **RECOMMENDATION 26**

**The WTB should be permitted to invest in equities.**

#### **RESPONSE**

The WTB, like the other Tourist Boards, is permitted under the Development of Tourism Act 1969 to acquire an equity stake in companies. While it is true that the present Section 4 arrangements do not give the WTB delegated authority to undertake such investment it is open to the Board to approach the Welsh Office and the Treasury should it feel that a shareholding is an appropriate form of input in any particular case.

Equity investment is not, however, seen as having great significance in relation to Section 4 support. Most WTB assistance is given to small projects and the enhanced processing and monitoring arrangements inevitably involved in equity investments would not normally be justified. As the Welsh Development Agency pointed out in evidence to the Committee, one of the problems it has identified in considering equity in tourist-related projects is a paucity of viable projects. In the light of these considerations it is not felt appropriate to delegate to the WTB the responsibility for equity investment.

#### **RECOMMENDATION 27**

**The WTB should be allowed to re-finance tourist enterprises.**



## RESPONSE

The Government consider it axiomatic that Section 4 resources should be used only in support of new investment. This does not preclude support for existing businesses - indeed, the vast bulk of Section 4 funds is so deployed - nor is there any bar on support for projects which will safeguard rather than increase employment. The Government could not agree, however, to the use of Section 4 funds to re-finance existing enterprises without any element of new investment.

## RECOMMENDATION 28

**The level of Section 4 funding should be substantially increased, especially if the WTB is to take a more positive role in project development.**

## RESPONSE

The level of funding is reviewed annually taking account of competing demands for Government resources. The enhanced provision planned for 1988/89 represents an increase of 230% since 1983/84 in resources available for Section 4 assistance.

## RECOMMENDATION 29

**Tourism should qualify for regional development grants to give an additional boost to the industry.**

## RESPONSE

As the Committee will now be aware, the Government has announced the ending of the Regional Development Grant Scheme to new applicants with effect from the end of March 1988. The new Business Development Initiatives announced by the Secretary of State for Wales as part of the Enterprise Wales (Menter Cymru) package on 13 January 1988 cover the manufacturing and the services sectors including tourism. Assistance to tourism projects will continue to be available from the WTB under Section 4 of the Development of Tourism Act 1969.

## RECOMMENDATION 30

**A more comprehensive method of providing assistance to tourism should be established, and the tourism elements of the various grants, loans and equity funds available should be the responsibility of the WTB.**



## RESPONSE

The Government acknowledge that assistance to tourism projects can be provided from a variety of sources. This is wholly appropriate because such projects can make a contribution towards the achievement of a variety of objectives. Thus tourism projects can, to take one example, make a significant contribution to overcoming the problems of urban decay. In that case, however, it is essential that the project in question should be assessed primarily on the basis of its impact on the urban economy and environment. It would be inappropriate for such applications to be processed by a body not having overall responsibility for urban regeneration.

This is not to say that the WTB has no role in the appraisal of such projects. The Board is established as the principal body in Wales in the field of tourism and its views are sought and fully taken into account in the evaluation of all substantial projects eligible for assistance from other sources.

In practice, where a project has been considered for multifunding it has not proved difficult to put together a package which reflects and is commensurate with the benefits the project would bring. In general, as the then Parliamentary Under Secretary of State advised the Committee, where a major project is involved the Welsh Office would take the lead. That is not always the case and in one multi-funded scheme in Anglesey the WTB was asked to take the lead in co-ordinating its own input, that from the Welsh Development Agency and, since there was a manufacturing component making the project eligible for Regional Selective Assistance, that from the Welsh Office.



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FROM: J MACAUSLAN

DATE: 5 FEBRUARY 1988

PS/FINANCIAL SECRETARY

cc PS/Chancellor  
 PS/Chief Secretary  
 PS/Paymaster General  
 PS/Economic Secretary  
 Sir P Middleton  
 Mr Anson  
 Mr Monck  
 Mr Burgner  
 Mr Corry  
 Mr Finnegan  
 Mr Cropper  
 Mr Tyrie  
 Mr Call

*De X, yth Wkd.  
 This must be a major  
 target for the  
 ABS*

**BRITISH TOURIST AUTHORITY**

Your note of 16 September asked IAE3 to prepare a note on public financial support for the Tourist Boards. This followed your note of 11 September recording the Financial Secretary's endorsement of criticisms of the British Tourist Authority in the 12 September Spectator; and Johnathan Taylor's note of 15 September recording the Chancellor's view that if an industry promotion <sup>board</sup> is wanted, it should be financed by the industry and not by the taxpayer.

2. With apologies for the delay, I now attach a note which tries:
  - (a) To set out what the Tourist Boards do,
  - (b) To assess the criticisms in the Spectator article, and
  - (c) To set out some thoughts on how we might take this forward.
3. The note concludes that there is something in the Spectator criticisms and that the justification for spending so much taxpayers' money on the Tourist Boards is at best unclear.
4. I do not yet have much feel for the political scope for action to rationalise (or cut) public support for the Tourist Boards.



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Lord Young was very keen on spending money here, and won much increased resources for the Boards. So far Mr Fowler has shown almost equal enthusiasm. So we have tried to find ways in which we can move forward gradually and without a major row.

5. Unless Ministers disagree, we will press on along these lines, working in effect towards a case for reductions in expenditure in the 1988 Survey.

And, surely, working towards getting the industry to pay for this not the taxpayer, as you suggested.

| X

JM

J MACAUSLAN



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**BRITISH TOURIST AUTHORITY**

The four statutory tourist boards, BTA, English Tourist Board (ETB), Scottish Tourist Board (STB) and Wales Tourist Board (WTB) will spend about £80m in 1987-88. They will get about £60 million from the Government, nearly 20% higher than in 1984-85. They raise around £20 million from the industry itself through joint promotions etc.

2. The BTA was set up under the 1969 Development of Tourism Act (along with the ETB, STB and WTB). It spends some £35m a year. It is funded by a grant in aid from the Department of Employment (1987-88: £21.4m). The percentage of BTA total expenditure contributed by industry etc has risen from 27% in 1978-79 to about 40% now. The BTA has increasingly focussed on promoting GB overseas as a tourist destination. It has 26 overseas offices, costing some £8 million a year, and spends nearly £20m on marketing, publications etc.

3. The national tourist boards administer Government grants (£18m) under section 4 of the 1969 Act. These grants are in support of tourism projects, and are meant to stimulate output and jobs. In the latest PES round S4 increases were agreed of about 10% for each of the three years. The national boards also spend some £17m on marketing, publicity etc, and some £10m goes on administrative, research etc, costs.

4. The rest of this note looks at the main criticisms in the "Spectator" article.

**A nationwide policy on tourism is non-existent**

5. The criticism has some force. A clear nationwide policy requires a clear rationale. We are discussing this with DE; but I do not think we have yet sorted out the issues fully.

6. DE often argue that tourism should be supported because it is successful, or contributes to employment growth or has great



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untapped potential. But these characteristics, to the extent that they apply to tourism at all, do not mark it out from all other industries; they cannot justify subsidies for tourism rather than for, say, estate agents. But they might justify some work on the infrastructure (road signs, transport, parking, perhaps heritage etc) which would not be justified had tourism no future at all; and the Tourist Boards' may be sensible agents for some of this work. It may also be that the benefits to society of some particular projects (especially large attractions) are larger than those to the individual owner of the project, because visitors attracted to it go on to spend a lot in the local area. Public support may then be justified, if essential to ensure a project goes ahead (but this will rarely be the case for the larger projects which tend to be those with such external benefits).

7. Secondly, it can be argued that investors are risk adverse to new innovative projects. We may need to finance a few Centre Parcs to prove that they can work. But this argument is wearing thin. Others argue that investors shun tourism because of its high concentration of new and small firms. But we already have a small firms policy and do not also need a small tourism firms policy.

8. A case for public sector marketing of Britain (especially abroad) can be made since while each individual tourism firm would like to advertise itself abroad the returns would be too small in such a fragmented industry; and the larger firms are increasingly international, and have little interest in marketing Britain. There may be something in this argument. But it is not wholly valid. Large firms do market Britain abroad (witness BA's efforts in 1986). Small firms do likewise. Also, coordination within the industry can help. It does so in other sectors. It already does so to an extent in this sector - see the private contributions to the Tourist Boards' marketing expenditure, the joint marketing ventures many small firms run, and other vehicles like the Good Hotel Guide.

### Is the BTA responsible for the success of tourism?

9. The industry has done moderately well, but has not been the runaway success claimed by the Government. It is hard to argue that



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the tourist boards have been a crucial factor. But they will have made a contribution.

10. The growth of turnover in the tourism industry looks only moderately successful in real terms:

Growth of turnover in tourism-related industries (1979=100)

1976	92	1981	86	1986	110
1977	96	1982	81		
1978	97	1983	94		
1979	100	1984	99		
1980	95	1985	107		

11. These turnover figures include the spending of foreigners on holiday (about 20%), business trips (12%), visiting friends or relatives or for other reasons (13%); they also include the leisure spending of Britons (57%), including locals going to pubs and restaurants etc. The proportion represented by foreign holidaymakers has if anything fallen slightly since the late '70s. Foreigner holidaymakers spent 6% more in real terms on average in 1984-86 than in 1976-78. Britons spent 3% fewer nights away in GB on average in 1984-86 than in 1976-78.

12. Employment in the industry has grown, but not by more than in eg business services (see Figure 1). These figures are on a different basis to the figures for spending: the whole area is a statistical minefield. But again only a part of the employment is due to holiday makers, and it is not clear how much of the employment growth is. Figure 2 suggests that the fastest employment growth may have been in areas where locals' spending is most significant.

13. The work of the tourist boards relates mainly to holiday makers. It cannot figure much among the factors affecting business trips (though the Boards have begun to do some work here), visits to friends and relatives, and the leisure spending of locals. Even for holiday makers the weather, the value of the £, terrorism, nuclear fall-out, royal weddings, etc must be more important factors than the work of the boards. Among things that Government can influence, air fares, coach parking in London, road quality and signs,



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licensing laws, and the availability of unleaded petrol are presumably at least as important as the tourist boards. So though spending by overseas holidaymakers has gone up slightly, it is not clear how much of that increase is due to the boards. And though "tourism" spending by Britons has gone up, that increase is probably more than accounted for by locals' spending.

### Duplication of effort

14. This is a long-standing criticism. The 1982 Review of Tourism recommended that the BTA and the ETB should be merged due to their considerable duplication of effort. This recommendation was rejected. But Duncan Bluck was appointed as Chairman of both the BTA and the ETB; and in 1985 the two organisations moved into the same building and merged a number of common services. 38 posts and £500,00 were saved. But each Board retains its separate identity and Chief Executive.

15. The Trade and Industry Select Committee Report on Tourism in 1985 said that the structure led to incoherence, duplication and waste. It recommended that the BTA and the three territorial boards should be replaced by a single board. The then Secretary of State for Employment said in reply, "it would be preferable, in the interests of the effective promotion of tourism within the UK, to maintain the existing structure of statutory Tourist Boards and to concentrate on continuing to improve the liaison and co-operation between them".

16. DE say that in practice functions have increasingly been divided between the BTA, which focusses on marketing Britain as a whole to the rest of the world, and the national boards, which focus on improving the infrastructure and on marketing within Britain.

### The BTA is a cosy, inert, bureaucratic, empire-building quango

17. The "Spectator" article overdid some criticisms. BTA apparently did a lot to counter the decline in American visitors in 1986 after Chernobyl and Libya. DE have also sprung to the defence of the overseas offices.



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18. On the other hand, while looking into BTA/ETB's staffing we found over 100 posts, within the board's delegated authority, were overgraded. We are pursuing these issues with the Boards and the Department of Employment.

19. The recent Financial Management Review of the BTA/ETB found a number of weakness in the Board's financial management arrangements;

- (1) Inability to forecast cash needs and monitor cash spending adequately;
- (2) Poor financial control within the Borads;
- (3) Lack of consistency between the Boards in the treatment of their financial affairs;
- (4) Poor communications between the Boards and DE;
- (5) Weak monitoring both of the Boards by DE and by the boards themselves.

The review made a number of recommendations on this which we are now pursuing.

No assessment is made of BTA's cost-effectiveness

20. There is a good deal of information about the activities of the tourist boards and of the bodies they support. It is more difficult to get at their effect on employment, regional differences, GDP, or the supply-side. These difficulties are the greater because the tourist boards are but one small factor among many influencing the future of the tourist industry.

21. The BTA is trying to evaluate its marketing activities. This is difficult and could be expensive. We are discussing these areas with DE.

Conclusion

22. I think this paper suggests some conclusions which we will



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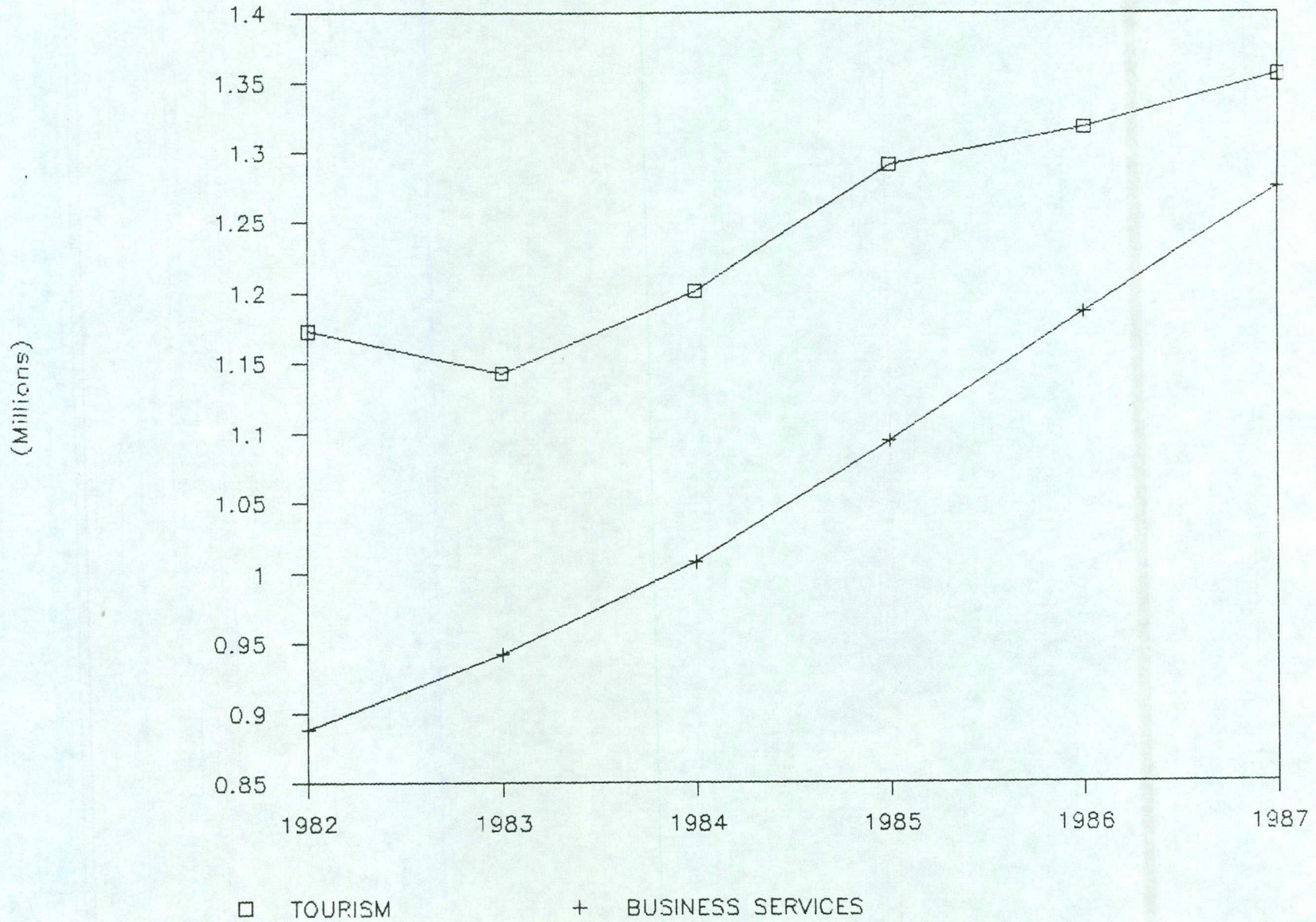
discuss over the coming months with DE:

- (a) The industry probably does need some coordination and the Tourist Boards provide that (even if less than perfectly). Abolition would probably therefore be wrong; but much increased private sector contributions are appropriate. This would yield public expenditure savings, and offer a healthy challenge to the Boards. We will of course keep in mind the option of eventual privatisation.
- (b) The justification for the £18 million spent on Section 4 support for tourism projects may not be that strong. It might be better to reduce Section 4 support, perhaps encouraging more use of other small firms' instruments for tourism projects instead (eg, LGS, BES). This should too should yield savings in public expenditure.
- (c) The arguments for large scale public sector support for tourism are not strong enough to justify the rate of increase in public expenditure seen over the recent years. (Indeed we might see tourism as a source of savings in future Surveys).
- (d) Greater financial stringency would be no bad discipline for the Tourist Boards; we will also press ahead with performance targets and measures and other evaluation.
- (e) The case for keeping the English Tourist Board separate from the British Tourist Authority is not clear; outright merge would require legislation and be politically difficult (though less so than any attack on the Scottish or Welsh Boards); but we will explore the scope both for outright merger and for less radical rationalisation.



# EMPLOYEES IN EMPLOYMENT : TOURISM AND BUSINESS SERVICES

Figure 1

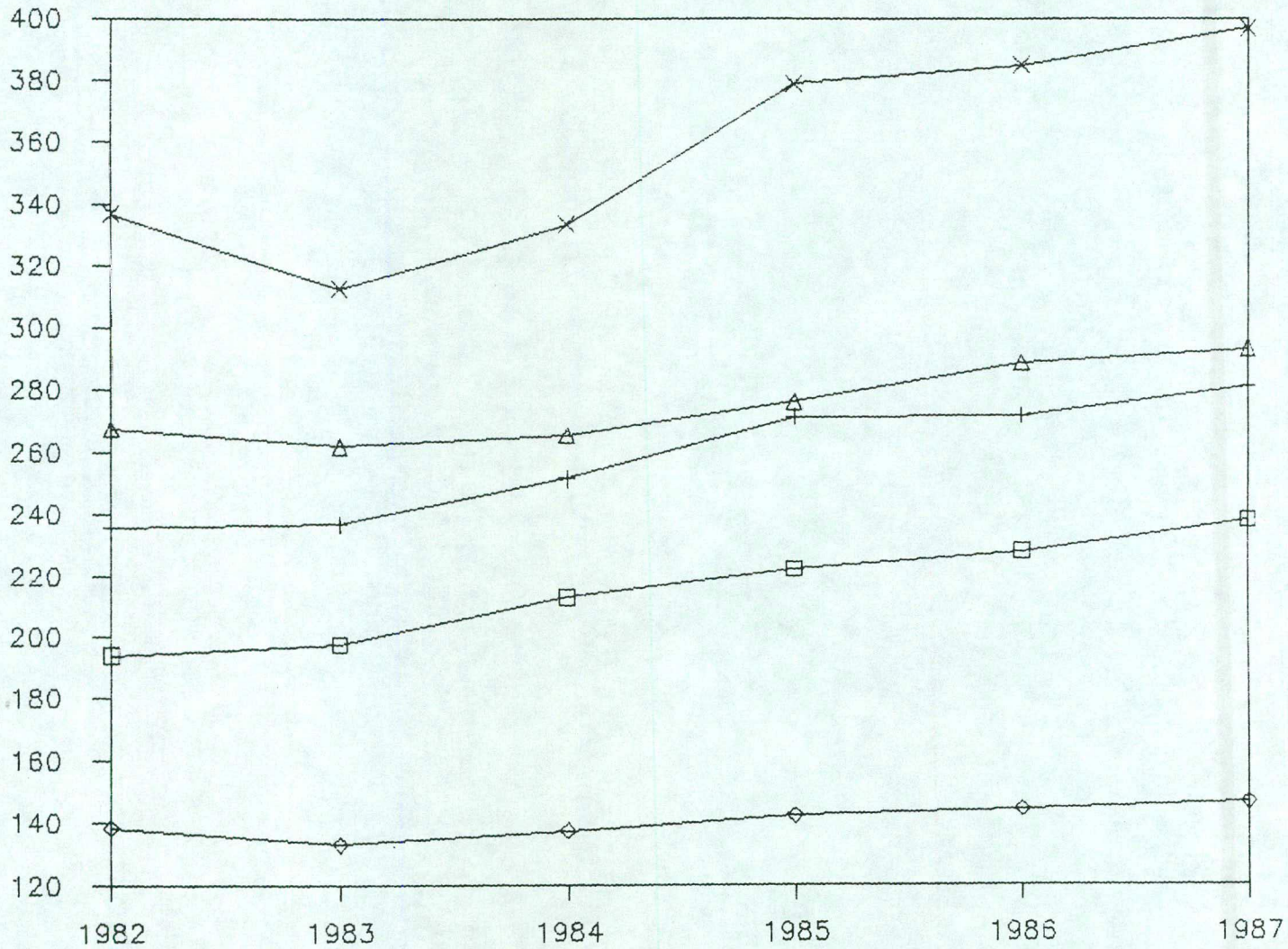




EMPLOYEES IN EMPLOYMENT: TOURISM RELATED INDUSTRIES

Figure 2

(Thousands)



- Restaurants
- △ Accommodation
- + Pubs & bars
- × Recreation
- ◇ Night clubs



RESTRICTED



FROM: J M G TAYLOR  
DATE: 8 February 1988

PS/FINANCIAL SECRETARY

cc PS/Chief Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Burgner  
Mr MacAuslan  
Mr Corry  
Mr Finnegan  
Mr Cropper  
Mr Tyrie  
Mr Call

**BRITISH TOURIST AUTHORITY**

The Chancellor has seen Mr MacAuslan's minute of 5 February to the Financial Secretary.

2. The Chancellor has noted Mr MacAuslan's conclusion that officials should work in effect towards a case for reductions in expenditure in the 1988 survey. He thinks it is also important to work towards getting the industry to pay for the BTA, not the taxpayer. This must be a major Treasury target for the next PES round.

A handwritten signature in black ink, appearing to be 'JMG'.

J M G TAYLOR



*Prop  
(needed by Abs)*

FROM: P J CROPPER  
DATE: 9 February 1988

PS/FINANCIAL SECRETARY

cc PS/Chancellor  
PS/Chief Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Burgner  
Mr Macauslan  
Mr Corry  
Mr Finnegan  
Mr Tyrie  
Mr Call

BRITISH TOURIST AUTHORITY

Mr Macauslan's interesting note of 5 February suggests to me that in tourism there are promotional activities best carried out at the centre - or from regional centres.

2. However I do not think it follows that there has to be public money involved. Is this not an industry suited to co-operative action, a bit like a marketing board? Why not a small annual ad valorem tax on hotel and boarding house beds, the proceeds going to a co-operative whose management is elected on some weighted franchise basis by the payers of the levy? Maybe the regional elected boards would themselves be responsible for financing the central national board and electing its members.

*PJ* *P J Cropper*  
P J CROPPER





Handwritten initials and a circled signature in the top right corner.

PS/CHIEF SECRETARY

FROM: J J HEYWOOD

DATE: 15 February 1988

cc PS/Chancellor  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Burgner  
Mr MacAuslan  
Mr Corry  
Mr Finnegan  
Mr Cropper  
Mr Tyrie  
Mr Call

**BRITISH TOURIST AUTHORITY**

The Financial Secretary was most grateful for Mr MacAuslan's submission of 5 February. He has also seen Mr Taylor's minute of 8 February and Mr Cropper's of 9 February.

2. He thinks that this is now a matter for officials to pursue with the Chief Secretary.

Handwritten initials 'JH' in the center of the page.

**JEREMY HEYWOOD**  
Private Secretary





FROM: ZOE EVEREST-PHILLIPS  
DATE: 22 February 1988

MR MacAUSLAN

*mp*

cc:  
PS/Chancellor  
PS/Financial Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir Peter Middleton  
Mr Anson  
Mr Monck  
Mr Burgner  
Mr Corry  
Mr Finnegan  
Mr Cropper  
Mr Tyrle  
Mr Call

**BRITISH TOURIST AUTHORITY**

The Chief Secretary has seen your note of 5 February together with comments from the Chancellor, Mr Cropper and the Financial Secretary. He has requested that we ensure that this matter is discussed in the next Public Expenditure Survey round.

ZOE EVEREST-PHILLIPS  
Assistant Private Secretary



CONFIDENTIAL

FROM: J MACAUSLAN

DATE: 23 March 1988

CHIEF SECRETARY

cc: Chancellor  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Phillips  
Mr Burgner  
Mrs Case  
Mr Turnbull  
Mr A M White  
Mr Corry  
Mr Finnegan  
Mr Cropper  
Mr Tyrie  
Mr Call

papers use  
→ Jonathan  
✓

**SUPPORT FOR TOURISM INDUSTRY**

1. The Chancellor and the Financial Secretary asked last September for a note on public financial support for the tourism industry. My note of 5 February concluded:

(a) "the arguments for large scale public sector support for tourism are not strong", and "much increased private sector contributions are appropriate", and

(b) we should work towards a case for reductions in expenditure in the 1988 Survey.

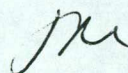
2. Jo. nathan Taylor's note of 8 February recorded the Chancellor's view that it should be "a major Treasury target for the next PES round" to work towards getting the industry to pay for the British Tourist Authority.



3. The best way forward may be for you to write to Mr Fowler setting out the reasons for unease about public support for tourism, and suggesting a review (not necessarily formal) leading up to the Survey. I attach a draft letter which has been discussed with Mr Anson. I sent a copy of the draft to DE officials, hoping to draw any fire at official level rather than at Ministerial level. In this, I failed! The DE response was

"The draft you enclose raises some fair points, a number of which we have in any case begun to consider with Ministers here".

4. DE officials also suggested that copies of any letter should be sent to the Scottish, Welsh, and Northern Irish Offices. They will indeed have to be involved from an early stage. But their response is all too predictable. I would suggest an initial discussion with Mr Fowler alone before we start on the less easily manageable five-sided negotiations.



**J MACAUSLAN**



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DRAFT LETTER FROM CHIEF SECRETARY TO MR FOWLER

PUBLIC SUPPORT FOR TOURISM

I. I am sure you will have seen the article in the Spectator of 12 September 1987 on the work of the Tourist Boards. Waiving its tone, and some inaccuracies, the article raised some pertinent questions about the appropriate role for the Government in supporting the tourism industry. [Some struck chords in particular with Nigel Lawson and Norman Lamont here.] I think it would be useful to discuss with you what attitude to these questions would be consistent with the Government's overall economic policy and how we might take the issues forward - whether in discussion between us, or in a review conducted by our officials. In any case, I hope that we can reach some conclusions before we come to our 1988 bilateral Survey discussions.

2. The tourism industry seems to be a success story. It is an industry hard to define unambiguously. But if we include the leisure spending of locals, and spending by foreign businessmen and others visiting the country, as well as spending by holiday makers, it appears that turnover increased between 1979 and 1986 by 10%. The proportion of the total represented by holidaymakers has, however, been declining. Employment increased by some 14% over the same period - a healthy rate of growth, if not as spectacular as in some other sectors. Despite a deterioration in recent years in the trade balance, it remains a buoyant industry, and one with a good prospect of continuing success.



3. It would be unreasonable to attribute the bulk of this success to the work of the Tourist Boards, although they have no doubt played some part. The main factors influencing the growth of holiday and business tourism expenditure presumably include the value of the pound, increases in income, the scale of Britain's involvement in world trade, the weather, international developments such as terrorism and Chernobyl, and domestic events such as royal weddings. Much also depends on the dynamism of the industry, and on the quality of service it provides.

4. Since the industry is significant, has been growing steadily, and has potential, it is obviously right to give it due weight in decisions affecting it. That was what the exercise which preceded the publication of "Pleasure, Leisure and Jobs" was largely about. I imagine that you would see it as a crucial part of your Department's role in tourism to make the needs of the industry felt in discussions of issues like coach parking, road quality and signs, licensing laws etc.

5. But it is less obvious why taxpayers' money should subsidise the promotion of tourism. Profits of operators in the industry itself are sufficient to ensure their continued investment and it ought to be for them to fund promotional activity. We do not subsidise the promotion of other industries, regardless of their potential. The drift of Government policy is away from subsidies for particular sectors. This is seen most recently in David Young's determination to reorganise DTI away from industry sponsorship and towards focus on pervasive market failures.

6. I recognise that there may be a case for coordination of promotion (eg, because the industry is diversified, and includes large multinationals alongside small local firms). But an argument for coordination is not an argument for taxpayers' support in this case any more than in the case of, say, the retail sector.



7. Other approaches are possible, ranging from levies, or voluntary contributions covering 100% of the Boards' spending (there are now some contributions to BTA campaigns), a marketing board, through to developing local marketing or organisations, or private commercial promotion campaigns.

If advice on marketing is needed, no doubt DTI's marketing initiative could help. But you will have your own ideas here.

8. Less reliance on taxpayers' support might improve financial and management discipline in the Boards. This was roundly criticised in a recent financial management review. The need to win private support would also eventually raise the question to what extent there is currently duplication of effort. Is it really sensible to have a British Tourist Authority, three national Boards and below them Regional Tourist Boards? Any change here would of course require primary legislation, and would therefore need to be taken in slower time.

9. Finally, the justification for Section 4 support is often unclear. We have a small firms policy to help meet any financing difficulties specific to small firms. Hotels and leisure activities have increased their net borrowings from the banks by £750m in 1987 and have increased their bank financing faster than all but one other sector since 1985. They have used the Business Expansion Scheme; access to BES for small projects could be encouraged through privately organised arrangements. Access to the Loan Guarantee Scheme could be improved for this sector. DTI also offers support through the Enterprise Initiative, especially in the less prosperous regions, as does MSC through training schemes. Some support for tourism is focussed on regions where alternative sources of employment are weak, but most is not. Where there are regional employment problems, these are more appropriately treated by regional and other general measures rather than ones specifically tied to tourism. The tourism industry benefits from all of these more general support schemes; do we need Section 4 support as well?





cc:  
Chancellor

FST

PMG

EST

Sir P Middleton

Mr Anson

Mr Monck

Mr Hayden Phillips

Mr Burgner

Mrs Case

Mr Turnbull

Mr MacAuslan

Mr A M White

Mr Corry

Mr Finnegan

Mr Cropper

Mr Tyrie

Mr Call

Treasury Chambers, Parliament St

The Rt Hon Norman Fowler MP  
Secretary of State for Employment  
Department of Employment  
Caxton House  
Tothill Street  
London  
SW1H 9NF

25<sup>th</sup> March 1988

Dear Secretary of State,

**PUBLIC SUPPORT FOR TOURISM**

I am sure you will have seen the article in the Spectator of 12 September 1987 on the work of the Tourist Boards. Waiving its tone, and some inaccuracies, the article raised some pertinent questions about the appropriate role for the Government in supporting the tourism industry. Some struck chords in particular with Nigel Lawson and Norman Lamont here. I think it would be useful to discuss with you what attitude to these questions would be consistent with the Government's overall economic policy and how we might take the issues forward - whether in discussion between us, or in a review conducted by our officials. In any case, I hope that we can reach some conclusions before we come to our 1988 bilateral Survey discussions.

The tourism industry seems to be a success story. It is an industry hard to define unambiguously. But if we include the leisure spending of locals, and spending by foreign businessmen and others visiting the country, as well as spending by holiday makers, it appears that turnover increased between 1979 and 1986 by 10 per cent. The proportion of the total represented by holidaymakers has, however, been declining. Employment increased by some 14 per cent over the same period - a healthy rate of growth, if not as spectacular as in some other sectors. Despite a deterioration in recent years in the trade balance, it remains a buoyant industry, and one with a good prospect of continuing success.

It would be unreasonable to attribute the bulk of this success to the work of the Tourist Boards, although they have no doubt played some part. The main factor influencing the



growth of holiday and business tourism expenditure presumably include the value of the pound, increases in income, the scale of Britain's involvement in world trade, the weather, international developments such as terrorism and Chernobyl, and domestic events such as royal weddings. Much also depends on the dynamism of the industry, and on the quality of service it provides.

Since the industry is significant, has been growing steadily, and has potential, it is obviously right to give it due weight in decisions affecting it. That was what the exercise which preceded the publication of "Pleasure, Leisure and Jobs" was largely about. I imagine that you would see it as a crucial part of your Department's role in tourism to make the needs of the industry felt in discussions of issues like coach parking, road quality and signs, licensing laws etc.

But it is less obvious why taxpayers' money should subsidise the promotion of tourism. Profits of operators in the industry itself are sufficient to ensure their continued investment and it ought to be for them to fund promotional activity. We do not subsidise the promotion of other industries, regardless of their potential. The drift of Government policy is away from subsidies for particular sectors. This is seen most recently in David Young's determination to reorganise DTI away from industry sponsorship and towards focus on pervasive market failures.

I recognise that there may be a case for co-ordination of promotion (e.g. because the industry is diversified, and includes large multinationals alongside small local firms). But an argument for co-ordination is not an argument for taxpayers' support in this case any more than in the case of, say, the retail sector.

Other approaches are possible, ranging from levies, or voluntary contributions covering 100 per cent of the Boards' spending (there are now some contributions to BTA campaigns), a marketing board, through to developing local marketing or organisations, or private commercial promotion campaigns.

If advice on marketing is needed, no doubt DTI's marketing initiative could help. But you will have your own ideas here.

Less reliance on taxpayers' support might improve financial and management discipline in the Boards. This was roundly criticised in a recent financial management review. The need to win private support would also eventually raise the question to what extent there is currently duplication of effort. Is it really sensible to have a British Tourist Authority, three national Boards and below them Regional Tourist Boards? Any change here would of course require primary legislation, and would therefore need to be taken in slower time.

Finally, the justification for Section 4 support is often unclear. We have a small firms policy to help meet any financing difficulties specific to small firms. Hotels and leisure activities have increased their net borrowings from the banks



by £750 million in 1987 and have increased their bank financing faster than all but one other sector since 1985. They have used the Business Expansion Scheme; access to BES for small projects could be encouraged through privately organised arrangements. Access to the Loan Guarantee Scheme could be improved for this sector. DTI also offers support through the Enterprise Initiative, especially in the less prosperous regions, as does MSC through training schemes. Some support for tourism is focussed on regions where alternative sources of employment are weak, but most is not. Where there are regional employment problems, these are more appropriately treated by regional and other general measures rather than ones specifically tied to tourism. The tourism industry benefits from all of these more general support schemes; do we need Section 4 support as well?

The Government has moved away from special subsidies from particular industrial sectors, and for publicly financed co-ordination, in the belief that industry performs best if it is self reliant and is not cushioned by the Government. This policy has led to dramatic improvement in productivity and competitiveness in many sectors of British industry. It has also led to reduced intervention by Government, and to significant public expenditure savings. It is not obvious why leisure, restaurants, pubs, bars, and accommodation should be an exception. Even if specific Government subsidies were stopped there would remain considerable Government financial support for the industry through non-specific financial, training and industrials schemes. And we would be able to sharpen our focus on work of perhaps more importance to the industry - that is the work on creating the conditions for success, improving the supply side, deregulating, and ensuring that Government decisions were sensitive to the needs of the industry. Your Department's role in the support of the industry would remain highly visible and of crucial importance.

I would welcome a discussion of these issues with you; at a later stage we will of course need to discuss our views with Malcolm Rifkind, Tom King and Peter Walker as well.

Yours sincerely,

*30/11/87*  
*John Major*

PP JOHN MAJOR

(Approved by the Chief Secretary  
and signed in his absence)





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CHIEF SECRETARY	
REC.	25 APR 1988
DIVISION	Mr Mac Anslan
	EX-FST, PMG, EST
	Sir P. Middlebrook, Mr Anson
	Mr Monck, Mr Phillips,
	Mr Burgess, Mrs Case,
	Mr Turnbull, Mr AM White
	Mr Conry, Mr Finnegan
	Mr Cropper, Mr Tyne,
	Mr Call

The Rt Hon John Major MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
SW1P 3AG

*John*

*April 21*

**PUBLIC SUPPORT FOR TOURISM**

Thank you for your letter of 25 March. The questions you raise certainly deserve to be considered, and your more temperate formulation of the Spectator's version is helpful. In fact, a number of your questions mirror concerns of my own and I had already begun discussions here towards a review of policy in the tourism field. The nature and importance of the industry is better understood than a few years ago, and substantial private investment in it is being made. It is time we looked again at the Government role, and at how Government spending is directed which is not to say, of course, that I am starting from the position that changes in the level of spending should be made.

The terms of reference I now propose for a review are:

- First, to consider the role of Government in relation to the industry; and the levels of funding provided by my Department.
- Secondly, to consider the mechanisms by which these funds are applied; and their cost-effectiveness in relation to the Government's objectives.
- Thirdly, to consider the implications for the BTA and the ETB of any changes that might be recommended.

As part of its first and second stages, I would see the review looking at the funding provided for marketing and for the operations of the Boards generally, and separately at the funding provided for the Section 4 scheme of assistance to





tourism projects. Under the third stage, I would not want to rule out consideration of changes which would require amendment to the 1969 Act, although I am very conscious of the delays and difficulties likely to be involved in primary legislation. As you suggest, it would be useful to aim to arrive at some conclusions before we come to our 1988 bilateral Survey discussion. But given the three stages I propose, I do not think it would be necessary to require the whole of the review to be completed on the tight timescale that would imply.

Turning to the conduct of the review, I would envisage enlisting an outside consultant to work with officials from my own Department. There will need to be an official steering group, and it would make sense for one of your officials to be included on that.

If you agree with this general approach, I will write to Duncan Bluck as Chairman of both ETB and BTA to tell him what we are about to embark on and to seek his Boards' cooperation. But before I do that I think I must let Malcolm Rifkind, Tom King and Peter Walker know what we propose. I would see the review as being confined to matters which are my own direct responsibility - but it will inevitably raise questions about BTA's work on behalf of the UK as a whole, and have implications for their own national Tourist Boards. At an early stage, I would also envisage making an announcement to the House about the review, not least so that the team undertaking it will be able freely to discuss the issues with senior figures in the industry.

*Yours ever*  
*Norman Fowler*  
NORMAN FOWLER



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*[Handwritten signature]*

FROM: J MACAUSLAN  
DATE: 27 April 1988

CHIEF SECRETARY

cc: Chancellor — 2nd  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Phillips  
Mr Burgner  
Mrs Case  
Mr Turnbull  
Mr A M White  
Mr Corry  
Mr Finnegan  
Mr Cropper  
Mr Tyrie  
Mr Call

*Oh, no!*

**PUBLIC SUPPORT FOR TOURISM**

1. You wrote to the Secretary of State for Employment on 25 March, proposing a review of Government expenditure in support of the tourism industry. Your basic point was that there was no obvious reason why the tax payer rather than the industry itself should fund any expenditure that might be necessary. Mr Fowler replied on 21 April, proposing a way forward. I attach a draft reply, agreeing to his proposals, but bringing some issues out more clearly.

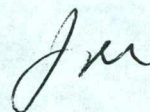
2. I gather from DE officials that DE are aware of the difficulty of reconciling the present Government policy measures in support of the tourism industry with the Government's philosophy and approach in other areas. On the other hand, they are by no means convinced that the right conclusion is to reduce Government expenditure: they will be looking for ways of re-jigging the programme to make it look more respectable.



3. I have spelt out in more detail how the review might operate mainly in order to prevent DE from being able to suppress its conclusions and avoid a decision in the way they have so far with the STA review. (We will be submitting a draft letter prodding Mr Fowler on that). I also thought it important to ensure that the part of the review covering discussion of the Government's objectives and role should be carried out by DE and Treasury officials rather than by outside consultants.

4. Mr Fowler's minute of 21 April to the Prime Minister proposes that his new White Paper should also cover tourism. It is not clear that that would be sensible, if we were in the middle of a review. The draft letter flags up that point.

5. Mr Fowler would find it helpful if you could reply this week, so that he can get the review going quickly. I think that also suits your interests.



**J MACAUSLAN**



**DRAFT LETTER TO SECRETARY OF STATE FOR EMPLOYMENT**

**PUBLIC SUPPORT FOR TOURISM**

1. Thank you for your very helpful reply of 21 April to my letter of 25 March. I welcome the approach you propose. I think our officials have briefly discussed the issues, and that the comments I make below merely bring out what you intend.
2. I think it would be right as a first step for DE and Treasury officials to prepare papers on the first stage of your terms of reference, which they might put to us for discussion between us as necessary. Those papers might cover the background of the industry, the context of related Government policies and, in this light, what role if any there is for Government work on the one hand or Government expenditure on the other; what objectives this work and/or expenditure might have, and what broad sorts of policy instruments might be used. We should consider here the question whether any expenditure should be met by the industry rather than by the taxpayer.
3. This work will also involve a first look at your second stage.
4. You and I might then want to discuss these papers in June, and decide as a result what terms of reference we might want to give to a consultant for a further examination of the second stage (if necessary), and a preliminary look at the third stage. As you say, the consultant would report to a group of your and my officials. And that group might, in the light of the consultant's work, look again at the first stage questions. Papers would be put to us both by the steering group, reporting on all of this work.
5. On this basis, we should reach firm, if broad brush, conclusions by early September, as you suggest. Detailed work on the third stage might be continued thereafter, but the conclusions reached in September would be sufficient to inform our Survey discussions.
6. I agree with the course you propose in your final paragraph.



7. This timetable means that we will be in the middle of the review at the time when you might be considering publishing your proposed White Paper. (I will be writing separately on that). It may as a result not look sensible at the time to say anything about tourism. But we can consider that nearer the time.

[JM]