



Welsh Affairs Committee

Oral evidence: [International Representation and Promotion of Wales by UK bodies](#), HC 337

Tuesday 12 June 2014

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Written evidence from witnesses:

- [Justin Albert](#)
- [Mike Morgan](#)

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Members present: David T. C. Davies (Chair); Guto Bebb; Geraint Davies; Stephen Doughty, Jonathan Edwards; Nia Griffith; Mrs Siân C. James; Simon Hart; Jessica Morden; Mr Mark Williams

Questions 103-160

Witnesses: **Mike Morgan**, Proprietor of Llansantffraed Court Hotel, Abergavenny, and co-owner of Welsh Rarebits, and **Justin Albert**, Director for Wales, National Trust, and Vice-President, Hay Festival, gave evidence.

Chair: I declare the session open. Thank you very much for attending today's Select Committee session. I have met both of you before. I am David Davies, the Chair. I will not run through everyone else; I am sure they will introduce themselves as we go along. Without further preamble, I call on Stephen Doughty to start.

Q103 Stephen Doughty: Welcome; it is good to see you both. I will start with a general question. In general terms, how important do you see international tourism as being to your own businesses, the organisations you represent and the other businesses you represent?

Justin Albert: Before I start, I would like to say that I am here representing myself. I cannot represent Hay festival or the National Trust, as I am not on the executive of either. I can give my personal view as someone who has lived abroad a lot and has worked in the tourism world and the promotions world for a long time.

It is incredibly important that somewhere as extraordinary as Wales and that has so much to offer has an extraordinary international presence and brand. Having been abroad and lived a lot of my life in America, I know that you crave seeing things from your home country. When it comes, you

want it to be coherent. That is where we are getting to now. Yes, it is very important that we have international recognition of what we have. Wales is the pocket battleship of the British isles. It is really important that, as federalists, we celebrate that: we are brave, have great things and have a bit of everything for everybody.

Mike Morgan: Well said, Justin. I would echo that. As many of you probably know, I run the Welsh Rarebits collection, which is a marketing consortium. Just to be clear about it, we do not own the hotels—they are all independently owned. I can talk a little about the way they run their businesses and the way things work, but my other hat is that I have my own hotel. I have owned a hotel in Wales for nearly 20 years. I came here to buy a hotel that I thought I would turn around and sell on three years later, but 20 years later I am still here—and love it.

It has always felt a bit to me that Wales is not getting credit where credit is due overseas. It is right that we are a tiny country but we need to think a bit bigger than that. We need to have a mindset that is more challenging and to punch above our weight a little more. That is beginning to happen now. It certainly feels like the last few years have been turning that feeling around.

Q104 Stephen Doughty: Why do you think the overall number of overseas visitors to Wales has been declining over the last 10 years?

Mike Morgan: There are a number of things. You can point straight away to the global financial crisis. However, it is important to note that, while that has been an overall trend, last year was a great one in terms of figures. Things are heading in the right direction. The members of the Welsh Rarebits collection, which represents the top end of the serviced accommodation sector, all showed growth last year, bar one or two. A lot of them are saying nice but cautious things about this Easter. As you probably know, we have this obsession—a slightly misguided obsession—with Easter being the barometer for the rest of the year; if Easter is good, everything will be okay. To an extent—there is a little caveat with it—that is true. Quietly, they are all saying very positive things about Easter, so in terms of overseas visitors it is going the right way.

Q105 Stephen Doughty: What would the overall strengths and weaknesses for international tourists coming to Wales be, particularly in relation to accommodation, transport, ease of access and so on?

Mike Morgan: I can certainly speak from an hotelier's perspective; Justin may have a comment to make on the attraction side of things. We have some great, unique products—the difficulty is getting the message out there that they exist and that there is plenty to do. We have fantastic things to do. Again, we must not shy away from the fact that we have some issues with quality. While I would like to think that that does not apply to my membership, we certainly need to champion and to celebrate best practice. It is very important for us to get behind the winners—those who can show the rest of the industry the way to go in serviced accommodation. “Boutique” or “luxury”—those kind of words all apply.

Q106 Stephen Doughty: When you talk about weaknesses, what specifics do you have in mind where we could do better?

Mike Morgan: We need some world-beating five-star hotels. That has been identified in Visit Wales's strategy as an area we want to get behind. It might be large resort hotels on the M4, with a golf course, or a big development in north Wales. It could be something in between. Portmeirion is a fantastic example of a world-beating product that is unique to Wales. We need to celebrate that and to get behind it.

Justin Albert: I agree with Mike. I do not see that many deficits in Wales. We have everything, and we have a lot of it—it is just not heard about outside. My old life before the National Trust was in television. I worked with S4C when Ian Jones, now the chief executive, used to run the

distribution arm. In the '90s, Wales was known as one of the best producers and distributors around the world, despite being one of the smallest markets. Our reputation was known in America, Canada and Australia—all over the place, because we had great product, they could market it well and we had a really good leader. That is a really good metaphor for what we could use in Wales now. We are doing it, because our product is good and we are getting a really good message out there. Now, we need to make sure it is heard. It is that tree falling in the wilderness thing—it is a beautiful tree and has everything to it, but no one is seeing it.

Q107 Chair: Mr Morgan, with the Committee's forbearance, can I slip in my question to you a bit early? You mentioned the figures, but in your written evidence to us you said that the figures, while good, need to "be looked at with caution"? What did you mean by that?

Mike Morgan: What I was trying to get at was that there are a number of tourism measures. I do not know whether you have seen the report that is about to be published, but in fact VisitBritain says so itself. For example, in the ONS figures, there is a measure called the IPS—the international passenger survey—that you could argue is a relatively small sample. While the figures look good, there is an argument for drilling down a little harder on those numbers.

Q108 Chair: Are you concerned that the numbers might not be quite as good as the figures suggest?

Mike Morgan: I am not a statistician—I am a humble hotelier. What I am saying is that there are some caveats around those numbers.

Q109 Chair: Do you think that if the sample were larger the figures might not be quite as favourable as they are at the moment?

Mike Morgan: It is hard to tell without doing a larger sample.

Q110 Chair: Do you think a larger sample should be done?

Mike Morgan: If you could persuade the ONS to do that, it would be great.

Q111 Mrs James: I want to look at the successful brand that is Wales. We all know the good things about Wales and you have talked about them; Rarebits is part of that. Do you truly feel that Wales currently has a successful brand? What sort of brand would be appropriate for Wales? Do you have any ideas?

Justin Albert: I think we have a great brand in Wales; I am definitely a "glass half full" kind of guy. We celebrate it. It took me ages to get my maths O-level, so my stats are never up to this, but we know that when people come to Wales they overcome their preconceptions and really enjoy their visit. That is fabulous. We know we have a great product and that when people get here they will love it. What Visit Wales is doing in wrapping that product into a brand is really good. I do not see any issues there.

What do I think is the issue with the brand? It is all about communication—how we communicate what we have. That is the right thing. Visit Wales does a great job of pulling things together and we work really well with it. That is a wonderful job, but we do not have the capacity to project that as widely as we need to outside. We are a small, devolved country. That is where we need help.

Q112 Mrs James: Can I drill down a little on that? We have heard from witnesses who have given evidence previously that we have had a lot of chopping and changing over the last 20 years. When I was involved with the tourism industry and worked for the National Trust, we were marketing gardens and places of quiet contemplation. The public have moved on, and suddenly we are marketing

Wales as an exciting place to go mountaineering, rock climbing and cycling. It seems to me that the product is much more of a mix. The beauty of Wales is that you do not have to go far to see something different. Are we getting that right?

Justin Albert: That is a great line—we could steal that from you. It is true that we have so much. We are not a one-trick pony—we can do everything. We can jump up and down—we are a really good pony. You are right, but it has turned out to our benefit. We have deficits with our transport system. If you look at Hay festival or Dinefwr festival, which we are organising for the trust, getting people to and from things is a nightmare. We know that, but we have turned it into a benefit in Wales. We become the dark-sky country—a place where you slow down, rather than whizzing down a motorway. You have time to think and to walk in Wales. You are right to say that we have an awful lot and will have different messages. Maybe we should package that exactly as you say—we have it all.

Q113 Mrs James: That brings us to the castles, doesn't it? Our castles came top in one survey. You have an awful lot of castles in the National Trust, including Powis, which is the most visited. How do we take advantage of that?

Justin Albert: According to Rough Guides, we are the place to visit in 2014. That is fabulous. If you read the review by their readers, we have it all—they say we have coasts, music and food. That is a wonderful thing to say. We have the coastal path, which goes all around Wales. We have an abundance of riches.

Mike Morgan: It is interesting that you have commented on the brand. There is a lot of talk about branding. I am not a branding expert, although we have been running a brand that is fairly well known—certainly inside Wales—for 30 years. As you say, there is a conundrum between the brand message that you have talked about of castles, heritage, culture and countryside—all of the stunning parts of Wales that we know so well—and the modern market for things like coasteering, cliff diving and motor biking. I am not sure that we need to have one or the other—it is important to give those two messages. It is the role of Visit Wales to hold those messages together in a coherent way.

The recent spring campaign, which was called “Have you packed for Wales?”, was about bringing all those bits into one metaphorical suitcase. I do not know where I am going with that, but you know what I am trying to say; if I am going too far, stop me. We want to say to people, “Here is Wales, which is a package. There are loads of different things packed into it.” It is kind of saying, “Don't put all your eggs in one basket.” You need to speak very clearly to two markets and to make it an overall brand. Going a stage further, the brand Wales is about inward investment as much as it is about tourism and everything else.

Q114 Mrs James: We will come to that. Do you think one will follow the other, if we get it right?

Mike Morgan: It has to.

Justin Albert: Tourism is not about getting people to come and look at pretty things—it is about getting jobs and skills to places where they are needed most. That is very important to us in Wales and very important to Visit Wales.

Mike Morgan: Very much so; I would echo that. More often than not, if a chief executive of a big blue-chip company is thinking about relocating to Wales, he will probably come and stay in one of our hotels. He is going to see the country, which is important in making the decisions for those teams to invest, build and grow with us. You are right—the brand will follow. It is important.

Q115 Simon Hart: Picking up the points you have made, I am absolutely convinced by your arguments about brand and Wales being a place where you can contemplate and, possibly, change down a gear, but everybody knows that international visitors never stray more than two hours from the airport at which they arrive. Even with the best will in the world, we are losing out to other parts of the UK simply because people are not gravitating far enough outwards. If you were Carwyn Jones and were sitting with your finger on the pulse of Cardiff airport and other transport infrastructures in Wales, what would you do to entice international visitors who might not be the sort who would go to the Hay festival, Brecon Jazz or whatever it might be—people who want to visit the country but do not feel that the transport infrastructure is sufficient to entice them there?

Justin Albert: Wow—I would never presume to be our First Minister. Let me flip it round and be the chairman of VisitBritain or somebody within the whole British tourism board. How would I inspire people to come to Wales? What tools would I use? London is where a lot of culture is within walking distance; Wales is where culture is within a short driving distance. We have more castles per square acre than anywhere else; we have more things. We are a compact country full of culture, heritage, food and so on, and we are much more accessible than people realise. To me, that is the story we need to tell, because you have an urban cultural centre. Scotland and Ireland are wonderful, fantastic places, but we are intrinsically different. We offer more of a collage of things to go to in a smaller area than, possibly, anywhere else in Europe. If I were running VisitBritain, that is what I would be pushing for as a part of the mix that makes Great Britain extraordinary. That is Wales's role within that.

Q116 Simon Hart: But the Assembly possesses the airport. I buy your vision, but the fact is that it owns an airport. If it gets it right, surely that holds the key to a much greater number of inward visits. How can it maximise the asset that it has bought with our money?

Justin Albert: I cannot comment on the airport as I do not know enough about it, but it is incredibly important for a nation to have its own airport. It gives us our national identity—we are a devolved nation, and that is very important to how we look at ourselves and how we attract people internationally to our country. It gives us a gateway so that people do not have to rely on Heathrow, with a two-and-a-half-hour bus drive to Newport or Cardiff. For that reason alone, it is an asset. That is my personal, subjective view. That alone will give us an advantage. It comes down to how many airlines we can get to fly into the airport from different places—how many deals we can do. That has nothing to do with our First Minister or the head of VisitBritain and will be the test of the success of the airport over the next three to five years.

Q117 Simon Hart: Mike Morgan, do you agree with that?

Mike Morgan: I do. The airport is critical, but I would stress that again things are going in the right direction. There is loads of work to do, but the airport was a long way behind where it should have been. As everybody knows, we lost out massively to other regional airports. It is good and positive to see that tourism now sits within E, S and T in the Assembly. As a result, things like a bit of almost guerrilla advertising in places such as Bristol airport are attacking those markets head-on. That is great—and the visitor figures are going up. The airport is critical. As the Rarebits group, we are working with the airport to try to package up flights into it, which gives the airport the opportunity to talk to airlines.

Q118 Guto Bebb: I had not intended to jump in at this point, but I am an MP for north Wales with a constituency heavily dependent on tourism. You talk about packages in relation to Cardiff. I want Cardiff airport to be a success, but from a north Wales perspective it is as important—to be honest, more important—that we have similar packages with Liverpool airport and Manchester airport. You can fly to however many capitals of Europe from Liverpool and Manchester, which are within an

hour's drive of my constituency, at most. Are you aware of any work that is going on to try to do those packages with those two airports?

Justin Albert: None that I know of. From a National Trust perspective, with a lot of our outdoor and indoor properties being in the north, the growth of Manchester and its success as a hub for north Wales are absolutely key. I would support that. Mike, do you know what work is going on?

Mike Morgan: There is some work going on. Critically, due to an imbalance between resource and what we are trying to do in terms of ambition, in the partnership for growth strategy document for tourism, Visit Wales has had to prioritise certain markets. One of those is on our doorstep—it is the UK. You say quite rightly that Manchester and Liverpool, as well as the metropolitan centres in Birmingham, Bristol and Heathrow, are gateways into north Wales. I suppose I am trying to say that that is identified. For the detailed work, you would need to talk to those on the ground, but certainly the strategy points in that direction.

Q119 Geraint Davies: On the airport—as we have started talking about it—the rebranding of John Lennon airport increased traffic about tenfold; even the Robin Hood airport did well. What do you think of the idea of renaming Cardiff airport Dylan Thomas international airport Cardiff?

Justin Albert: Or the Tom Jones airport—or the Katherine Jenkins airport.

Q120 Geraint Davies: The idea would be to tag it with a global cultural brand that has longevity—basically, to tag Wales as a cultural destination rather than another part of England.

Justin Albert: We have a John Wayne airport in California. There is an advantage to all of this. Like maths, PR was never my strong point, but it does seem like a good idea. The other thing is to find the right name that does not annoy people. I believe that the John Wayne airport was rather controversial when it came in—some people were on one side and some were on the other. There is also the Ronald Reagan national airport in Washington. It is a very good point and could work well, but you have to choose the right name. You must not just choose a name that has become so anodyne that it is the name that everyone loves.

Q121 Geraint Davies: I have a question on a related issue. Obviously you are heavily involved in the Hay festival. The Dylan Thomas centenary festivities have been occurring this year. He is very popular in America and elsewhere. How much opportunity do you think there is for a Dylan Thomas festival for Wales, as an annual event, in Swansea, Laugharne and the surrounding areas that is all-singing and all-dancing—literally—as well as about literature?

Justin Albert: Personally, I think it would be a wonderful idea, but I do not want Dylan Thomas to detract from all the other great poets, writers and music we have in Wales. Sometimes, there can be a problem when you have one great artist or poet like that, as the rest of the extraordinary catalogue of talent that we have had over the last 2,000 years of being Welsh can get lost. I would also worry about the Welsh language, which needs to be covered and done deeply. There is a wonderful thing to be done on Dylan Thomas. I would want to celebrate him every year, but I would love to see it widened out into a greater celebration of all Welsh culture. We are doing that at Dinefwr, by the way.

Q122 Geraint Davies: Can I come back to the issue of branding? Having a global brand—which exists in the case of Dylan Thomas—is a gateway into the other things you are talking about on the literature side. I take you back to the previous line of questioning from Siân James, which was about the key brand values of Wales. Do you agree with me that that is about environment, culture, being a non-sun destination, to a certain extent, and being English speaking? That sort of mix could be embodied through a brand mnemonic like castles, because we have a lot of them and they embody

other values from Walt Disney—heroic, romantic, strong, enduring, historic. How do you brand Wales, capture all those things in an identity and feed them in, whether through castles or by using the Dylan Thomas tag? I wonder whether you have any thoughts on that.

Justin Albert: They are all valid, but one thing to throw into the mix is the Hay festival, with its international outreach. I am not here for the Hay festival, but I will give it a good plug. For hundreds of thousands of people around the world, Wales is a land of freedom, is about literature and is a place of culture. Through Jon Gower, who is the Hay festival's international ambassador, people recognise Wales in a way we do not normally think about it. That is done through the Hay festival.

Q123 Geraint Davies: Do people think that the Hay festival is in Wales? Is it known as Hay Wales or just as Hay Britain?

Justin Albert: It is Hay Wales. In my view, it is a distinctively Welsh festival. Could we do better at it? Yes. Will the festival do better? I would hope so. It is a Welsh festival, in the same way that Hay castle is a Welsh castle in Hay. It is the gateway into Wales. To my mind, the Hay festival makes Wales very accessible to the international visitor, because it is a gateway and you move into Wales from it. The flow should be through the festival into Wales.

Q124 Chair: Were you picking up business as a result of the Hay festival?

Mike Morgan: Yes, definitely—we do every year. Make no mistake—anything going on in Cardiff will fill us up. Hay certainly does.

Q125 Stephen Doughty: I have a quick question about festivals. Is there anything in the festival market we are missing out on? Is there a gap in the market? I am very taken by Geraint's idea of a Dylan Thomas festival. We have Brecon Jazz, some other excellent music and so on, but I do not know whether we have an internationally recognised music festival—either one aimed at a younger audience or something like South by Southwest. Do you think there is any kind of gap in the festival market?

Mike Morgan: Green Man is heading there. I come back to the branding issue. The point Geraint touched on was about major events, but this also talks to Stephen's point. Having a calendar of major events is important. There has been some good work around this. Winning things like the Ryder cup becomes a hook to hang a bunch of other, smaller events on—or maybe things like NATO.

Q126 Geraint Davies: I think the point you are making is that it is all very well having the Ryder cup, NATO and, maybe, the Dylan Thomas centenary, but what we really want is a regular event, like the Hay festival, for Dylan Thomas or, indeed, a music festival—something recurrent that we can build over time as a Welsh thing. Would you agree with that?

Mike Morgan: You are putting words in my mouth; I did not say that at all. What I said was that it is important to have a calendar of events.

Q127 Geraint Davies: So you do not think it is a good idea to have something recurrent, like the Edinburgh festival.

Mike Morgan: What I am saying is that we need a calendar of events, whether those are held annually, biennially or every month. I am not saying that Dylan Thomas needs to happen every year. I am saying that we should have a calendar of major events—everything from bog

snorkelling to major sporting events such as the Ryder cup. They need to hang together as part of the brand marketing.

Q128 Stephen Doughty: You mentioned NATO and the Ryder cup. Do you think enough has been and is being made of some of the bigger events coming in? NATO is a very complex exercise, but it has huge potential for brand awareness and awareness of Wales, particularly with the leaders who are visiting and their delegations but also with their visiting media. Do you think enough is being done at the moment specifically to promote the side benefits around the NATO summit?

Justin Albert: I think so. I am not in the hotel business but, from my perspective of having some major attractions in the area, the conversations are happening and it is going well. I also know that it is incredibly difficult when you are organising the biggest security ever—bigger than the Olympic games. In my view, everything that could possibly be done is being done. Mike is in the hospitality business, which is much more closely aligned to it.

Mike Morgan: Yes. Obviously there is a difficulty here, which is around security. A lot of stuff is happening at levels that are way above mine, where we have no idea what is occurring. I am sure loads of work is going on to do exactly what you are saying; in fact, I would be very disappointed if it were not. However, being a party to that is hard. For security reasons, I guess, information flow is difficult.

Q129 Stephen Doughty: What is your aspiration? Is it Obama pictured in front of iconic Welsh scenes—apart from the Celtic Manor, obviously?

Mike Morgan: We have to make sure that our branding and messages are everywhere. Much has been made of getting world leaders out of a resort on the M4 into the communities. That would be fantastic, because they would be seeing the real Wales. Maybe the reality is that that is not going to happen. Air Force One will be there, you know.

Q130 Jonathan Edwards: Is it your impression on the ground that the NATO Newport summit is being marketed as a Welsh event or as a British event?

Mike Morgan: Definitely as a Welsh event. My experience is exactly that, although it is a global event.

Q131 Geraint Davies: Isn't there a danger that during the NATO summit Celtic Manor will be like Gatwick airport and Gatwick Village and that the people will not reach out to the wider Wales economy, partly because of security issues and partly because the people who are organising it want to keep them in the Celtic Manor? What we should have, particularly in the Dylan Thomas centenary, is people going out in buses to Swansea, Laugharne and elsewhere. We should add some organisation around seeing the rest of Wales.

Mike Morgan: To be fair to Celtic Manor, they have the conference there and are putting a lot of work into doing it, so I cannot blame them for wanting people to stay in the hotel; I would probably do the same thing. That said, it is also fair to say that Sir Terry and the team at Celtic Manor have definitely done a good job of making sure that the benefits, such as they can deliver elsewhere, are being trickled out.

Q132 Mr Williams: Changing tack, to what extent has a VAT rate of 20% impacted on the promotion of the UK abroad? What is the impact on Wales?

Justin Albert: I run a different business. This is not my world, but I come from the American system, which is federal and where the states can vary their state tax. It is a huge advantage for

states to be able to do that and to give state tax benefits around tourism in that country. That is just one man's view from that US perspective. Mike is much closer to the issue.

Mike Morgan: This is a big issue for our industry. In terms of accommodation, presently, we are not on a level playing field with the rest of Europe. There have been some calls for the Government to look at a change in the VAT rate. While I think that would be the right way to go, we need to be realistic about our aspiration. While I am fully behind the noise around it, maybe we need to focus on other things for the time being.

Q133 Mr Williams: But the fact that only the UK and, I think, Denmark have not taken advantage of the EU rules that allow us to reduce VAT, at least for accommodation and visitor attractions, does put us at a competitive disadvantage.

Mike Morgan: I agree absolutely, but let us be realistic.

Q134 Mr Williams: But you would endorse the fact that this year the GREAT campaign, the British Hospitality Association and others are focusing specifically on trying to remedy that and getting the Treasury to look again at its own evidence, which suggested that this should be the direction of travel.

Mike Morgan: Yes, and I have been involved in what the BHA has had to say about that.

Q135 Chair: Playing devil's advocate a little bit—

Mike Morgan: That is not like you, Mr Davies.

Q136 Chair: Are the people who stay in a hotel like yours going to be that worried by a slight reduction in VAT?

Mike Morgan: How very dare you.

Q137 Chair: It is not exactly bed-and-breakfast accommodation. Let us be fair about it—it is an upmarket hotel, isn't it? It is a luxury brand.

Mike Morgan: That is an interesting comment, but if we could lose 10% of our cost immediately, we would be straight into the market. Bear in mind that I am just a poor hotelier. Believe me—the margins in running hotels are tight. That difference in VAT would make a massive difference.

Q138 Mr Williams: As Justin said earlier, it could also have an impact in terms of job creation. The impact of creating jobs in localities where there is not a great deal else could be very significant, couldn't it?

Mike Morgan: It could be. I definitely endorse what was said earlier.

Justin Albert: That is where it is—it comes down to jobs and skills. Again, I know nothing about this, but I think that at the moment tourism employs 200,000 people in Wales.

Mike Morgan: Yes—200,000-plus.

Justin Albert: If we get more people here, that is our job creation.

Q139 Guto Bebb: Can I follow up on the issue of VAT? I share the concerns that Mark Williams has highlighted, but I have another concern. The Chair mentioned in a disparaging manner that your hotel is not just a bed and breakfast.

Chair: I want to make clear that I do not disparage bed and breakfasts at all, but people who go to bed and breakfasts tend to be on slightly lower budgets.

Guto Bebb: I am sure that is the case.

Chair: I apologise to any bed-and-breakfast owners who took that the wrong way.

Guto Bebb: The interesting thing in my constituency is that we have seen significant growth in the number of high-quality boutique bed and breakfasts, with a significant investment in making sure that the quality is four or five star, which is appropriate. One key thing that creates a problem for that type of business is what I would call the VAT trap. If you hit a turnover of £82,000 a year, you have to become VAT registered. It is not 20% from that point onwards but 20% right from the outset, so it is a huge trap. Unless you can jump from a turnover of £80,000 to one of £120,000, growing your business actually penalises your business. Have there been any efforts to make representations to the Treasury on that issue of the really perverse impact of the VAT threshold on the ability of small businesses to grow?

Mike Morgan: There have been lots of them—not by me, but we run a brand called Great Little Places, which you have probably heard of. They are exactly the kind of places you are talking about.

Q140 Guto Bebb: They close for three or four months a year because of VAT.

Mike Morgan: That is anecdotal, but it may well be true. Certainly, the feedback would suggest that some of the businesses do exactly that, for that reason. VAT could make a big difference to them, but again I am saying that we need to fish where the fishes are.

Q141 Jonathan Edwards: What is your role as members of the Welsh Government's Tourism Advisory Board? What are the board's current priorities? What have been its key achievements?

Mike Morgan: As you probably know, with a separate hat on, Justin and I are both members of a thing called the Tourism Advisory Board. We do high-level strategy stuff. A while ago, we published a document called "Partnership for Growth," which is about new direction. One of the key messages from that is that we have pragmatically said, "We would really like a bigger budget, and Visit Wales is disadvantaged in that respect. However, we have pragmatically and carefully targeted where we spend that."

We have looked at areas where there may be potential for growth. Earlier, I mentioned the UK, but we talk about Germany and the USA, as well as Ireland, being potential strong-growth markets. That is a good way to go. Instead of spreading ourselves thinly, let us focus on some key targets. With the earlier caveat, the figures speak for themselves. Last year was a good year. I think that the "Partnership for Growth" strategy is beginning to have some traction now—it certainly feels like it on the ground.

Q142 Jonathan Edwards: Do you feel that the Minister is listening to what you are saying?

Mike Morgan: Yes, she is certainly listening to what we have to say. We have had a series of robust conversations about budget, which she is taking on board.

Q143 Chair: You say she listens. Does she follow through afterwards? Does she take advice?

Mike Morgan: We are an advisory board.

Q144 Chair: Do you feel that your advice is merely listened to or is it acted upon as well?

Justin Albert: I believe it is acted upon and listened to. It is an effective advisory, high-level board. Having served on other things, I think it is very effective and good and that it is listened to. We are free to challenge and those challenges are listened to. We also play to each area's expertise. I tend to come from a media world, so I can do high-level strategy around media and how we promote externally, which is fun, while Mike can do it around different areas. It is a really good advisory board—I would tell you if it was not. It stays within the high-level strategy, which is where it should be.

Mike Morgan: There is a good team of people at Visit Wales, although, if you compare it to the other Visits, it is a small team—there is no doubt about that. What they deliver is pretty impressive for a small team. This is an advisory board. My experience so far is that a large percentage of the advice we have given has been taken on board and listened to and that that is where the strategy is going. If we felt we were not being listened to, we would say so; I certainly would.

Justin Albert: So would I.

Q145 Geraint Davies: It is said that 20% of Chinese people are now “middle class.” The current Indian Prime Minister's mandate after the recent election is massively to grow the economy, so there are an enormous number of people who are probably looking for English-speaking—as a second language—non-sun culture destinations. In your understanding, where is Wales positioning itself to try to tap just a small bit of that market, which would make so much difference to the Welsh economy?

Justin Albert: I am very fortunate in that I spend quite a lot of time in China. Having seen the explosion, I know the opportunity that is there. It is not just China—it is also South Korea, in particular, which is a major market. I am very fortunate to be going there at the end of August to give some talks on culture and tourism—not for Visit Wales but for other things.

With such a vast population and middle class, we have the opportunity to attract people to us because of what we talked about earlier—the fact that we do not have a motorway going straight through. Most of China is mountainous, so people live in very close proximity to one another, in very high-density populations. Wales offers the opposite. We have dark skies, small lanes and culture. We have our own language and food. All those things create a very good package. For the Chinese, South Koreans, Japanese and other Asians, who are very discerning and who want to see something distinctly different and are not looking for an urban experience like Paris or London, we can offer something very strongly.

Q146 Geraint Davies: But are we? I do not want to talk about Swansea all the time, but the fact that we have a South Korean football star attracts enormous audiences. These sorts of strange impacts generate flows of people as well. Do you think there should be any connectivity there, for example? How do we promote ourselves to China to get some people here?

Mike Morgan: You are right that there is a big market and there are lots of people who want to travel. However, penetrating that market is difficult with a limited resource. It is a bit of a wheeled-out expression, but that is why I go back to the point that we should fish where the fishes are. Okay, there is a huge market there, but how do we get into it? Turning it on its head, we need some help with that from VisitBritain.

Chair: I had better bring in Nia. I will then bring this back slightly, as I think one of you gentlemen has a train back to catch at some point.

Q147 Nia Griffith: The point you make about VisitBritain is extremely important. You can understand that people coming to the UK for the first time want to include London, because the first time you do. However, is enough being done to get away from the simple London-Oxford-Stratford route and to have things like London-Cardiff and Manchester-north Wales, particularly for a second visit, to market more of the other parts of Britain—in our case, Wales? As you said, if there are new markets to be developed, Visit Wales on its own will find that difficult. How much discussion have you had with VisitBritain about packages and trying to include Wales in as many different types of packages as possible, so that even if people come to Heathrow and London they have at least half of their time somewhere else?

Mike Morgan: I can make a quick comment with a Welsh Rarebits hat on. We have some direct contact with VisitBritain, and in that respect it is great. I am pleased to see that there is going to be a Welsh intern or placement within VisitBritain, which will help us to fight that corner. Going back to the numbers, we need to look closely at the benefit that is coming out of London into Wales and whether they are spreading the love properly—for want of a better phrase.

Justin Albert: I agree. We know that in Wales we do not have the wherewithal to be everything to everybody. We cannot project ourselves further, so we need to work in partnership. Partnership is the only way a small nation like ours will succeed. That may be partnership with the British Council externally, but the biggest potential partner is VisitBritain. From my perspective—from the outside—the relationship seems to work on some levels but not on others. That is what we need to address. I like the percentage increase, but we have much greater potential to see more tourists in Wales. We can do that by working closely with VisitBritain.

Q148 Nia Griffith: For example, in our brochures you get Rome and Pisa and packages with different places. Is that happening for Wales? Are Chinese and Indian people being offered packages that include parts of Wales, or is it still just the couple of English cities that are always there?

Justin Albert: I do not know, but I have seen the ad “Sounds of GREAT Britain” and there is a flash of a castle.

Q149 Nia Griffith: You have to have the whole thing, don’t you?

Mike Morgan: The Welsh Rarebits collection works with a bunch of overseas tour operators. We package stuff up, so that is happening to a small degree. There is a lot more work to do. VisitBritain needs to help us with that.

Q150 Geraint Davies: If a consumer comes over from the United States, China or anywhere else and arrives in London, what effort is made to engage with them? When they go to their hotel or on the aircraft does anyone say, “Why don’t you come down to Wales?” Is there an attempt to make them jump from London on subsequent visit—or even on that one—to look at Wales?

Mike Morgan: There is definitely work going on around that. It is about taking people out of London—exactly that. Work is definitely happening at other airports as well.

Q151 Chair: You mentioned the number of people working for Visit Wales. I detect that you would like to see more people working for it. Am I right in interpreting that comment as a wish for more people? Are there any other improvements that you think could be made to Visit Wales to get more people in?

Mike Morgan: There is a very simple answer to that—the more you spend, the more tourists come.

Q152 Chair: Will those extra tourists generate enough money to cover the extra spending that has taken place?

Mike Morgan: Absolutely—spending on tourism has been proven to be a great ROI. In terms of jobs, growth, wealth and that kind of stuff in Wales, it is absolutely critical. As I said, it is very positive. It is great to see that it is in E, S and T, one of the bigger portfolios, and that recognition is coming for tourism. I spend a lot of my time championing tourism. I often say that, if the 3,000-odd jobs of the people who are employed in Welsh Rarebits were in a steelworks, they would have a different profile.

Q153 Chair: In your evidence you state that Visit Wales should do more to develop commercial relationships. Could you expand on that a little?

Mike Morgan: I did touch upon that. VisitBritain has some great commercial relationships with people like Virgin Atlantic and O2. Visit Wales does not do that at this point. Perhaps it is because we as a country are a little risk averse. Some of those commercial partnerships work well for London and maybe for England, but maybe not so well for Wales. I urge VisitBritain to look at those commercial partnerships in a way that feeds some benefit out of town.

Q154 Chair: Is that going to be possible if, as you suggest, Visit Wales is a little risk averse in terms of dealing with private companies?

Mike Morgan: One of the first things I said at the top of today's discussion was that, as a country, we have hidden our light under a bushel a little and that we have a mindset, which is now beginning to change, about punching above our weight. That speaks to that point.

Q155 Chair: Do both of you feel that the brand that we have for tourism works well for industry? There has been a suggestion that sometimes industry can be promoting one thing when tourism is promoting something else. The green lanes and the fact that one has to slow down a little because there is not a fast road may be good for tourism but may not be the message that Business Wales wants to get across to companies that want to invest here. Is there a tie-up there?

Justin Albert: That goes back to Siân James's comment at the beginning—we have an awful lot of everything. People move because they want somewhere where their partners will also have a nice time. Cardiff now offers that. To my mind, Cardiff as a cultural hub is second to nowhere in Britain; it is an extraordinary place. That is a real attractor. The fact that we have such a diverse offering helps us to attract business. If we were just about small country lanes and nice chapels, that would be an issue, but we are not.

Q156 Geraint Davies: Do you think more should be done to develop tour operators in countries sending over people? You might have a company called Dylan Thomas tours or something based in New York so that there is connectivity. The idea would be for it to arrange trips to Wales. Having a product here and defining the brand is one thing, but having commercial operations in places to get people and send them over is another. What should be done about that?

Mike Morgan: Are you talking about having a tour operator that is publicly funded sitting in another country?

Q157 Geraint Davies: No—I am talking about supporting the emergence of tour operators in America or wherever.

Mike Morgan: That work is going on. Closing the deal is an important part of the process. At a very basic level, if you generate the interest, you have to close the sale.

Q158 Geraint Davies: As far as you are aware, are there tour operators in America, for instance, who are focused on just sending people to Wales?

Mike Morgan: Yes, absolutely. We work with a good number of them, but it needs some work to build a relationship and to make sure that they see the product. We have talked a lot about packaging. If it is a fly-drive holiday to Wales with five stays for two nights in various places, you need to build up that package and then to put it in a brochure, so there can easily be a two-year lead-in.

Q159 Geraint Davies: Is that already happening?

Mike Morgan: That is definitely happening. We could do more.

Q160 Chair: We are almost at the end of our little list. I have one more question. The UK Government place great emphasis on the GREAT campaign and say that Wales has been “actively marketed” under the scheme. Has either of you gentlemen noticed any tangible benefits from it?

Justin Albert: Not really. Maybe I would or would not within my world. As someone who lives in Hay, I can see people come, which is great, but that is really to do with something else. In the National Trust, we have 4 million-plus people visiting us. Has it affected whether more people come? I do not know. This is my subjective, personal view, but I think it could have done more. Visit Wales does an extraordinarily good job within Wales in partnering. We partner with it and it works very well with us, but I think the GREAT British campaign could have been a better promoter right across the border. It is just me saying that—it could all be viewed differently—but the north of England, in particular, could also have benefited more from it. That is my subjective view.

Mike Morgan: The GREAT campaign has been a success, but how do we measure it? It is a good campaign and is more inclusive than ever before, but how do we measure that success? I would want to be pretty sure that the figures are giving us the right answers on ROI.

Chair: In closing, I must say that having experienced Hay—of course, Justin Albert has not come here in that capacity—and having seen the inside of Mike Morgan’s hotel, I am glad that we have people with talent who are working very hard, doing a great deal to promote Wales to the rest of the world and generating jobs and benefits for the economy in doing so. Thank you very much for coming along today.