



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 1 February 2017

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
4th Meeting 2017, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*Mairi Evans (Angus North and Mearns) (SNP)
*John Finnie (Highlands and Islands) (Green)
*Rhoda Grant (Highlands and Islands) (Lab)
*Jamie Greene (West Scotland) (Con)
*Richard Lyle (Uddingston and Bellshill) (SNP)
*John Mason (Glasgow Shettleston) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Andrew Bauer (NFU Scotland)
Alan Carter (Reforestation Scotland)
Charles Dundas (Woodland Trust)
Stuart Goodall (Confor)
Professor Robin Matthews (James Hutton Institute)
George McRobbie (Tilhill Forestry Ltd)
Alastair Nairn (Scottish Tenant Farmers Association)
Peter Ritchie (Nourish Scotland)
Professor Pete Smith (University of Aberdeen)
Steven Thomson (Scotland's Rural College)
Humza Yousaf (Minister for Transport and the Islands)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 1 February 2017

[The Convener opened the meeting at 09:04]

Decision on Taking Business in Private

The Convener (Edward Mountain): Welcome, everyone, to the fourth meeting in 2017 of the Rural Economy and Connectivity Committee. I remind everyone who is present to please ensure that their mobile phones are in silent mode for the duration of the meeting. No apologies have been received.

Agenda item 1 is a decision on taking business in private. The committee is asked to decide whether to take item 5—consideration of the committee's approach to looking at the impact of the United Kingdom's departure from the European Union on policy areas within the committee's remit—in private. Is that agreed?

Members *indicated agreement.*

Rail Services

09:04

The Convener: Item 2 is an evidence session with the Minister for Transport and the Islands on rail services in Scotland. The session was originally scheduled for 18 January but had to be postponed. It forms part of a series of regular updates to the committee to allow it to monitor rail network and rail service and performance issues. Before we go any further, I ask members whether they have any interests to declare.

Gail Ross (Caithness, Sutherland and Ross) (SNP): I have an interest that is in the register: I am an honorary vice-president of the Friends of the Far North Line.

Rhoda Grant (Highlands and Islands) (Lab): The same.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I am honorary president of the Scottish Association for Public Transport and honorary vice-president of Railfuture UK.

The Convener: I welcome the Minister for Transport and the Islands, Humza Yousaf; Bill Reeve, director of rail at Transport Scotland; and Gary Bogan, head of the Scottish Government franchise management unit.

We have a huge amount to cover this morning. I would appreciate it if members could keep their questions as short as possible and witnesses could keep their answers as succinct as possible. I invite Mr Yousaf to make an opening statement.

The Minister for Transport and the Islands (Humza Yousaf): Thank you, convener. On that note, I will keep my opening remarks brief. First, I offer the committee my sincere apologies for my absence at the previous meeting, which was unavoidable due to illness.

When I last appeared before the committee, in October, we shared a mutual desire to see a focus by the ScotRail Alliance on improving performance to the levels that we expect and, more important, that the passenger expects. I had demanded a performance improvement plan that was intended first to stabilise and then to improve performance. At that meeting, I reported that the moving annual average—the public performance measure—was 89.6 per cent against the contractual trigger of 90.3 per cent. That moving annual average has improved to 90 per cent by period 10, which is 0.3 per cent away from the target that will lift ScotRail out of improvement plan territory. There are encouraging signs that the current four-week period could see a further increase in the moving annual average.

According to our latest information, more than 86 actions in the performance improvement plan have been completed; of the remainder of actions, the vast majority are under way. Shortly before Christmas, members will have noted that we thanked passengers for their patience during a difficult period with the offer of a free week's travel to season ticket holders. I believe that that offer is a demonstration, alongside our tireless work on the performance improvement plan, of our commitment to ScotRail's passengers and services.

Further discounts will be offered to weekly and less frequent travellers, whether for work or for leisure, particularly those using the ScotRail smart card for journeys. All that is backed by £3 million of funding—£1 million more than many were calling for. At the time of the announcement, I made it very clear that we would bring forward further details of the scheme in early 2017. I was clear at that stage that there would be a contribution from ScotRail as well as from the Scottish Government. Members will shortly see more details on that, confirming £3 million of funding and giving a little bit more detail on the offer for monthly and annual season ticket holders and for weekly ticket holders.

I will conclude with a few remarks on another topic that has had a fair bit of coverage since I last appeared, which is the further devolution of Network Rail. I am strongly of the view that greater devolution of Network Rail's functions to Scotland would deliver better outcomes for passengers and taxpayers. I have, therefore, charged Transport Scotland with establishing an expert panel to provide practical advice on how we can achieve that outcome in a manner that fully accords with Network Rail's reform agenda, as set out by the United Kingdom Secretary of State for Transport, Chris Grayling, last summer.

I am, of course, happy to answer any questions that you or members may have.

The Convener: Thank you. The first question is from Stewart Stevenson.

Stewart Stevenson: I have just looked up the PPM figures; at the moment today, ScotRail is running at 93 per cent, which is 4 per cent ahead of the Great Britain figure. I look at the figures every day, and there has been only one day this month when I have found that ScotRail has been behind the GB figure. Does that tell us that the performance recovery plan is working? If we end the day with 93 per cent, for the sake of argument, presumably that will replace in the moving average a day a year ago that was rather worse than today's, and hence will contribute to improvement—or are there still issues that we should be concerning ourselves with?

Humza Yousaf: I thank Stewart Stevenson for that question—he went into the technical detail of PPM and I would expect no less of him.

As I said in my opening remarks, since the introduction of the performance improvement plan, first we saw stability, and now we have seen improvement over the last few periods, which is encouraging. The situation is not where I want it to be—there is a target of 90.3 per cent to reach for ScotRail to no longer require a performance improvement plan and the average is still 0.3 per cent away from that.

As I hope that Phil Verster explained when he last appeared before the committee, the reason for the moving annual average is to take into account seasonal variations. It is a rolling average that is calculated between periods. The point of that is that, if you had a very good period 11 last year, you would have to have a better period 11 this year in order to see some element of improvement. Period 11 last year was fairly good and therefore making huge leaps in performance improvements might be challenging. If performance stays at the relatively high level it is currently at, we should see some upward movement at the end of this period, too.

Stewart Stevenson: I also note that performance of the sleeper service—the other franchise—is running at 100 per cent for the fifth consecutive day. Of course, there are only five trains in that service.

Humza Yousaf: Yes, but it has a long route.

Stewart Stevenson: Indeed.

Let us move on. Abellio and Transport Scotland are both engaged in improving performance, but do they have particular issues at the top of their list in order for them to continue to improve performance?

Humza Yousaf: The improvement plan is split into three broad sections: infrastructure, which comes under Network Rail, and rolling stock and operations, which are the responsibility of the train operating company. As members know, there are 249 actions and even more initiatives that feed on from those points and give them emphasis and priority. As the performance improvement plan details, some of those actions will take a long time. For example, kilometres of cables for signals cannot be replaced overnight, as members will understand.

The focus is on those three broad areas: infrastructure, rolling stock and operations. As I said, we are seeing some improvement. Phil Verster and the team have told me that there is also a focus on those initiatives that improve the passenger experience. For example, we saw a

reduction of about a third in skip-stopping between period 9 and period 10. That is also positive.

John Finnie (Highlands and Islands) (Green): Good morning, minister. I acknowledge the information that came from your answer to Mr Stevenson's question but, nevertheless, the public will be interested to know what, if any, sanctions have been applied to Abellio for failing to meet contractual punctuality and cancellation targets. Are you able to outline those?

Humza Yousaf: Yes, I can. First, it is worth saying that it is in the train operator's best interests that performance is as good as it can be. Reputational damage means that fewer people take the railways and, if fewer people use the railways, that will have an impact on profit, so there is an inherent self-interest for the train operator. From speaking to Phil Verster, the management team and numerous members of staff right the way through to staff at stations, conductors and drivers, I know that they are hugely committed. Nobody is being lackadaisical about this. They understand the reputational damage that has been done to the railway, but they also want to ensure the best passenger experience.

On the other sanctions that can be applied, it has been well rehearsed in public that, if performance dips below certain levels, the contract can be terminated. Even if it did not get to quite that level, performance is one of the issues when we get to discussions around the break point in 2020. Discussions will take place before that and performance will be one of the measures that are considered. If performance is consistently not matching up to where we expect it to be or is not improving, that will be part—I must stress that it is a part—of the consideration.

On top of that—and this will be the last thing that I will say about this, because I know that the convener wants us to be succinct—if the Office of Rail and Road feels that a train operating company is not making all the efforts that are practically possible to achieve that performance improvement, it can investigate.

The final final thing that I will say is about standards on the railways. People know about the service quality incentive regime, which is a robust auditing regime that has been lauded across the UK. When ScotRail falls behind on certain criteria, it has to make a financial contribution, and it has done so. The SQUIRE fund is sitting at £2.06 million, once deductions are taken into account.

09:15

The Convener: Jamie Greene wants to drill down into the contractual obligations.

Jamie Greene (West Scotland) (Con): The minister answered quite a lot of my question in his previous answer so I will not dwell on it too long. It is important to understand what specific actions you can take if there is consistency in failing to meet the targets. Is it true that if ScotRail rises above the 90.3 per cent target, the improvement plan stops? That was quite unclear.

If Abellio ScotRail continues to fail to meet the target but is still some way above the contractual default limits, what action can you take if the company is in that sort of no man's land?

Humza Yousaf: That is a really good question, and I will come back to the point about the performance plan.

On the second question, I go back to the fact that it is in the train company's interest to make a profit. I will read from the ORR's latest letter, which talks about the fact that it will meet the ScotRail Alliance again next month and says:

"it remains the case that, if at any point you fail to provide evidence that you are doing everything necessary (to the greatest extent reasonably practicable) to deliver the performance improvement plan or achieve your regulated performance outputs, then we may initiate a formal performance investigation."

ScotRail is not at that stage and I should emphasise that it is demonstrating improvement in the moving annual average and the reduction of skip-stopping. On a number of measures, ScotRail is on the correct trajectory. The letter from the ORR recognises the company's recent efforts and the upturn in performance.

On Jamie Greene's question about a no man's land, as he described it, we can do a number of things. We can continue with the performance improvement plan, or the ORR could conduct a formal investigation. However, I go back to the point that it is outwith the train operating company's interests to allow its performance to fall to that level and we have no evidence of that happening. Performance is on the right trajectory.

Jamie Greene's very good first question was about what happens with the performance improvement plan if, at the end of the railway year, ScotRail is out of improvement plan territory at 90.4 or 90.5 per cent. There might be a change in personnel at the top of ScotRail and I would have a discussion with ScotRail. Because some of the actions in the performance improvement plan are due to continue into the next railway year, which is beyond the end of March, it would be sensible for us to keep monitoring the plan as a live document. That is my opinion of what we do once we get to that stage, but first we have to focus on getting to 90.3 per cent and take it from there.

The Convener: Minister, you are giving very full answers and we appreciate that, but I ask you to

appreciate that we are less than a quarter of the way through our questions and time is of the essence.

Rhoda Grant: I have a short question that will require a short answer. Do you believe that you will reach the target of 91.3 per cent by the end of March?

Humza Yousaf: The first target is 90.3 per cent to get out of performance improvement plan territory. As Phil Verster said a couple of weeks ago, ScotRail is confident that, by the end of the railway year, it should achieve that 90.3 per cent target. It will be later before it gets to 91 or 91.3 per cent.

Rhoda Grant: So it will not reach the target of 91.3 per cent by March.

Humza Yousaf: It is aiming to reach 90.3 per cent by the end of March, not 91.3 per cent. That has been made clear on a number of occasions.

Rhoda Grant: You will reach 90.3 per cent by the end of March.

Humza Yousaf: Well, it is not me—it is ScotRail that is aiming to reach 90.3 per cent. When Phil Verster was before the committee a couple of weeks ago, he was reasonably confident that it will reach that target. I am not saying that it will be an easy target for ScotRail to reach, but we are pushing it to reach 90.3 per cent by the end of the railway year, if it can. However, as long as it is showing an improvement trajectory, that is what I want to keep seeing.

Rhoda Grant: That was not a yes or no answer.

John Mason (Glasgow Shettleston) (SNP): Phil Verster is leaving and Alex Hynes is arriving. Do you have any comments on that?

Humza Yousaf: I wish Phil well in his new endeavours. I have enjoyed a good relationship with him. For a period of around four to six weeks, he was phoning me every day at 7 in the morning, at my insistence, to talk about the morning peaks. At that time, I probably spoke to Phil more than I spoke to any of my family or friends. I built up a good relationship with Phil, who continues to be committed to the railways, and I wish him well.

I have heard some very good things about Alex Hynes. I do not know him personally, but I have spoken about him to people in the railway industry and he comes with a formidable reputation.

John Mason: I appreciated the fact that Phil Verster was pretty open and straightforward, and he had a very good handle on the practical aspects of how things were actually going. He gave us what I thought were good answers at committee meetings. I hope that you can reassure us that Mr Hynes will be equally open and frank with the committee.

Humza Yousaf: That is certainly how I expect him to be not just with the committee but with passengers, which is vital in his role. He has a good reputation on those fronts, and I look forward to that work continuing.

The Convener: Let us move on to a slightly different subject.

Peter Chapman (North East Scotland) (Con): Good morning, minister. I want to ask you about project delivery. An Ernst & Young report stated that the original funding of £1,131 million had increased to £1,520 million, which was an increase of £379 million. However, when we asked Phil Verster about those figures, he reckoned that that was not an accurate figure and that the correct figure for the rise in project delivery costs was £293 million. Which figure do you recognise?

Humza Yousaf: Both figures are technically correct; they just relate to different periods. Of the five major projects that the Ernst & Young report looked at, some began towards the end of control period 4 and will end in the early part of control period 6. The total of £379 million takes into account that entire period. The figure of £293 million or thereabouts, which Phil Verster cited, relates just to control period 5. Technically speaking, both figures are correct; they just relate to slightly different periods.

Peter Chapman: Okay. I understand that.

The Convener: I kind of understand that, but it seems like statistics and—I cannot remember what the other thing is.

Gail Ross: Damned lies.

The Convener: I was not going to accuse anyone of that.

Humza Yousaf: Thank you, convener.

The Convener: It would help the committee if we could see exactly how those figures break down. That information could be supplied to the committee after the meeting.

I am sorry to have interrupted you, Peter.

Peter Chapman: That is fine, convener. I understand that, if the figures relate to different periods, that analysis could be correct.

The Ernst & Young report also made a number of recommendations for action by Transport Scotland. Can you provide an update on the implementation of those recommendations to date? Where are we with them at the moment?

Humza Yousaf: I will write to the committee with further details if it wants me to, but Mr Chapman understands the situation. I am pleased that there is some understanding of it, but I will try to lay it out—

The Convener: I take it that you are not suggesting that I need to lift my intellectual level to that of Mr Chapman.

Humza Yousaf: I certainly did not want to suggest that, convener.

The Convener: I will leave you to answer Mr Chapman's question.

Humza Yousaf: Yes, I can give you an update. The Ernst & Young report made a number of recommendations, a significant number of which were for Transport Scotland, and I am pleased to say that all those recommendations are being implemented at the moment. They can be broken down into three broad areas. The first area is ensuring that there is better-quality reporting by Network Rail. The second area—which is probably the most important—is the governance of current projects, including the establishment of the major projects portfolio board, which is chaired by the chief executive of Transport Scotland, Roy Brannen. Because he chairs that board, he has an overview and, therefore, there is a little bit more accountability between Network Rail and Transport Scotland.

The third heading is improving how we develop and deliver major projects for the future. Control period 6 is coming in 2019 and lasts until 2024. The way we do major projects is simply not fit for purpose. Therefore, through the high-level output specification—HLOS—process, we are consulting to determine a better way of delivering major rail projects.

Those improvements are well under way. They come under those three broad categories. We will continue to make the improvements that follow on from the recommendations that the Ernst & Young report highlights.

Peter Chapman: Are you content that, as we go forward, you will produce more accurate figures than we have received in the past? That must surely be the aim.

Humza Yousaf: Absolutely. You are right that that must be the aim, because the way in which it is currently done is simply not fit for purpose. Of course I cannot promise that there will not be a single overrun on a single project in the future, but we should without doubt aim to have better cost estimates when projects are at the developmental stage and into the future.

Richard Lyle (Uddingston and Bellshill) (SNP): Good morning, minister. You wrote to the Secretary of State for Transport in November 2016 asking for control of Network Rail to be devolved to Scotland. He wrote back to you and basically said no because the UK Government did not believe that it should go beyond the Smith commission recommendations. Will you explain

what benefits full devolution of Network Rail would provide to Scottish rail passengers and freight users? How would Network Rail be structured, regulated and funded if it were devolved?

Humza Yousaf: There is quite a lot in that question. I am pleased that the Scottish Government's general aim is to secure the devolution of Network Rail and gain the benefits that would accrue from that. That aim is shared by some of the other political parties around the table. I will read out a quotation from Reform Scotland, which is an independent think tank. Tom Harris, the co-author of the Reform Scotland report and a former Labour transport minister, said:

“we need fundamental change to the governance of Network Rail. The Scottish Government is responsible for the strategic direction and funding of the Scottish rail network, but this responsibility cannot be properly exercised while Network Rail remains answerable to the UK Government.

Reform Scotland believes that Network Rail in Scotland should be fully accountable to the Scottish Government, and that means it must be devolved.”

Various reports into Network Rail—the Shaw report, the McNulty report and others—have made similar overtures on the devolution of Network Rail. The point is that the principle is not only well-established across the Scottish Government but shared by many experts in the rail industry.

The benefits could be split into three broad categories. The first relates to timetabling, which is essential for rail delivery. Timetabling is currently done in Milton Keynes, and we think that it would be much better if it were done in Scotland, closer to Transport Scotland and the Scottish Government.

The second benefit relates to the delivery of major projects, which we just talked about with Mr Chapman. Infrastructure projects are still reserved to the Government down south whereas, if the responsibility over major projects were held in Scotland, we could align them much more closely with the aims and objectives of the Scottish Government and Transport Scotland. There would be a clear line of accountability and considerable efficiencies could be made.

The final benefit would be the devolution of headquarters functions, largely in relation to legal, property and capacity issues.

The three broad categories of benefits therefore relate to timetabling, major projects and HQ functions.

The Convener: I am a little bit confused because, when we asked Phil Verster specifically about that, he said that there would be absolutely no benefit from control of Network Rail moving to Scotland. My gut feeling is always to go with the man on the ground who makes the system work.

Will you explain to me why you are not taking his advice on that?

09:30

Humza Yousaf: Phil Verster is employed by Network Rail, and Network Rail has a standard view on this. I have spoken to Mark Carne about it. I do not want to misrepresent him—he can speak for himself—but it is fair to say that he does not quite share the same level of devolution ambition that we have up here in the Scottish Government.

If someone is employed by Network Rail, they rightly and understandably speak on its behalf. I would not expect Phil Verster to speak on behalf of the Scottish Government and say what our ambitions are.

My point remains—I say this respectfully—that this is the position of not just the Scottish Government but other political parties and respected think tanks, and it appears in various reports on Network Rail. I can explain only our rationale for our aims and ambitions; people who represent other organisations can do that on behalf of their organisation.

The Convener: I accept that. However, when Phil Verster was here he was representing everyone, although he may have been employed by Network Rail. If you look back at the *Official Report* of that meeting, you will see that he said that there was a very good working relationship between all the organisations, which were pulling together as a team and making it happen. He stressed that it was a team effort and that he could see no benefit in the devolution of Network Rail. Maybe it is a political suggestion.

Rhoda Grant: A point that was put to Phil Verster was that Network Rail had been the cause of some of the problems, delays and performance issues. Given that Network Rail's performance in 18 other areas is worse than it is in the ScotRail area, which suggests that the operators in those 18 areas are performing better than ScotRail, would devolution actually make a huge difference to performance?

Humza Yousaf: I accept the convener's point. I do not want to say that the alliance has not been successful. The alliance model is creating relationships that were not there previously and I note that the UK Government's Secretary of State for Transport wants to replicate it across different franchises in England and Wales, so there are some positives there.

I say to Rhoda Grant that it is still an indisputable fact that 54 per cent of delays are attributable to Network Rail, as the Reform Scotland report highlighted. The only conclusion that I can reach is a simple one. We know that 54

per cent of delays are attributable to Network Rail, we are paying £100 million towards its headquarters costs and it is responsible for major projects that we know have a cost overrun in the hundreds of millions, yet—

Rhoda Grant: Yes, but—

Humza Yousaf: Let me finish this point. We know all those things, yet Network Rail is not directly accountable to us. That is just not an acceptable situation.

Rhoda Grant: I am not arguing with that; I am arguing with the idea that devolution would bring about a step change in performance. Network Rail's performance is worse in 18 other areas, which suggests that ScotRail is behind the other companies, and is itself failing.

Humza Yousaf: There is no doubt that, on some measures, about 37 per cent of delays were caused by the train operating company. However, it remains the case that 54 per cent of the delays were down to Network Rail. I am not saying that if we had devolution we could magically click our fingers and everything would be okay; I am saying that having a direct relationship with Network Rail would help us to overcome some of the issues and help to tweak up performance.

I get frustrated when I hear from passengers who are understandably frustrated with signal faults and track failures, and I hear about those things day in and day out. I understand why passengers get frustrated—it causes me to get frustrated, and I wish that there was some direct accountability and that I had direct control over Network Rail, so that we could have a closer relationship and tweak up—

Rhoda Grant: But you have direct control over ScotRail and that is not making a difference.

Humza Yousaf: As I said to the convener, the alliance is creating positive relationships. I just think that further devolution could make even more of a difference.

The Convener: If I may, I will leave that there. Further devolution is something that some people aspire to. I accept your aspirations, but they may not be reflected everywhere.

Stewart Stevenson: One—

The Convener: I am afraid that I am going to leave it there. We move on to John Mason for the next question.

John Mason: If I am allowed a supplementary on the previous question, the minister said that—

The Convener: No. I ask you to move on to the question that we identified earlier, purely because of time.

John Mason: Actually, I think that we are doing okay for time, but I accept your ruling, convener.

The ORR in particular has suggested that the timescales for the Edinburgh to Glasgow improvement programme and the interlinked development of Queen Street station have slipped. Can you comment on either or both of those projects?

Humza Yousaf: Yes. The TAWS—Transport and Works (Scotland) Act 2007—process that we are currently going through is complex; we know from previous experience that TAWS orders are rarely straightforward. There was a slight delay of about three months in receiving the TAWS submission from Network Rail, which has had a cumulative effect. As you know, we have to go through the statutory steps, such as holding a public local inquiry.

To answer your question as succinctly as possible, passengers and commuters will want to see, as the key outputs, quicker journey times of around 42 minutes and longer trains. Eight-car trains are scheduled to be on the network for December 2018. I am determined to reach, and I know that ScotRail and Network Rail are focused on reaching, that deadline for longer trains and shorter journey times.

John Mason: When are we expecting the work on Queen Street station to begin?

Humza Yousaf: Phil Verster was correct to say a couple of weeks ago that—as was identified in various reports that we have put out—there could be a risk of slippage in the end stages of development. That would mainly affect the aesthetic redevelopment of Queen Street station and should not affect the platform extensions for longer trains or the delivery of shorter journey times, but there may well be a level of slippage.

We are working closely with Network Rail and other stakeholders to try to identify what the level of slippage may be. Phil Verster was correct when he told the committee a couple of weeks ago that there could be a risk of slippage.

John Mason: At that meeting, Phil Verster said:

“We expected the TAWS unit to report back to the minister in July of last year, but the revised date for the report back is January or February this year.”—[*Official Report, Rural Economy and Connectivity Committee*, 18 January 2017; c 19.]

When will the report be submitted?

Humza Yousaf: The TAWS report has been submitted to me as the relevant Scottish minister, although I emphasise that there was a delay in our receiving it. Before I make the order, I have tasked officials with going back and speaking to stakeholders to give them a further opportunity to

comment on the modifications to and various nuances in the order.

When I met some of the stakeholders last week, I said that we are looking at making the order within weeks as opposed to months, and we should be able to do that shortly. I do not want to make the order and then receive more objections in response to the modifications and nuances that have been introduced in it, which would cumulatively delay the project even further.

John Mason: The report was delayed by six months. Does that mean that the start of the work has been delayed by six months?

Humza Yousaf: The report was delayed by three months, really. We received the submission after that and there was therefore a cumulative delay, but that does not mean that there is automatically a six-month delay. As I said, I am working with Network Rail and other partners to determine a better timetable. The key point for passengers and commuters who want to see longer trains and shorter journey times is that we are still very much focused on reaching the December 2018 deadline.

The Convener: Thank you, minister. We will move away from Glasgow and go further north.

Gail Ross: We will indeed. Good morning, minister. My question is on the Aberdeen to Inverness line and the Highland main line. Going back to the Network Rail monitor report and looking at the progress on both those lines, are you satisfied that we are ensuring that we get the best value in the development and delivery of those projects, given that there has again been some slippage and an escalation in costs?

Humza Yousaf: Yes—we are still there.

As I highlighted when that slippage occurred, I am disappointed when slippage takes place on any of our projects, but the detail of the Ernst & Young report still stands.

The Convener: Does John Finnie have a follow-up question? He indicated that he may have.

John Finnie: I do not on this occasion, thank you.

The Convener: We will leave that point there. Richard Lyle has the next question.

Richard Lyle: I return to the rolling programme of electrification. Is it Network Rail or the Scottish Government that does the work? Who is responsible for electrifying the railway?

Humza Yousaf: We fund the work, but Network Rail carries it out.

Richard Lyle: There are three electrification projects. The Rutherglen to Coatbridge project was completed in 2014, and the Stirling-Dunblane-Alloa line and the Shotts line—in which I am very interested—are both under development.

The ORR has stated that the Shotts budget

“remains at risk due to a number of emerging risk factors including mining remediation, land risk, access arrangements and further compliance issues.”

The ORR has also highlighted concerns about risks to the budget for the Stirling-Dunblane-Alloa electrification project. Can you outline what Transport Scotland is doing to minimise the risks to the budgets of those projects?

Humza Yousaf: I understand the member's specific interest in the Shotts line. On the back of the Ernst & Young report, which found that there were cost increases, the main recommendation that we took forward was to establish the major projects portfolio board. The board gives the chief executive of Transport Scotland, who reports directly to me, an overview of all the projects and provides a level of involvement and scrutiny that did not exist previously. The delivery date for the Shotts line is still March 2019, and it is correct that the cost has increased from £80 million to £160 million.

In my view, that is an unacceptable increase. It is a Network Rail increase, and we know that electrification projects across the UK have suffered cost increases; in fact, some of them have had to be scrapped because their cost has spiralled. Network Rail will give its own answers as to why that is the case, and the ORR will give its thoughts, too—they will involve compliance issues and other matters. However, we are keeping a very close eye on the Shotts project through the major projects portfolio board and we expect its deadline to be met.

Richard Lyle: Did I mishear you there? Did you say that the cost for the Shotts line has doubled?

Humza Yousaf: Yes. The cost for the electrification of the Shotts line has increased from £80 million to £160 million.

Richard Lyle: Why? I know that we did a lot of mining in Shotts, but not as much as that.

Humza Yousaf: That has been a problem for the electrification projects, but it does not take away from the fact that cost increases should not happen. As I said to Mr Chapman earlier, there has to be a better way of developing and delivering major rail projects. For me, the current model is broken and we need to have another way of doing things. That is why we have put out a consultation, which is due to close in February, around how we deliver major rail infrastructure projects. I understand your shock over the cost

increase for the Shotts line, which I find unacceptable.

Richard Lyle: But you still say that the Shotts work could be completed by March 2019.

Humza Yousaf: Yes, that is the current position.

The Convener: I was slightly surprised to hear about that cost increase.

Richard Lyle: Aren't we all?

Stewart Stevenson: Minister, Phil Verster told the committee that the electrification of the line to Dunblane is being delayed by issues related to the Victorian pedestrian bridge at Stirling that crosses platforms 2 and 3. If you have not been briefed to give an answer now to my questions, a written answer would probably do. What is the current timetable for the Dunblane work? Could the Dunblane and Bridge of Allan trains not come into the Alloa platform in order to avoid that pedestrian bridge, and then make a little crossover to take them back to the main line? Has that possibility been considered? As I said, you might not be able to say much about that just now, so a written answer to the convener would probably do.

The Convener: I think that I would accept Stewart Stevenson's suggestion that a written answer on the specific details of his questions might be appropriate.

Humza Yousaf: Yes.

The Convener: I will get the committee clerks to write to you about that.

Humza Yousaf: Okay. I am happy to provide written information.

You expressed some surprise, convener, about the cost increase, but I point out that that figure has been in the public domain since the publication of the Ernst & Young report.

On Stewart Stevenson's first question, the target for the completion of the Stirling-Dunblane-Alloa line is still December 2018. I am happy to write to the committee on his wider point about the pedestrian bridge and his alternative proposal.

The Convener: Okay. We will move on to the next question, on which Rhoda Grant will lead.

09:45

Rhoda Grant: I would like to ask about the proposed free week's travel. When will that happen and how will people claim it?

Humza Yousaf: Following this evidence session—I wanted to give the committee some detail first—more information will go out from me and from ScotRail about the £3 million initiative for

the free week's travel that season ticket holders will get in the summer.

When we announced the initiative in December, we said that further details would come in early 2017. I can now say that the deal will include extra incentives for season ticket holders who move from the paper-based system to the smart card system. We want season ticket holders and others to do that, so an annual season ticket holder on the smart card system will get not only a free week's travel for them, for a friend or for a member of their family, but two off-peak return trips to anywhere in Scotland. A monthly season ticket holder on the smart card system will get a free week added to their next season ticket purchase plus one off-peak return trip to anywhere in Scotland. A weekly season ticket holder on the smart card system will benefit from a complimentary one-day return ticket to anywhere in Scotland. A further offer for leisure passengers is in the pipeline for later in the year.

People will be able to claim their free week's travel in the summer period. However, at least six to eight weeks in advance of that, ScotRail will heavily advertise when people can claim that free week's travel, so there will be plenty of time for passengers and commuters to take advantage of the offer.

Rhoda Grant: Is the offer for smart card holders and not for all season ticket holders?

Humza Yousaf: No—the offer is for all season ticket holders, but there will be additional incentives for smart card holders. We want to incentivise people to transfer from the paper-based system to the smart card system. The initial deal will be for annual and monthly season ticket holders, but I have also mentioned offers for people with weekly passes and less-frequent travellers who do not have season tickets.

There will be additional incentives for people to be on the smart card system rather than the paper-based system. Getting people on to that system is a shared aim across the political parties and stakeholders.

Rhoda Grant: We heard from Phil Verster that he did not know how that is to be delivered or what systems will be used. Why was the offer announced before a plan was drawn up for how you would deliver it?

Humza Yousaf: I do not accept that premise in the slightest. The broad principles of the free week's travel were well established in advance of our announcing it. There was £3 million for it, including a contribution from ScotRail and a contribution from the Scottish Government.

Rhoda Grant: Phil Verster said that ScotRail did not know how it was going to deliver it.

Humza Yousaf: I do not accept that in the slightest. The principle was that there would be £3 million, including contributions from the Scottish Government and ScotRail, for a free week's travel that would benefit monthly and annual season ticket holders, and for incentives for weekly and less-frequent travellers. That is what was announced, and every time I made that announcement—in public and in any written communication—I said that more details would be released in early 2017.

Opposition members wanted us to make the full details of the initiative available on 2 January, when the fare rises were introduced, but we did not do that because the fares system is very complex. If you read the newspapers this morning, you will see that the Rail Delivery Group is saying that there are 16 million different fare algorithms and that it is working to simplify that situation. The system is complex, so we are working with ScotRail and will be able to announce the details as we go on.

Rhoda Grant: So you do not know how the offer is going to be delivered because it is complex.

Humza Yousaf: No—that is a complete misrepresentation of what I said. I said that the details are well established. We have the funding in place and we have said that people will be able to claim in the summer. I have given details of some of the incentives and discounts, and further details of the incentives for weekly and less-frequent travellers will be given in due course. We are living by the commitments that we made earlier this year.

The Convener: Can I drill down into the information that you have just given to Rhoda Grant? Can you explain how much of that budget is coming from ScotRail and where it is coming from?

Humza Yousaf: I will read from the press release that will be issued shortly. Cathy Craig, who is the commercial director of the ScotRail Alliance, says:

"We are pleased to be contributing £1.8 million of Squire funds for this significant benefit for passengers. This is a sincere token of our appreciation for their patience and understanding as we progress one of the biggest infrastructure improvements for Scotland's Railway since Victorian times."

That quote from ScotRail shows that £1.8 million will come from the SQUIRE fund. The other £1.2 million will come from the existing Transport Scotland budget.

The Convener: Mike Rumbles wants to drill down into the actual use of the SQUIRE fund but, before we go there, there is something that I want to understand. When he came before us, Phil

Verster said that the fund had about £800,000 in it. That is the amount that he said was available. You are looking for another £1 million from the SQUIRE fund. I want to follow the logic of that so that I understand the situation. The SQUIRE fund is made up of contributions for when ScotRail fails. I do not understand the position: you are saying that the money will come from the SQUIRE fund, and you want ScotRail to improve, but you need it to fail in order to be able to use the fund. Could you explain that to me?

Humza Yousaf: Yes I can. That is an incorrect understanding—based not on your understanding but on what was said in committee a few weeks ago. In fairness to Phil Verster, he predicated what he said on the caveat that he was speaking from memory and was not entirely sure, which is why the figures that were used were slightly incorrect.

The SQUIRE funding sits at £2.06 million, once we deduct the £834,000 that is being spent on particular station improvements that have been agreed between ScotRail and the Scottish Government. Once we deduct that, the unallocated funding is £2.06 million, as I said in Parliament last week. There is an agreement between the Government and ScotRail to use £1.8 million of that. That will leave about £200,000 to be spent, and the fund is topped up every four weeks.

Do I want ScotRail to meet all the robust criteria so that it does not have to pay SQUIRE funding? Absolutely, I do. If it does that, however, there will still be £200,000 or thereabouts left in the SQUIRE pot. Realistically, however, we know that the funds will continue to come in because some of the improvements will inevitably take time. That is the position that we are in.

The Convener: I will move on to Mike Rumbles. The critical point here—what concerns me, and what may concern Mike Rumbles—is that the SQUIRE fund was set up for specific purposes. There are no trustees or management structure for it, so it is difficult to see how the fund is being properly used. Could you explore that, Mike?

Mike Rumbles (North East Scotland) (LD): I will follow on from the convener's point, before asking another question. When he came here, Phil Verster was quite clear, and he surprised committee members—he certainly surprised me—when he said, in relation to the SQUIRE fund:

“The contractual position is that the decision about where to invest it sits with Abellio ScotRail”,

not with the Scottish Government. He said that he had—I quote—“not agreed to” the £1.8 million and 48 hours later, he resigned. Now you are coming to the committee to say—to quote you again—“We have the funding already in place.” [*Laughter.*] I do

not know why members are laughing; this is a serious point.

Humza Yousaf: They are laughing because your insinuation is absolutely incorrect.

Mike Rumbles: It is incorrect?

Humza Yousaf: It is absolutely unfair to suggest that, after Phil Verster came to the committee, he somehow resigned as a result of that. That is the insinuation that you made, and it was an incorrect and false one to have made. To be frank, it was a crass insinuation to have made.

Mike Rumbles: Excuse me!

The Convener: In fairness, minister, you have a right to disagree, but I would always seek to ensure that comments made in the committee on disagreements are not too personal. I therefore ask you to withdraw that, and perhaps to answer the question that Mike Rumbles has asked.

Humza Yousaf: Okay. I certainly do not agree with the insinuation that was made about Phil Verster choosing to take on another opportunity in Network Rail.

The question was about the contractual position and on spending SQUIRE money. On the £834,000 that has been allocated, ScotRail will generally come up with propositions and there will be a discussion with Transport Scotland, and the proposition will then come to Scottish ministers. Transport Scotland and ScotRail come to agreement on where to spend the money. Contractually speaking, it is up to the Scottish ministers how the money should be spent but, generally speaking, and as we have always done, we decide that in consultation and in discussion with ScotRail.

Mike Rumbles: Let me ask whether I have got something wrong here. Phil Verster comes to the committee and says, to quote from the *Official Report*, that

“The contractual position is that the decision about where to invest it sits with Abellio ScotRail”.—[*Official Report, Rural Economy and Connectivity Committee*, 18 January 2017; c 27.]

You have just said that it is up to Scottish ministers. I am not insinuating anything. I am making a point that I would like you to address and I am trying to get to the facts. Phil Verster came to the committee and made that point, but you have come to the committee and made the opposite point. Do you agree that there is obviously disagreement between the two of you?

Humza Yousaf: There is no disagreement. If you read Phil Verster's remarks, you will see that he said that he was working from memory. I ask Mike Rumbles to bear that in mind. I do not imagine that Phil Verster has a photographic

memory of the contract in his head. I am more than happy to provide the member with the wording of the contract.

Mike Rumbles: That would be very helpful. Phil Verster was obviously wrong when he said that his understanding of the contract was that it was his decision and not yours.

Humza Yousaf: I am happy to write to Mike Rumbles on the contractual position.

Mike Rumbles: It would be very helpful to find out exactly what the contract says. The main point that I am trying to get at—

The Convener: Before Mr Rumbles goes on to his next point, I confirm that we would prefer that you write to the committee rather than to Mike Rumbles, and we will ensure that he gets that information.

Humza Yousaf: The contract is in the public domain, I will extract that point and highlight it.

Mike Rumbles: That would be very helpful. It is such an important point, because as you have said—again—the SQUIRE fund is used for station improvements. In my region there is a real issue about Inch station. I have written to you on that point and I am sure that you will reply fairly soon. I asked Phil Verster whether the SQUIRE money could be used for disabled access, for example, at Inch station. I am sure that it will be used for disabled access at other stations across the country, too. However, the point is that Phil Verster gave us the clear impression that the SQUIRE fund was for such developments, which is why he was not agreeing to your access to it—let us put it that way—for a different purpose. That is the disagreement that I am trying to get at. Is he wrong?

Humza Yousaf: There is £1.8 million that is unallocated. The £834,000 from the SQUIRE fund is allocated. Therefore it is correct to say that the £1.8 million will not impact on projects that are being delivered. That fund continues to be topped up every four weeks—that is, every railway period.

In terms of compliance with the Disability Discrimination Act 1995 and work to make stations more accessible, one of the main funds is the access for all fund, which is a Department for Transport fund with a ring-fenced pot for Scotland. That fund, which amounts to tens of millions of pounds, is helping to refurbish and make more accessible about 25 stations in Scotland up to 2019. On top of that, the franchise contains a minor works fund, which is around £350,000 and is specifically to improve accessibility in stations. There is also SQUIRE funding that is already allocated. The £1.8 million is unallocated and the fund continues to be topped up.

Mike Rumbles has written to me about Inch station and I will reply in due course. I am happy to meet him to see whether we can put forward a proposal for the access for all fund in the future. There are some difficulties with that. The member has spoken to me about what he thinks is a more cost-effective solution. I will happily hear him out on that.

Mike Rumbles: I want a final try at that point. I understand what you have just said about all the other funds and everything that is available for disabled access to stations, but Phil Verster was quite clear that the SQUIRE fund can be used for things like disabled access at stations such as Inch. It is in the *Official Report*. I hear what you said, minister, and I am not disagreeing, but the point that I am making is that the £1.8 million could be used for such work, but you are using it for something else. That is what Phil Verster said.

Humza Yousaf: The £1.8 million is unallocated.

Mike Rumbles: I know.

Humza Yousaf: There is £834,000 that has been allocated and we are not touching that. For works on disability access and improvement to access, the correct funds would be the access for all fund and the minor works fund. The SQUIRE fund will continue to be topped up and even once we deduct for the fares, £200,000 will remain in the fund, as well as the top-up amount that is added every four weeks.

10:00

The Convener: There is concern about the management of the SQUIRE fund. Sometimes, it is used to do various things that are allocated for under the fund; sometimes, it is used to do things that are to help situations as they come up—and that might be to help the Government.

It would be helpful if you could make available to the committee information on—I have done research on this issue—management of the SQUIRE fund, such as who is responsible for it and who decides how it is spent.

Humza Yousaf: I would be more than happy to do that.

When the then Labour-Lib Dem Administration held the previous franchise, SQUIRE money was just put back into a central pot—it was not ring fenced to reinvest back in the railways. We managed to get agreement to reinvest the money back in the railways. That was a significant step forward.

I will write to you about how decisions are made and on any other details about the management of SQUIRE. If, having done so, some detail is

missing and you want to come back to me, please do so.

I emphasise that the main thing for the passenger is that, as I announced in December 2016, £3 million of funding is going towards a free week of travel and further discounts. I think that that will be welcomed.

Jamie Greene: This is not a political point by any means. I appreciate that £800,000 has been allocated to existing projects, and I dare say that some of the projects are good ones that will improve the passenger experience, but is free travel the best way to spend the balance of the SQUIRE fund—the £1.8 million? It is a straightforward question.

Humza Yousaf: First of all, that is not the entire balance.

Jamie Greene: It is the lion's share.

Humza Yousaf: As I said, there will still be money in the SQUIRE pot, and the pot will continue to be topped up.

The free travel is a benefit for passengers who have had to suffer disruption. Some of that disruption was planned—for example, closure of the Queen Street tunnel—and some was not planned, including the November 2016 incident at Haymarket station, which caused huge disruption. The Government's proposal is a good way to thank passengers and commuters for putting up with that disruption. The passengers whom I have spoken to about it have welcomed it.

The Convener: We have not got to a couple of questions and our time is short because we have other witnesses coming this morning. We will write to you for answers to those questions. Would you like to make a brief statement on the evidence that you have given to the committee?

Humza Yousaf: No, I have nothing to add, convener. I thank members for the questions. Obviously, we will follow up on what needs to be followed up. As I said, I was keen to give the committee a little bit more detail on the free week of travel before the information goes out more publicly. If there is any follow up on that. I am always willing to come in front of the committee or to provide any written submissions that are necessary.

The Convener: Thank you for attending today's meeting, minister. I suspend the meeting briefly to allow a changeover of witnesses.

10:02

Meeting suspended.

10:08

On resuming—

Draft Climate Change Plan

The Convener: Agenda item 3 is to take evidence on the Scottish Government's draft climate change plan. "Draft Climate Change Plan: the draft third report on policies and proposals 2017-2032" was laid on 19 January and the Scottish Parliament has 60 days in which to consider it. The committee will carry out the scrutiny in collaboration with three other committees and will focus on agriculture, forestry and transport. Last week, the committees launched a joint call for written evidence, and I encourage as many people as possible to send us their views.

We will begin today's session by looking at climate change as it relates to agriculture. We will then look at forestry.

Stewart Stevenson: Declarations?

The Convener: Of course—thank you very much for reminding me. Before I introduce the witnesses, I want to check whether anyone has any declarations to make. I start by referring members to my entry in the register of members' interests, which says that I am a partner in a farming partnership. Does anyone else want to make a declaration?

Peter Chapman: I, too, am a partner in a farming partnership.

Stewart Stevenson: I have a tiny registered agricultural holding from which I derive no income.

The Convener: I welcome Professor Pete Smith, chair in plant and soil science at the University of Aberdeen; Peter Ritchie, executive director of Nourish Scotland; Steven Thomson, agricultural economist at Scotland's Rural College; and Alastair Nairn, farmer and environmental spokesman for the Scottish Tenant Farmers Association. Andrew Bauer will join us but, unfortunately, he has been held up by a transport delay. As soon as he arrives, I will ask him to join the group.

I have mentioned that we have a huge amount to cover this morning, so I would appreciate it if members and witnesses kept their questions and answers as succinct as possible. I ask the witnesses to indicate to me if they want to speak or respond to a particular question. [*Interruption.*] Andrew Bauer has just come in; I have already introduced him and I am glad that he has joined us before the session started.

The first question comes from the deputy convener, Gail Ross.

Gail Ross: Good morning and thank you for coming along. In a letter to the Rural Affairs, Climate Change and Environment Committee in November 2015, the Scottish Government stated its intention to secure widespread participation in the development of the plan, including engagement on potential scenarios, in order to build “collective ownership and responsibility”. How do you feel that you and your organisations have been engaged in the development of the plan?

The Convener: As all the witnesses will have an input, I ask you to speak briefly. I ask Andrew Bauer to lead.

Andrew Bauer (NFU Scotland): I will get off to a running start. I have experienced the most involved process of engagement. The Scottish Government deserves credit for the amount of effort that it has put into gathering the views of stakeholders—certainly, NFU Scotland has no complaints about the extent to which it has been consulted.

The Convener: I remind witnesses that you do not need to press any buttons—your microphone will be switched on as soon as you start to speak. Do not worry about the buttons; we will control them.

Peter Ritchie (Nourish Scotland): I agree with Andrew Bauer that the Government has made efforts to engage people. My sense on the agriculture part of the climate change plan is that there have not been enough background papers to set out the context, give us international comparisons and show us the direction of travel, which would give a context to the discussion from which we could generate concrete plans and concrete suggestions for emissions reductions.

The TIMES model does not work particularly well for agriculture, but I draw the committee’s attention to publications such as the Department for Environment, Food and Rural Affairs statistics on agriculture and climate change, which give a much more detailed sector-by-sector picture of emissions intensity and farmer attitudes towards climate change. A paper such as that would have provided useful background to the discussions about agriculture and climate change.

Steven Thomson (SRUC): The plan has been discussed by the future common agricultural policy stakeholders group, which has wide industry representation, and the stakeholders have good knowledge.

On Pete Ritchie’s point, the centre of expertise on climate change has produced a number of background reports for policy, but the issue is whether wider stakeholders are aware of them. The reports are available on the ClimateXChange website, so a lot of background information is

available. Researchers have been feeding into the Government’s work on the topic.

The Convener: We have had written representations from most of today’s witnesses, for which we are extremely grateful.

Alastair Nairn (Scottish Tenant Farmers Association): The STFA is only too happy to participate in developing the Government’s climate change plan, and we will do our best for the Scottish farming industry and the Government’s plan.

The Convener: As there are two Petes, does Pete Smith mind if I call him “Professor”?

10:15

Professor Pete Smith (University of Aberdeen): I am more used to “Pete”, but that is fine.

I echo Steven Thomson’s point; there has been excellent engagement with the scientific community to make sure that the targets are evidence based. There has been consultation on the TIMES model, on which feedback was solicited after its introduction. ClimateXChange, for which I am the science director, has provided some of the underpinning evidence and called on a bunch of the institutes that contribute to ClimateXChange. Those reports are available on the ClimateXChange website.

The Convener: That was a useful summary of the position, so we will move on to the next question.

Stewart Stevenson: Has the farming for a better climate scheme that the SRUC runs had a beneficial effect? More to the point, have lessons from what has happened in the scheme, which has been working with a limited number of farms, been picked up by others in the industry?

Steven Thomson: Yes. The farming for a better climate programme initially involved four climate change farms. The lessons that they learned were quite an eye-opener. By adopting commonsense approaches—what I would probably classify as best practice or good practice—farmers have managed to make significant financial gains and significant carbon footprint reductions.

I asked for some statistics on that. Last year, about 880 people attended the programme’s events, and 88 per cent of them said that they would adopt some of the measures that they learned about. I have written some of them down—they include a range of measures on soil management, soil sampling, biomass, hydro, herd health planning and selecting breeding heifers differently. Lessons that the agriculture community

has reported on can be learned from the programme.

One of the criticisms is always that it is early adopters who attend such meetings, so how do we disseminate the knowledge further? Sandy Ramsay, who is the head of the farm advisory service for the SRUC, is to have a meeting with the Scottish Government and Rebecca Audsley, who leads on farming for a better climate, to see how we can engage with the wider farming community to get the messages further out.

There are key messages and a number of case studies on the farming for a better climate website. They go through the process and say what the benefits have been for the farms involved. As I said, some of the farms have made quite a significant financial saving, in addition to the benefits for climate change.

Stewart Stevenson: When I was the responsible minister, I visited one of the farms and saw that, after spending £10 on a whiteboard for the side of the diesel tank simply to record when people took diesel, that farm got a huge multiplier of that money back.

On the finances, is there evidence of how much money people can save? That is likely to be an early and obvious motivator for farmers to move towards an agenda that helps climate change. Later, when we tackle some of the more difficult things, that might not be so obviously financially beneficial. Are the farmers who are not yet taking action really aware of the financial savings that they could make for what I suspect is, in the early stages, a comparatively modest effort?

Steven Thomson: As I said, the financial savings have been quite significant. Torr farm saved £37,000 with an 11 per cent carbon footprint reduction. Glenkilrie saved £11,000 overall and had a 10 per cent reduction in its carbon footprint. Upper Nisbet saved £10,000 just from knowing the nutrient value of its manure and applying that by using global positioning system soil sampling. There are a lot of easy wins if farmers adopt those changes.

I always refer to things such as getting fertility levels up in cattle. Some farms have levels that are down at fewer than 80 calves per 100 cows, but the top of the range is at 98 or 99 calves. How do we stimulate people to change? That is the hardest thing or the biggest challenge that we have. Some people want to change and will adopt changes, but stimulating—I will not say dragging—others to make changes is more of a challenge. Others might have more thoughts on that.

Stewart Stevenson: Convener, could we hear briefly from Alastair Nairn on whether farmers will pick up that change?

The Convener: I am keen for all the witnesses to get an opportunity to speak, so I ask them to catch my eye if they want to speak. I will either indicate that I will bring them in or, if time is running short, I will regretfully shake my head.

I ask Alastair Nairn to answer the question and talk about how to move farmers forward to achieve some of the goals.

Alastair Nairn: At the moment, I am changing my own farming policy. I am shifting away from having high-producing cows that need a lot of maintenance to cows that can stay outside for much longer, which means that I do not need to bring loads of straw in from miles away, because I winter them outside. I am going from a high-input, high-output system to a low-input, low-output system. That is the way that it has to go on the hills.

Peter Ritchie: Everybody agrees that we need to address cultural change. It is important to get climate change much higher up most farmers' agendas. The Department for Environment, Food and Rural Affairs survey that we quoted in our submission is interesting. About half the farmers that DEFRA surveyed throughout the UK did not think that climate change was anything to do with them. They were not going to take it into account in their business decisions, they thought that they had already done enough or they did not think that they could do anything.

Farming for a better climate and other initiatives are in the foothills of the cultural change, but we need to invest much more resource in the cultural change programme over the next 10 or 12 years. That is about not only technical knowledge but attitudinal change. We need to boost and extend the advisory services significantly if we want to make a difference.

We need strong leadership not only from Parliament and Government but from the colleges and the farming leadership to say that addressing climate change matters to everybody and will save farmers money. We are spending a lot more money than we need to on bagged nitrogen. We could reduce that and save farmers throughout Scotland tens of millions of pounds. We all need to get more efficient and more thoughtful in how we use resources.

The Convener: We have all read your submission. The point that you just made is that it comes down to leadership. Are we still at the stage of needing leadership rather than legislation, or are we at the legislative stage?

Peter Ritchie: Leadership is crucial. Without leadership, legislation on its own will not make change happen. We can penalise people for not doing things, and we need to make measures such as soil testing compulsory, because that will

help more farmers to do it. However, there is no point in every farmer who has a bit of rough grazing doing it; we need the farmers who are on productive land and are putting fertilisers on the ground to do it first. They are the key people.

We have talked about using the individual, social and material framework to understand the factors that help farmers to shift and what factors inhibit their shifting. Is it a lack of knowledge? Is it what their colleagues are doing? Is it just that the economics do not seem to work out for them?

Andrew Bauer: A key point to bear in mind is that, on average, there are 1.2 full-time equivalents on Scottish agricultural units. That is a tiny workforce that has to deal with a wide and, in some cases, deep body of regulation and guidance, never mind keeping the farm business going. A key barrier is people not having the head space—the time—to reflect on the changes that they will make in their businesses. It is great that people such as Alastair Nairn and Pete Ritchie are making changes, but a lot of people are caught in the wheel of simply trying to keep their existing business going. We need to create opportunities and put people with the right knowledge in the right place in order to present it in the right way that will allow others to stop and think about making a positive change that will benefit their business and the environment, rather than trying to sustain their system as it is.

The committee would not expect me to say that we would welcome a lot more regulation, but we are conscious that certain things are out there and that, at some point, we might exhaust every other opportunity. However, I do not feel that we have got to that point yet. As Steven Thomson said, an awful lot of people have adopted good practice early, and we need to help other people to have the time and the space to do that.

The Convener: I ask Steven Thomson to be brief, because we have a huge number of questions.

Steven Thomson: In addition to the nine climate change farms, we have three soil and nutrient network farms, which show best practice on soil sampling. That initiative is to be extended to 12 farms across Scotland under the farm advisory service, and people who attend events get a 30 per cent reduction in their soil sampling costs. A number of things are happening. People focus on the farming for a better climate initiative, but other initiatives out there are on-going.

The Convener: We will come back to soil sampling, because that theme runs through all the submissions and is something that the committee has an interest in.

John—will you move on to the next question, please?

John Mason: Yes. I have four questions, but I will try to combine them in order to speed things up. I happen to be on the Economy, Jobs and Fair Work Committee as well, which looked at the draft climate change plan yesterday. There is definitely a feeling in some quarters that agriculture gets off lightly in the plan. In other sectors, measures are largely compulsory and people are expected to make much greater savings. We are told that the 12 per cent reduction in carbon emissions from agriculture is the smallest proposed reduction for any sector in the plan. I think that that point was made at the Environment, Climate Change and Land Reform Committee as well.

A lot of the language in the plan is conciliatory rather than compulsory. For example, on page 136 of the plan, paragraph 14.2.3 includes the wording

“we will work with farmers”

and

“By 2020, we will have encouraged farmers”,

and paragraph 14.2.4 states that

“By 2030 most farmers will know the nutrient value of their ... soil”.

Do you agree that a very gentle approach is being taken to agriculture, compared with other sectors?

The Convener: Is there too light a touch and is agriculture getting off lightly? I think that that is what John Mason is asking. I will bring in Professor Smith, because he has not had a chance to comment yet.

Professor Smith: Agriculture is a more difficult sector to decarbonise because greenhouse gas emissions other than carbon dioxide are involved. In most sectors, we can decarbonise simply by using less energy and less fossil fuels in the processes that support those parts of the economy. In agriculture, nitrous oxide and, particularly, methane are large components of the greenhouse gas balance, and it is more challenging to reduce those emissions. It is not just a matter of decarbonising the energy that we put in; there are biological processes to be considered. In particular, the enteric fermentation that occurs in ruminants produces methane, and there are nitrous oxide emissions from nitrogen in the soil, whether that is through mineral or organic applications.

Although I take the point that the agriculture sector might have got off lightly compared with others, it is a more difficult sector to decarbonise. That might be reflected in the smaller targets for the sector, when compared with some others.

Alastair Nairn: According to what I am told—and it is in the plan—emissions from agriculture have dropped by 25 per cent since 1990, which is entirely due to a drop in agricultural output. That

means that the industry has shrunk by 25 per cent since 1990. That gap has to be filled, and that can be done only by importing the food that we do not produce ourselves.

John Mason: Are you saying that it is not possible to increase production without increasing emissions and so on, and having an effect on the climate?

Alastair Nairn: Will you say that again, please?

John Mason: If we increase the output again, will that automatically have a negative effect on the emissions in the climate change plan?

Alastair Nairn: If we have to increase our output on fewer acres, that would mean that we would have to put on more slurries and more fertilizer, and more tractors would be working, so one might cancel out the other.

10:30

Andrew Bauer: In addition to the points that Professor Smith made, there is the way in which emissions are allocated between different sectors. That is flagged up in our submission—and, probably, by everyone else here. The work that farmers do to manage forestry, to plant new forestry, to manage peatlands and to put up renewable generation on their farms does not feature in the emissions envelopes in the plan. We do not see the proposed emissions reduction as a full account of what agriculture will do, but I take the point that, on the face of it, the target looks less ambitious than the targets for other sectors. However, given the biological challenges, the way that things are accounted for, the economic and workforce pressures on the sector and the desire to grow the food and drink sector and to make our rural economy stronger, it would be foolhardy of us to plough ahead solely on the basis of maximum reductions.

Steven Thomson: I would reiterate some of those points. I knew that the sector reduction since 1990 would come up, so I had a quick look at the change in the number of animals. There has been a 23 per cent reduction in dairy cattle, a 7 per cent reduction in beef cattle and a 34 per cent reduction in sheep numbers.

For sheep, there has been roughly a 5 per cent increase in lambing. The system is changing; it is moving away from an extensive hill-based system with lots of smaller sheep to much larger, heavier sheep that produce more animals. That is more efficient agriculturally and it is more efficient from a carbon perspective, too. Although there might be more input into a heavier cross-bred ewe, there is greater output from the ewe.

There is a lot of complexity to the situation and I reiterate Andrew Bauer's point about the envelope

for agriculture, and that renewables, peatland and so on are not captured for agriculture, despite their being some of the key drivers in those targets.

The Convener: None of you has mentioned the time that it takes to move from heavier, badly producing cows to better-producing cows. I will bring in Peter Ritchie, then Rhoda Grant and Richard Lyle.

Peter Ritchie: We have got off slightly lightly in the agriculture sector and we could do more, but we do not underestimate the challenges of achieving those gains. Nitrogen is 5 per cent of Scotland's total greenhouse gas emissions, and our nitrogen-use efficiency is not as high as it could be. We think that we could have a push on nitrogen that would save farmers money and make a dent in emissions.

The issue is about increasing farmer knowledge. As Andrew Bauer said, they are nearly all very small businesses. Agriculture is not like construction or other industries in which there are big players that change when they decide to change. Instead, there are lots of actors that have to change. We keep saying, "Yes—we need to be more ambitious and we need raise the bar for agriculture", but to do that we need to invest a lot in advisory and extension services to help farmers to make the changes that will make their businesses more profitable.

Professor Smith: On John Mason's question about whether increasing production necessarily increases emissions, there has been historical decoupling of production from emissions through efficiency improvements—that can be seen globally from 1960 onwards. It is possible to farm more efficiently and to decrease emissions per unit of product. We must also remember that the quickest way to reduce emissions in the agricultural sector would be to close it down and to import all our food, but we would then be exporting our emissions, which would be of no benefit to the climate and would be disastrous for our economy. There has to be a balance. Perhaps Scotland has a role in leading in low emissions intensity agriculture; we could promote our clean, green food and drink, which would be beneficial for our internal and export markets.

Richard Lyle: That covers the point that I was going to make. It says in the paper that I have that the reduction in the number of cattle and sheep and the

"reduction in grassland being ploughed"

has resulted in a reduction in emissions.

The daft suggestion—I am not suggesting that you are daft, Professor Smith—is to shut down a whole industry in order to vastly reduce our emissions. My view is that because the population

is going up, we have to increase—I agree with Alastair Nairn on this—our food production and reduce food imports. How can we balance the approaches?

The Convener: Before the witnesses answer that question, I will bring in Rhoda Grant because I think that that might tie in with what she has to say.

Rhoda Grant: On whether reducing emissions is down to our reducing production, greenhouse gases are a global issue, not just a countrywide issue. If our figures are looking good because we are simply importing rather than producing, somebody else's figures are looking bad and that is causing the same amount of damage. How do we encourage our farmers and crofters to look at better ways of farming that encourage production but cut greenhouse gases? As Andrew Bauer said, we could be talking about smallholdings that is run by one person who does not have time to go on a course that teaches them about those better ways. How on earth do we get that knowledge out there? People will make a step change if they know how to do it; but if they do not know, they will continue to do what they are doing.

The Convener: You could probably all produce huge lists in answer to that, but perhaps each of you can come up with one thing that you would like to see effort concentrated on to try to deliver a change. We will start with Peter Ritchie, who has all ready indicated that he feels strongly about a particular area.

Peter Ritchie: We have not focused enough on nitrogen. The nitrogen balance in Scotland is that we take off about 200,000 tonnes in our crops and pasture, but put on about 200,000 tonnes from the manure that we put on the ground, through clovers and beans and what just comes out of the air anyway. On top of that, we put on 160,000 tonnes of bagged nitrogen, so we have a surplus across the board in Scotland of 160,000 tonnes of nitrogen. That is out of line with the position of our European competitors, who are doing much better in their relative surpluses of nitrogen. We could bring down our surplus over 10 years or so—we could probably halve it, without any loss in productivity, by using nitrogen and animal manures more smartly, and by getting food-waste digestate back on the land. We could be much smarter with nitrogen.

Steven Thomson: I will go back to John Mason's point about whether farming has got off lightly. I said earlier that farms that are using the farming for a better climate approach have had 10 or 11 per cent reductions per annum. That involves working with specialists, and the farms are probably pretty good to start with. There might be higher gains to be made on other farms that

have more to gain, but the evidence shows that it is a difficult challenge.

I agree with what Rhoda Grant said, but nutrient budgeting is probably a key factor. People need to understand what their soil is capable of, and to understand what goes off their soil in terms of silage, grazing and so on. They must also understand what they need to put on after slurry. It is about understanding matters from a farming perspective.

The regulatory approach for nitrate-vulnerable zones did not work particularly well, because farmers saw it as a regulatory tool and put the piece of paper into a drawer and never really revisited it. However, they are now starting to understand the benefits of NVZs, but it has taken a long time from the introduction of the regulatory tool for there to be an impact.

Andrew Bauer: Partly, we need to have a bit more faith in farmers and their capacity and willingness to change under the right circumstances. That might be about explaining to them where we want to get to, and that it is down to them to decide how they will get there in their individual businesses, while offering them suggestions. There is also a place for a lot more peer-to-peer knowledge transfer, with farmers learning from one another, and not just through the farming for a better climate model.

If I can abuse the microphone for a moment to return to John Mason's point, I will say that we have a fundamental decision to make about what we want from our food and farming sector in this country. I am sure that we could chase efficiency at all costs and reduce our emissions through high-input, high-output systems, but would that sit well with how our brand is perceived in domestic and foreign markets? We could chase a low-input, low-output model and that might sit well with the brand, but it might do positive and negative things for individual farm businesses and the output of the rural economy. I am not decrying either model; both have their place. In this country, we are not in the business of making five-year plans, but we need to be mindful of the fact that we have some pretty big agendas—different ideas of what the rural economy and our food and farming sector are about—that are not yet reconciled and settled in people's minds.

The Convener: You have not quite come back with the magic bullet that would, from your perspective, help us to tackle climate change.

Andrew Bauer: There is no such thing, I am afraid. I think that there are a lot of little things that we can do.

Alastair Nairn: I bring the committee's attention to a paper on the health of the soil that was written

by a fellow called Graeme Sait, in which humus is described as

“the soil glue that determines whether the rivers run brown”

when it rains. It is

“the thin veil of topsoil that sustains”

the soil. We are losing the fertility of our land, and it is very important that we get it right in order to stop greenhouse gases leaving the soil and going into the atmosphere. We should be looking at the fertility of the soils; the decrease in topsoil has had a huge negative impact beyond global heating. Recent research has revealed that if we maintain our current loss of 3 tonnes to 5 tonnes of topsoil an acre annually, we have just 60 years until it reaches zero. That is not a very long time.

There are so many people out there writing papers that we do not know who to believe, but we are faced with a serious situation. We have to look at the fertility of the soil in the very near future.

Professor Smith: In Scotland, we have a fantastic climate and great soils for efficient production of food. If we quantify our greenhouse gas emissions per unit of product and compare them to those in other areas, we can show that Scottish food has the potential to be low-emissions food per unit of product, and we can use that to gain a share in the market.

The other issue that I would like to raise is extremely controversial: nowhere in the report are demand-side measures considered. Demand-side measures are things such as reduction of waste and, more important, dietary change. The most recent Intergovernmental Panel on Climate Change assessment report considered dietary change as a method of reducing greenhouse gas emissions. Dietary change would largely be a move away from livestock products towards more plant-based products. That is known to have a large technical potential and, since the IPCC assessment report, a number of papers have been written about it. It is controversial, but it has a large potential for climate change mitigation, and it also has the potential to deliver healthy diets in the future. In the current assessment of what is possible with the climate, it would represent a big mitigation of emissions. We would have to consider all the social justice and policy issues associated with it, but given that Scottish diets are not the most healthy in the world, such a change could co-deliver on both the public health agenda and the climate change agenda.

The Convener: Thank you, Professor Smith. That will shake everyone up. Soil fertility is a theme that is running through all the evidence.

Peter Chapman: My question is mainly for Alastair Nairn. It is great to see a fellow north-east farmer in the Parliament. The STFA has been

particularly targeted in the plan. Why do you think that is? What particular issues affect the tenanted sector in addressing climate change issues?

10:45

Alastair Nairn: I could address that in one or two ways. The first thing that I would say is that in the tenanted sector we are moving from long-term tenancies to short-term tenancies—five or 10-year contract farming and grazing leases are the main examples.

If someone has a 10-year lease, they will probably put on their soil the nutrients that they need to get them to year 8. After that, they will not put lime, Scotphos and such things on their land for somebody else to get the benefit, so the production capability of that land then falls away. It is probably the same with short-term tenancies. With a five-year tenancy, a farmer will put those things on the soil in year 1, to get the benefit of them but, if the landowner takes the land back, who says that he will put anything on to the soil to bring up its fertility? That is quite a big issue, as far as I can see.

Peter Chapman: I recognise exactly what you are saying. The short-termism is a hugely bad thing for the health of soil. To go back to your previous point, we need to recognise that healthy soil is one of the best ways forward. How do we overcome that issue? Is there a way to get away from that short-term view of short-term lets? How do we address that?

Alastair Nairn: Some of the problem has been created by the subsidy system. The landowner has kept the single farm payment on the land, and he has let out the land. He feels no obligation to put anything on to the soil to keep up its fertility and he leaves it up to either the grazier or the leaseholder. If it is a grazing lease, the tenant will just put on the type of fertiliser that will give him the most benefit. He will not think about the fertility of the land beyond the time that he is using it.

The Convener: There is a theme developing here.

Steven Thomson: I want to reiterate that point. There is a lack of confidence in waygo compensation. When a tenant gives up and is compensated for improvement, that improvement is meant to include soil. The tenant is meant to have left the soil in the same condition as it was in when they received it. However, there is a lack of belief in how the system is operating.

The Convener: I have an observational point. It is sometimes difficult to quantify that, and specific soil sampling makes it difficult to see what nutrient levels have increased. That is an interesting point.

Stewart Stevenson has questions on meat and dairy.

Stewart Stevenson: We do not need to take too long on this issue.

Professor Smith, in earlier remarks reference was made to methane and in particular the output from ruminants. I say straight away that I am so far from being an expert on that issue that you will never plumb the depths of my ignorance. However, I understand that there is significant variability in the methane output of beasts, due to reasons of genetics and the bacterial mix in the rumen. Is there an opportunity for us in Scotland, who have taken the lead on certain kinds of research, to develop beasts that intrinsically emit less from the same input, or perhaps to fine tune diet? Is there an opportunity that matters, or should we, as you said, just eat less meat and hence produce less methane?

The Convener: Before you answer that, professor, I suggest that you stick to generic animals rather than discussing breeds, for fear of upsetting some breeders around Scotland.

Professor Smith: There is some variability in the amount of methane that is produced. The methane is produced by the microflora—the gut bacteria—which are the things that allow ruminants, generically, to break down the cellulose of the grass and convert it into protein. Methane is a by-product of that. There is no way to get away from the fact that ruminants produce methane. There are breeds that work better, and some produce less and some more per unit of input, and those things can be manipulated to an extent by varying the diet.

The best way to reduce methane emissions per unit of product is to get the animal to slaughter weight as quickly as possible, so that the methane emissions per lifetime of the animal are less. However, that pushes us in the direction of ever more intensive production, where the animals are brought in, which is the opposite of what Alastair Nairn was saying. That may make some sense regarding the intensity of greenhouse gas emissions, but when it comes to what we want from our food, it is potentially a step in the wrong direction.

There is limited potential to improve breeds in that way. Lots of work is going on in New Zealand and Ireland to assess how much can be done. We will have to put up with the emissions if we want to consume ruminant products. If we want to do that in a way that is consistent with a clean, green way of doing things, we probably have to avoid looking at the problem through greenhouse gas blinkers, as that would potentially push us in the wrong direction, rather than the way that we in Scotland potentially want to go to produce clean, green

livestock products that we would want to consume ourselves and to export.

Stewart Stevenson: Can I chance my arm and ask whether there are options to absorb the methane further down the digestive tract and bind it into some of the waste output?

Professor Smith: It does not actually go further down the digestive tract.

Stewart Stevenson: I know it doesn't.

Professor Smith: It is burped out, basically, rather than farted out.

Stewart Stevenson: Thank you.

The Convener: Thank you for the mechanics of that.

Professor Smith: Those are the technical terms.

Andrew Bauer: On the point about eating less meat, it is important to be clear about the language that we use. The information that we have from the supermarkets is that purchases of unprocessed meat tend to go hand in hand with increased purchases of vegetables. People buy cuts of meat with vegetables to go with them. There is value in examining the detail of what happens if we reduce the amount of processed meat that we eat, although the devil will be in the detail. If we simply talk about reducing meat consumption, not only does that mean potentially reducing the amount of product that we sell from the producers of high-quality unprocessed meat on our hills; it means that we run the risk of substituting that with processed meat, and of veg consumption going down alongside that. We have to consider those demand and supply-side issues, and to understand that consumer behaviour will be a major driver in all this.

Peter Ritchie: I do not want to argue about veg consumption. We are doing a lot of work on how to increase veg consumption independently of whether or not people eat more meat. However, we need to put down a marker that reducing meat consumption globally is essential, and it is really important in Europe. There are signs that it is already starting to happen, which is helpful, but we need to separate off the different ideas. Yes, we absolutely need to support Scottish farmers to produce very green beef and lamb, to eat some of it ourselves and to export the stuff that we do not need to eat, but we should separate off the idea of production and supporting farmers to produce a very good product from the fact that we should probably eat a little bit less individually. I do not think that there is any conflict with the desires of farmers to sell their product. We do not have to drink all our own whisky or eat all our own salmon, and we certainly do not have to eat all our own beef.

The Convener: I am very glad to hear that.

Steven Thomson: In the Scottish Government's strategic research programme, there is a lot of on-going research into finishing animals and methane production. There is a green cow facility at SRUC.

On the issue of emissions intensity per kilo of product, we must remember that quite a lot of our livestock are in rough grazing situations. Rough grazing generally leads to higher greenhouse gas emissions than come from animals that are intensively reared or finished on a grazing system with cereals. We know that we can finish animals at 11 months in the beef sector, but we cannot sell it as beef; it is rosé beef, or whatever it is called.

There are real issues in that the systems that can make efficiency gains are not being demanded. We are told that bull beef is no longer really a demanded product but we can finish an animal very quickly. That comes back to Andrew Bauer's earlier point about Scotland's reputation. Do we want the clean, green environmental aspects that go with the brand, or do we want to reduce greenhouse gas intensity and have a quickly finished animal that is intensively reared? Those are fundamental questions.

Peter Chapman: I want to redirect the thinking a wee bit. I am all for healthy diets but I am also all for a healthy agriculture industry. We have to recognise that the bulk of Scottish agriculture is on land that can grow only grass, and so the only way forward is to keep sheep and cattle.

Another side of the equation that we have not really talked about is the health of the animals. We need healthy animals. We need to tackle disease so that more of the calves and lambs that are born get to final slaughter at a healthy and young age, having been efficiently produced. Livestock health is vitally important. I do not know whether any of the witnesses wants to comment on that but I just wanted to bring it up.

The Convener: I will allow two comments on that, because we are very short of time. Alastair Nairn put his hand up first.

Alastair Nairn: There is an old saying in agriculture that a sheep's worst enemy is a sheep. If they are kept in an intensive farming situation, they will have to be vaccinated for everything under the sun. However, if they are out in an extensive situation where they do not come into such close contact with each other, there is no need to inject them for every possible scenario. We still need livestock on the hills in extensive farm situations where we can get good healthy breeding stock to bring into the more intensive systems. One system complements the other, if I can put it that way. We should not try to intensively farm everything.

The Convener: I want to leave that there, because it is fair to say that healthy stock are good stock and sometimes pushing them too hard can be detrimental to what we are trying to achieve.

Jamie Greene can come in, but I again ask witnesses to be brief in their answers, because we have another four important questions.

Jamie Greene: I will keep this brief and my question will link quite nicely to the next one. The overall climate change plan makes a number of assertions. It talks about the "substantial economic benefit" to the rural economy from the policy, and says that

"what is good for the planet is also good for their pocket"

and so on. It talks directly to farmers about a positive impact. It also says that

"Improved profitability could encourage greater intensification in farming".

Knowing that agriculture accounts for 19 per cent of emissions in Scotland, is the way in which the Government is selling the climate change plan to the industry a bit like selling Christmas to turkeys?

Peter Ritchie: It is absolutely right that a lot of the things that farmers can do to reduce the impact on climate change will also help their businesses. As Peter Chapman said, things such as having healthier cattle and losing fewer lambs have an impact on climate change and they help the farmers. I do not therefore think that it is mis-selling; it is the direction that we need to travel. We could ask farmers to do some things that are so expensive and have so little impact on climate change that they are not worth doing, but I do not think that we are there yet.

Andrew Bauer: I echo that. Those in the Government who are responsible for trying to deliver the plan, along with the research institutes and industry, are convinced of the importance of sustaining agriculture in rural Scotland, so I do not see any desire to use the aim of reducing emissions as a Trojan horse. We have to be careful that we do not do it badly so that it has that effect. However, I do not get the sense that the plan is a way to drive down emissions by driving agriculture out of rural Scotland.

11:00

The Convener: Thank you. We will leave that there. John Finnie has an important question.

John Finnie: Professor Pete Smith touched on the point about what is not in the plan. In fairness, I will quote the Friends of the Earth submission to the Environment, Climate Change and Land Reform Committee, which says:

"The multi-stakeholder event held in December was of limited value since it was at a very late stage in the

process, after many policy options had already been eliminated for technical or political reasons.”

Was the full range of options examined and developed in the plan? Is there anything that should be in the plan that is not in it?

Andrew Bauer: That event was pretty late in the day. I cannot speak for other sectors, but I would say that there had been a lot of other events before that in agriculture. There had been substantial discussion about a wide range of measures and at those earlier events advice was taken from a lot of the people round this table and many others about what was workable, what had mileage and what did not. I do not agree with that criticism, particularly in relation to the agriculture part of the plan.

Peter Ritchie: As we said in our evidence, we would like to see organics in there. There is “Organic Ambitions: Scotland’s Organic Action Plan 2016-2020”, but the issue did not feature at all in the climate change plan and by December it was too late to get it in. If it is not too late, we would like organics to be in the plan as a major driver, because that approach benefits farmers’ pockets as well as the environment.

Professor Smith: I do not know why demand-side measures are not there. Agriculture is the only sector where demand-side measures are not considered. With transport or energy, we are constantly looking for reduced consumption. I imagine that consumption measures are not in the plan because they are so controversial—food is such an emotive issue and it would be extremely difficult to effect change. Having said that, the science is unequivocal that there is a large technical potential. That deserves more attention, particularly as we move towards 2050, when we will need even more ambitious targets. It will certainly need to be considered at some stage in the future.

Gail Ross: How appropriate are the timescales and policies in the plan?

The Convener: I ask each of you to answer that question, please.

Andrew Bauer: There is an overarching approach in the agriculture section, which is about working with people over the next few years to build up the knowledge and capacity to change and only looking at stricter, mandatory measures thereafter. That is the right approach. If we went straight to the mandatory measures, we would get kick back and unintended consequences. I support the approach that tries to bind people to the process through demonstrating its value and only regulating thereafter.

The Convener: I encourage you all to be as succinct as possible, although I do not want to

take away from the valuable information that you are giving us.

Peter Ritchie: We have not made much progress in the last 10 years on a lot of the issues. As Andrew Bauer says, we need a clear narrative about where Scottish agriculture is going next. We need to paint the picture of a climate-smart, low-emissions agricultural sector in Scotland that produces really good food and meets a lot of the social goals that we want. We need leadership on that and then the climate change targets can be part of that.

At the moment, the plan reads as though there is a bit of this and a bit of that—a bunch of measures that are not quantified in terms of how much they will contribute to reducing climate change emissions. It needs a narrative that holds it all together, says where we are going with farming and what it will do for climate change and other things, too. We do not have that at the moment, particularly given the decision to leave the European Union.

Steven Thomson: The uptake of carbon audits has been relatively weak. The farming advisory service has scope for 250 audits, but there have been, I think, 50 applications since the launch in September 2016. It is positive to make efforts such as that but, once again, it comes back to the time element and how much time it will take to encourage people to change their practices.

Turning to the other measures, if we change the greening components of the ecological focus areas, we would suddenly get more legumes in rotations. A further example is that, by 1 August, you have to have two nitrogen-fixing crops growing. All those measures are counterproductive to what the draft plan is trying to achieve. We need to look more holistically at what we do with agricultural policy, because it is the agricultural policy rather than anything else that is driving all the changes that I have talked about. We are moving into a period where agricultural support is uncertain, and there might be opportunities to redesign how we are doing things and to do them better.

Alastair Nairn: Many farmers are aware of carbon emissions, many have GPS on their tractors, their fertiliser spreaders are much more efficient and they are much more aware of climate change than previously. Many farmers have to do carbon audits on their farms before they can get their produce into some supermarkets. I do a carbon audit every year.

People who supply our industry have to be aware of the situation and do their bit, too. We are losing a lot of our protein from the distillery industry because it is going into anaerobic digesters. The protein will have to be replaced,

and the only place that I know of that produces that in any vast quantity is South America, so it will have to be shipped from over there. We are destroying our source of GM-free protein and replacing it with genetically modified protein. That is not a good idea.

The Convener: That is a very good point. Thank you for bringing that up, because it is particularly relevant to people in Speyside.

Professor Smith: The timelines are broadly reasonable, as is the roll-out of the policies and the proposals, but there might have been one or two missed opportunities in joining up the dots. For example, the soil testing to improve nitrogen applications could be rolled into the assessment of the soil organic matter status and the efforts to increase carbon sequestration in soils, which is what outcome 5 is concerned with. If we had soil testing that routinely measured all those things, we would have monitoring and verification. We would also be able to determine the nutrient status at the beginning of every cropping and livestock production season and exactly how much nitrogen or phosphorus and potassium we needed to add.

The other opportunity is on carbon audits. Audits should be more participatory, with farmers doing them in groups, using tools to understand how the carbon audit is put together and what their largest emissions sources are. In the USA, when we got farmers together and showed them how the cool farm tool works, the group learning allowed the farmers to reduce emissions from organic egg production by 16 per cent over three years. We did not set any targets; we just allowed them to learn from each other and to copy what others in the group were doing to reduce the emissions.

If carbon auditing were also used as part of the engagement opportunities, we could help farmers to educate themselves about the issues. The auditing would also provide the baseline data that we need.

The Convener: Our time is up. I observe that an issue that has come through today and in a lot of your submissions is soil and the fertility of the land. I understand the differences between types of farming, and I acknowledge that it is important to ensure that approaches are appropriate for the area of farming that they are being used in. For example, I very much take the point that it does not achieve much if leguminous crops are grown in areas where they do not grow.

Soil sampling is important; it goes across the whole farming sector. Although I have not consulted the rest of the committee, I noticed that most people were in agreement about its

importance, so I am sure that we will want to take a great deal more interest in that issue.

Thank you all for coming here. If there is anything else that you want to say, I remind you that the deadline for commenting is 10 February. If you want to add further submissions, we would welcome them. I am sure that, at some stage over this parliamentary session, we will see you all again.

I suspend the meeting briefly to allow a changeover of witnesses.

11:11

Meeting suspended.

11:15

On resuming—

The Convener: We continue with item 3 and we will take further evidence on the draft climate change plan, now with a focus on forestry. We are joined by Professor Robin Matthews, leader of the nurturing vibrant and low-carbon communities research theme at the James Hutton Institute—gosh, that is quite a mouthful—as well as by Charles Dundas, public affairs manager for Scotland at the Woodland Trust; Alan Carter, chair of Reforesting Scotland; Stuart Goodall, chief executive of Confor; and George McRobbie, managing director of Tilhill Forestry Ltd.

I welcome you all. We will ask a series of questions and, if you want to answer, I urge you to catch my eye. I will try to make sure that you all have an equal chance to answer, but I apologise in advance if I do not get the opportunity to get you all in on a subject. I remind you that the deadline for providing written evidence is 10 February, so please submit further evidence if you feel that you have not got in at some point.

Mairi Evans (Angus North and Mearns) (SNP): My question is similar to one that the earlier panel on agriculture was asked. How did you engage in the process of developing the plan? The Scottish Government was looking for that process to build “collective ownership and responsibility”. Has it achieved that?

Professor Robin Matthews (James Hutton Institute): The James Hutton Institute has certainly been involved. We do a lot of work with the ClimateXChange programme, so a lot of the work on the peatland emission factors and woodland stuff was done by us in collaboration with other institutes. We have worked with the University of Aberdeen quite a bit. We are also members of the agriculture and climate change stakeholder group, so we had input into the plan in a number of ways.

I will just add that my title changed on 1 January—it is now just natural assets theme leader, which makes it a bit easier.

The Convener: Thank you—I wish that you had told me that before, because that was quite a title to read out. I apologise for using the wrong title.

Stuart Goodall (Confor): We have had quite a lot of contact with the Scottish Government on planting, which is the focal point of the forestry sector's contribution. We also deal with the Forestry Commission regularly on other issues that are perhaps not highlighted as much as opportunities for the sector to contribute.

Another element is the use of wood, and especially Scottish wood, in construction. There is a difference between using imported wood and using domestic wood. Harvested wood products from domestic wood can be counted in Government reporting on mitigation or efforts to reduce emissions, whereas imported wood does not have the same status.

I flag up that how we manage our woodlands and whether we restock them is an important element that might not have been considered enough in the plan so far.

George McRobbie (Tilhill Forestry Ltd): Engagement has been good. It is worth pointing out that there is quite a long backward track of engagement with the forestry sector on woodland expansion issues—for example, the woodland expansion advisory group did a lot of work that the second report on proposals and policies built on.

Charles Dundas (Woodland Trust): It is fair to say that such engagement is not a new element in tackling climate change—we can see a thread between RPP1, RPP2 and RPP3. We have been engaged in the process and have talked to the Scottish Government and the Forestry Commission at every stage. We see in RPP3 the culmination of a lot of the discussions that we have had.

Alan Carter (Reforestation Scotland): It is fair to say that the RPP process is quite new to us—basically, we received an email a few weeks ago that asked whether we would like to put something together and give evidence.

I am encouraged by the integration between the process and the land use strategy. It is important that those elements tie together and that a consensus is built around the approach that has been taken. One of the commonest reasons that I hear from farmers for not wanting to go into forestry or regretting going into forestry is that it is an extremely long-term business whereas, if they plant fields of barley, they can change on a yearly basis if the subsidies change. People in forestry make a commitment for a long time, so the

political side needs to give an equally long-term commitment and vision. The RPP process is an important part of that, so we are glad to be involved.

John Mason: There are two parts to my question. RPP2 has been mentioned, and the reality is that we have not planted as much as we had hoped to. The committee has considered that, but we want to put more stuff on the record about it today. If we have not reached the target of 10,000 hectares a year so far, is it realistic to think that we can increase planting in the future, or is that being overoptimistic?

On the use of wood products, is it realistic to think that we could use more wood in construction and so on, or is that being overoptimistic?

The Convener: Because Stuart Goodall has given evidence before, he knows that, if a witness waves their hand at the end of a question, I will bring them in first. The other witnesses should not be intimidated by Stuart Goodall, but I will let him answer first.

Stuart Goodall: It is just my natural enthusiasm, convener.

The targets are achievable. We have not achieved them in the past, and we have provided information on why that is the case. To recap from our perspective, tree planting has been supported through grants in an agricultural system that is designed to support farming, not forestry. That means that it is not necessarily fit for purpose and that problems are created. The funding was also tied into CAP cycles, and you do not need to be a rocket scientist to see that, as we come up to a new CAP period, planting falls away as farmers—because a lot of the planting happens on farming land—wait to move from one scheme to another and, to an extent, sit on their hands. Another aspect is the scheme process. It can take many years to get a large planting scheme approved, and that costs a lot of money.

Can we change those factors? Absolutely. If we assume that we will leave the common agricultural policy, we have an opportunity to design systems to suit ourselves. Whichever route we go down, we have to strike a balance between having an integrated rural policy and providing grants for planting trees in a way that is not tied—as it is at the moment—into a system that is designed for agriculture. If we look across the Irish Sea, we see that the Republic of Ireland has gone down that route. We suggested it four or five years ago and were told that it was not possible, but it is clear that it is.

We can take action alongside improving the scheme design by implementing the recommendations of the report that James Mackinnon produced for Fergus Ewing, which was

published recently. If such actions had been taken and if the improvements had been in place, we would have hit the target of 10,000 hectares a year, because the land and interest are out there.

George McRobbie: It is important to recognise that forestry is a long-term business. The first version of the Scottish rural development programme was disastrous for woodland creation, particularly in the early years, when we lost a huge amount of momentum. However, because of the changes that have been made, the scheme is now much more fit for purpose and the momentum is returning.

As Stuart Goodall mentioned, the recommendations in the Mackinnon report are important. However, it is disappointing that it took someone who is a bit of an outsider to come in, knock heads together and, in effect, state the bleeding obvious about some of the issues that we have had with the process for approval, which had become burdensome and inefficient and was adding little, despite its cost.

Charles Dundas: I echo the points about the process by which funding is arrived at. I also point to land supply and the way in which the land use strategy is implemented in relation to identifying land that can be used for afforestation.

We had two very successful pilots of the land use strategy in Scotland. Unfortunately, we seem to have run aground after those pilots, because the approach involves investment. That is why I am pleased to note that the proposals contain a commitment from the Scottish Government to invest in such strategies—the plan does not use the word “invest”; it uses the word “support”, but I choose to interpret that as investment and I will continue to do so until I am told otherwise.

The commitment is to

“support planning authorities in the development ... of local forestry and woodland strategies”,

which I would like to be integrated with proper regional land use management at a strategic level. The Scottish Government does not invest in that at the moment; it is entirely left to local planning authorities, which are hard pressed enough with the work that they have to do without taking on an extra element.

Land use strategies came out of the first climate change act—the Climate Change (Scotland) Act 2009. It is really important that we integrate land use with the climate change outcomes that we want. We have to take land use seriously and, to do that, we need to look at implementing regional strategies for land use.

The Convener: Does anyone who has not said anything yet want to come in?

Alan Carter: We are slightly less sanguine about whether the targets will be met, although the movement is in the right direction. We also welcome the Mackinnon report, which nails some of the problems of process that there have been, and we think that it will help. However, the timescale for achieving the targets seems to assume that we will almost immediately leap back up to planting 10,000 hectares on the basis of the Mackinnon report, which I do not think will be the case. It will take a while to implement some things—some of the problems are quite deep seated—and I do not think that the measures in themselves will achieve the targets. We need to look more broadly.

The big thing that is left out of the report is that woodland creation does not happen in a vacuum. Stuart Goodall mentioned the common agricultural policy. There are competing subsidies at work that influence land managers and that situation really needs to be addressed before the targets can be met.

We are living in interesting times, and the only certain thing about our relationship with Europe and the CAP is uncertainty. Now is the time to plan for both possible outcomes of that and for taking advantage of the opportunity to have a much more integrated policy between agriculture and forestry that would arise if we were out of the CAP.

I noted that the submission from NFU Scotland rather ruefully noted that, if farmers do anything in forestry, such as planting up an area, that area is immediately taken out of the agricultural accounting and put into forestry, so they feel that they cannot get credit for it. The position is rather the same if a hill sheep farmer wants to plant trees. The rational approach to a hill sheep farm is to look at how much inby land there is, see how much hill land that can support and put the rest to trees as an income stream and shelter.

If a hill sheep farmer does that, they are told that because that is not agriculture in the context of the CAP, it will not be funded as agriculture would be. The difference in subsidy is enormous. There is a real skew, which we have an opportunity to end.

11:30

The Convener: In that context, someone might want to mention wood products. Mike Rumbles’s question might tie in.

Mike Rumbles: In the Parliament’s most recent forestry debate, there was cross-party unanimity, and the minister agreed, that he should set up a panel of experts to advise him on looking at a new system post 2020. Are we at a stage where any of your organisations has been approached about thinking about advising the Government on a new

system of subsidies? Have you been thinking about such a system? You are basically saying that the subsidy has come out of agriculture but that we need a subsidy that is designed for forestry. Has there been any response to that?

The Convener: A brief answer of yes or no on whether you have been approached would be helpful.

Stuart Goodall: No—we have not been approached, but we are developing our thinking, which we want to share.

Professor Matthews: No—we have not been approached.

Charles Dundas: We have not been approached.

The Convener: I assume that Alan Carter has not been approached either.

John Mason mentioned increasing the use of wood products in construction. Is that what George McRobbie wants to come back on?

George McRobbie: My response will not actually answer that part of the question but, on the sawmilling capacity, there is substantial greenmill capacity in Scotland that could increase activity. Timber is an internationally traded commodity and, as a consequence of the world economy at the moment, Scottish mills are running rather more slowly than we would like. That is a demand issue rather than a supply issue. There is capacity, certainly in sawn timber.

John Mason: If there is a demand issue, is it because people do not want to use wood or because they do not want to use Scottish wood?

George McRobbie: It is not a Scottish wood issue; it is a worldwide wood issue. The world economy is rather sluggish, so there are surplus supplies on the world market. That affects our import competition.

Stuart Goodall: There are always the short-term issues of supply and demand, but the main thing is whether we could be using more wood. If we are to increase planting and meet the targets, we have to use more wood in construction. There is a lot of opportunity to use more timber, not just in housing but in construction generally. We are at about 70 per cent wood for new builds, through timber frames. That means that 30 per cent of housing is still not being built with wood.

We are developing products with wood, such as cross-laminated timber and glulam, which allow us to put wood into the bigger sections that go into high-rise buildings, office blocks and the like. There is a lot of innovation and development, and there is still a lot of opportunity out there, but we also face a lack of understanding of how wood is a

suitable product and, in some cases, we face overspecification.

I do not want to get into too much technical detail, but Scottish wood may be lower graded than imported wood, because in some areas Scottish wood is faster growing. However, it could often be used in places where people are specifying a higher grade unnecessarily. That is about educating architects.

We need to look at a number of elements in order to hit the target. That is not really explored in RPP3, but it is definitely achievable.

The Convener: Doing that would be good and worth while.

Rhoda Grant: My question is on that issue. The faster-growing woods are the ones that people are saying are lower grade, but there are uses for that wood.

How do we get our own hardwoods involved in construction and the like? I know that historically, hardwood plantations—although they would not be called plantations—have never been managed properly. Can we manage native hardwoods better in order to provide the grades of wood required, as well as educate architects to use lower grades and, indeed, wood products that can be used in construction?

Stuart Goodall: There is definitely an opportunity to use more hardwoods and softwoods. We focus on softwoods because—to be blunt—the vast majority of wood that is consumed, including for housing, is softwood; that is what is traded globally and what is used in the UK. There are opportunities to use more hardwoods if we can. They are slower growing and they tend to be more expensive per unit of production, which obviously has an impact on how we utilise them.

We have generally lost the culture of managing woodlands to produce products. A lot of the establishment of woodland that we have had in recent decades has been because, for example, it has been good for wildlife but we have not necessarily worked with the person who is planting those woods to ask why they do not manage them so that they have a high-quality tree at the end of the day, which can then provide income and support local activity.

Unfortunately, the resource that we have tends to not be very good for high-value uses, such as construction, so that it is still a bit of a niche market. We could change that for the future, if we ask how we can ensure that we encourage people who own hardwood broad-leaved trees to manage them, when we work with grants and support woodland management. Unfortunately, the cycles are probably 50 to 60 to 70 years from now, rather

than the 20 to 30 years for the softwoods that have been planted in the past.

Rhoda Grant: A lot of planting occurs because people follow the money, be it for a tax break—where they are not fussy what they plant so long as they tick the box to qualify for the tax break—or because they get the same amount of grant for a fast-growing softwood as a slower-growing hardwood. Does the way in which we look at financing and encouraging forestry need a total overhaul to make sure that we get it right to get the right product?

The Convener: Before Stuart Goodall answers that—I know that he wants to answer all the questions, given his enthusiasm—Charles Dundas is quite keen to respond. I will bring him in on the earlier question, and see whether he would like to answer Rhoda Grant's question, too.

Charles Dundas: Stuart Goodall is right to say that, ultimately, the subsidy regime and the available grants will drive this matter. We have lost a lot of the culture of hardwood management in Scotland; that is a great advert for the Forestry Commission Scotland, which, particularly in the south-west, is experimenting a lot to try to bring back productive hardwood skills and management and to regrow that culture.

If we take that approach, the profit is further down the line but there could be value in agriculture, as we heard earlier. Sometimes we should focus on a better end product rather than chasing efficiencies in the system. Maybe the same is true in forestry. Those skills are not spread across Scotland, but they are there and being tested, in part thanks to the Forestry Commission.

George McRobbie: Charles Dundas has given an impression that I do not believe is correct. The majority of existing hardwood resource, by a long way, is in the private sector, not on the public forest estate. There has always been a differential in grant rates, because it is more expensive to plant and successfully establish broad-leaves than conifers. Past grant incentives for broad-leaves have, in essence, been targeted at planting those trees and species without much thought as to what the end point would be. The way that the schemes have worked has, therefore, encouraged broad-leaf tree planting and wide spacing, which vastly reduces the potential for utilisable material coming out.

There are a number of lessons that we know and recognise. The new grants scheme is much better balanced than the old SRDP, with more focus on productive broad-leaves; that was almost absent in the past—it was simply a case of planting hectares with trees widely spaced, which did not give much opportunity for good production.

I think that we can address the culture issue very rapidly. We have an expert, professional bunch of forest managers in Scotland who will respond to the opportunities. Although the culture has largely been lost, it can be reinstilled quite quickly.

Stuart Goodall: Rhoda Grant asked whether the grant system or the support mechanisms are appropriate and whether we should change them. To achieve planting, we are providing a grant to pay for the capital costs of planting trees. We then provide, in effect, financial support to help compensate the farmer for losing the CAP payments that they would have had if trees had not been planted. We will never get away from the need for a capital payment, especially for the costs of planting broad-leaved trees. However, there is an opportunity to look at a post-CAP system of supporting farmers and others working in the rural economy to ensure that we do not have break-off points for someone who is switching from agriculture to forestry activity.

Rhoda Grant: I suppose that that takes us to the age-old question about skewing money away from agriculture and into forestry. There is a fear that if some farmers go into forestry, everyone will run in that direction because forestry is obviously not as labour intensive once the trees have been planted. There would then be the concern that food production would fall. The situation is therefore perhaps not as straightforward as Stuart Goodall suggested.

Stuart Goodall: I will make two brief points. I am sure that Alan Carter could come in on this as well.

If a farmer plants trees on some of their land, they still receive an income from that. With regard to reducing CO₂, a farmer who plants trees for that purpose might think that the benefit seems to be recorded for the forestry sector rather than the agriculture sector. However, if finance has been paid to achieve an outcome, it is the landowner or farmer who receives the benefit. That flags up the issue of how we deliver a lot of the tree planting that we seek. There are big opportunities for sheep farmers in particular to plant trees on part of their land and for that to have minimal impact on their production. Planting trees can provide not only decent-sized woodland but shelter for the sheep, which means that they require less feed.

There are therefore ways in which we can integrate farming and forestry that can encourage farmers to see moving from farming to forestry as an opportunity and not a zero-sum loss.

Alan Carter: I do not think that I can add anything to that.

The Convener: I will move on slightly but stay on the same topic. The Government has

announced new targets but are the timescales appropriate? Are we being ambitious enough? Are sufficient funds being allocated? Some of you will know that I commented on that in a debate in the chamber. I would welcome your comments.

George McRobbie: The funding is a chicken-and-egg or horse-and-cart issue, in the sense that we failed to meet targets and therefore did not bump up against the funding ceilings. My impression is that the Scottish Government is committed to backing the new targets and that the money will be found. The demand for planting has increased and continues to increase, and there is a good pipeline at the moment for the target of 10,000 hectares. We believe that the funding for that will be made available. The sense that I have, along with others in the industry, is that there is great support from the Scottish Government to back financially the achievement of the targets, even though it might appear in any one year that we are failing. I think that the targets are about right; they are stretch targets, but they are not overly ambitious. Provided that there is adequate commitment across the board to achieving them, they can be delivered.

11:45

The Convener: Can I push you a wee bit on that? Some people who might be considering planting trees might be put off by the fact that they do not see the grant in the pipeline—although there might be nice words from the Government. Is the whole issue of the cost of developing woodlands and the grant not being available affecting people?

George McRobbie: I do not think so, because there is a barrier ahead of that—

The Convener: Which is?

George McRobbie: Which is the process. I hope that that will be addressed in the context of the Mackinnon report. Unless someone is planting a very small scheme, the burden of the application process is a major disincentive. We know what we need to do to change that, and would-be planters are looking to see how people behave—we have heard the words and we are looking for the behaviour. Early signals on how Mackinnon's recommendations will be implemented are important, to ensure that we get the momentum that we need.

Charles Dundas: I will stick my neck out. I think that we will reach the 10,000-hectare target this year, not necessarily as a result of the Mackinnon recommendations starting to feed through but because we planted only 4,700 hectares last year, as a result of the SRDP changeover. There is pent-up demand in the pipeline, which will be manifest this year.

On the wider timescales for planting, it is said that the best time to plant a tree is 50 years ago, and the next best time is today. The timescales in the plan are achievable, and some people would argue that they need to be more ambitious. Our continuing with the 10,000-hectare target until 2024 will not do anything to address the backlog that is the result of failure to meet that target over the past few years.

There is scope for delivering a bit more, faster, but that takes us to the point about funding. Members will see in Confor's submission that it has calculated that to deliver what is in the plan will require £45 million for forestry funding, whereas in the draft budget forestry grants are raised only to £40 million.

I add that that pot is not devoted entirely to new woodland creation; it is also depended on for maintenance and management, tree health issues, deer management and many other issues. As with the funding for local authorities to work on land use strategies, the whole process must be supported. The political will is all very well, but it has to be backed up with cold, hard cash.

The Convener: The cabinet secretary is running around trying to find another £5 million, as we speak.

Charles Dundas: Good.

Professor Matthews: I do not have much to add to what has been said. The targets are probably achievable—with the provisos regarding funding and so on.

The only thing that I would add is that we need to think about targets for CO₂ or greenhouse gas reduction, rather than just a planting area target. The targets in the climate change plan are purely area based and there seems to be a move away from considering the amount of CO₂ that will be saved, which is, after all, the target that we hope to achieve.

Work at the James Hutton Institute has shown that the amount of savings that can be made depends on where the trees go. We can be pretty successful at achieving a planting area target without necessarily achieving a CO₂ reduction target. That is an important thing to consider. As far as I can see, the current climate change plan presents no target on emissions reduction. That is perhaps an omission.

Stuart Goodall: I agree that the timescales are appropriate. I would always be happier if they were brought forward, but they are achievable.

On the funds required, as I said earlier, if you plant trees on farmland you are not stealing from farmers to give to foresters; you are recycling the pot within the farming community. We should look

at how we fund forestry planting—it should not be a silo activity.

The average cost of the planting that we have had over the past five years has been higher than we would expect it to be in the future, because it has involved a higher proportion of broad-leaved trees compared with softwood trees, and that is not the proportion that the Government or the private sector sought. Going forward, we are seeing a higher proportion of softwood trees in the applications, and, because they are cheaper to plant, that should bring down the average cost.

At the end of the day, however, we will still need some additional funds to achieve the targets that we are setting ourselves. In that context, I make a plea. Ahead of our leaving the common agricultural policy—if that is what eventually transpires—a lot of landowners might be encouraged to plant trees now on the basis of what is available to them at the moment. There is a danger that we could be turning people away over the next year or two. I caution that we should keep the envelope open, if I can put it that way.

The Convener: That is an interesting point.

Alan Carter: Without repeating what has been said, I will make a couple of points. First, in setting the grant rates, we should try to avoid a bidding war between the different land uses. We could end up ratcheting up the rates because we are not achieving one target or another, and that would result in our subsidising land ownership, because that would get factored into land prices, rents and so forth. The money would go pretty much directly to the landowners without achieving any change in land use. We cannot ask about forestry grants in isolation from the other land grants.

Secondly, we are now restructuring a lot of forests that were planted in the 1970s. That is a very good thing because it allows us to achieve a much greater range of public benefits and exploit a lot of synergies, but it means that we are getting less timber production from those forests. If we do not want to simply displace timber supply overseas, we need to be quite ambitious about the targets. The target of 21 per cent woodland cover by the end of the process is still very low by European standards.

The Convener: Thank you. If we may, let us move on to the next question, which Jamie Greene will ask.

Jamie Greene: I thank you all for those excellent contributions. There are lots of issues coming out but, unfortunately, time is short.

The climate change plan states:

“Our woodland creation ambition will directly benefit all those that work in forestry ... and the farmers, crofters and land managers who create woodland”.

At the same time, it says:

“woodland creation can have significant positive or negative impacts on the landscape”.

Do you have any views or comments on the plan? Do you agree or disagree with that statement?

Alan Carter: I agree with that statement. It is entirely true, although it maybe does not flesh out what makes a difference. Good forest design is what makes a difference. It is good that support for the UK forestry standard and so on is in the plan, as that is where the synergies that I talked about come in. If we have good forest design, it is not a zero-sum game between carbon storage, livestock shelter, water retention, economic production and so on. If we have bad forest design, it can be.

Jamie Greene: In your submission, you state:

“Much of the land suitable for afforestation in Scotland, both for timber production and for native woodland is currently subsidised for other uses.”

You make a point about the need for good forestry creation, but there is a fundamental issue in that the land is already being used—most likely, for sheep farming. Therefore, there is a “trees, not sheep” message in your input to the plan. Can you develop that a little bit further?

Alan Carter: The good design message applies. We should not see farming and forestry as silos with each having its own good design. There really needs to be good design in their integration, as well.

I mentioned that sheep are still productive and profitable in some areas. If there is improved inby land, that can support a population of sheep that can use an area of hill, but the areas of hill on those farms are currently vastly larger than the inby land can really support, so sheep are being ranged very extensively. When that happens, as sheep are preferential browsers, they will browse out the bits that they like best, and a mat of purple moor-grass and suchlike will be built up, which stops nutrient return to the soil. That is really quite poor for farming. The farmers would be a lot better off if they were more able to put more of their land to forestry that was integrated into a whole system.

George McRobbie: I will try to answer the two parts of Jamie Greene’s question.

On the direct benefit to those in the industry, the downstream side will clearly benefit. It is important to recognise how big an industry the forest industry has become. In its entirety, it is now bigger than the fishing industry, for example, it contributes more to the Scottish economy than the fishing industry does, and it has considerable scope to grow.

On the impact on the landscape, good design is now a given. The process that we have to go through means that the forests that are created now are radically different from the ones that I cut my teeth on when I started in the industry, which were much more utilitarian. The impact on the landscape comes down to an issue of taste. There is a general human resistance to the process of change, and there are many documented cases of objections to the creation of forests and woodlands and objections when people have tried to remove them generations later. It is all about a sensitive process that can move along at a sensible pace.

I go back to the Mackinnon report. We need to ensure that the design and approval process is fit for purpose and uses resources wisely. The cost to the applicant for a large scheme can be £100,000, which is a lot of money. For a scheme of 100 hectares—there is not much difference in terms of scale when we get up to that stage—a cost of £1,000 per hectare is very poor value. It does not help the decision making. That is because the scoping exercise is far too wide. As Mackinnon said, let us focus on what is important and not waste time proving what we already know, and let us ensure that the environmental impact assessment—or something similar to that, if that is not required—focuses on the issues that really are material to making the decision. If we can nail that, that will make a huge difference in the attitude of people who want to create woodland and to the delivery.

The Convener: I will let in one other person at this stage. Does Charles Dundas or Professor Matthews want to come in? I know that Stuart Goodall will always do so.

Professor Matthews: I have one brief point to make about the effect on the landscape, which goes back to the previous point that I made. We cannot forget about the soil underneath. When we plant trees, there is certainly a lot of disturbance, which results in CO₂ emissions. It takes in the order of 10 to 15 years before the balance is restored again in the carbon that is stored by the trees. That depends very much on the type of soil that the trees are planted on. My colleagues at the JHI have done a study in which they have quantified that. They did that spatially across the whole of Scotland, and they showed the areas in which there is a positive benefit from planting trees. In quite large areas—not just on the deep peats, which are excluded at the moment—there is a negative balance for quite a period of time. Therefore, there are pluses and minuses. Where the trees are placed on the landscape is very important for the carbon balance.

12:00

The Convener: The final question will be asked by the deputy convener. All the witnesses will get a chance to answer it—I say that so that you can think about your answers.

Gail Ross: I put the same question to the previous panel.

Thank you for your contributions, which have been extremely valuable. We have covered a broad range of issues, including subsidies, attitudes, land use and funding. Are there any policies or proposals that you would like to have been included in the plan that are not there?

George McRobbie: There is almost no reference to our existing woodlands and making sure that they contribute as best they can to climate change reduction. For me, there are two issues. One concerns the process of restocking. The length of the rotation and the interval between felling the trees and replanting are critical when it comes to carbon capture, the contribution of forestry to the economy, wood production and so on.

There are two broad schools of thought when it comes to practice. What we call hot planting is widely practised in the private sector; it is certainly practised by my company. We like to restock as quickly as we can—within weeks of the harvest, if the season is right. For reasons that I still do not fully understand—I should declare that I am a forestry commissioner—the Forestry Commission chooses to delay restocking, largely as a response to weevil. It seems very odd that there are two main schools of thought on that. I harbour a suspicion that the issue of funding and the need to match budgets has been a major driver of that delay.

I would like there to be more focus on how we continue to manage the existing woodlands to maximise their contribution to carbon capture and climate change reduction, and I would like there to be a particular focus on restocking. The loss of forestry from our existing planting should not be forgotten. I grieve over the areas of forest that have been lost to wind farms. It is striking that the hill that had the trees on it is the one with the wind farms on it, whereas the one next door without trees on it has been left without development. Net area loss is an issue, and we should remember that loss as well as the gain from woodland creation.

Charles Dundas: My position is very similar. When the Committee on Climate Change investigated how Scotland was doing with its climate change plan, it looked at the existing forestry and the risk from tree disease and tree pests. It said that there was a risk of Scotland's existing woodland sequestering less carbon

because of the lower proportion of young trees within it. That brings us back to the issue of deer management, with which I am sure all MSPs are familiar.

Our existing woodlands need to be better looked after. The native woodland survey of Scotland from 2014 revealed that more than 50 per cent of Scotland's native woods were in an unfavourable condition, and that that was in large part down to failed regeneration and the presence of invasive non-native species. It is great that we have the ambition to create more and more woodland, but it is like turning on the tap while the plug is still out. We need to put the plug in and start looking after the trees that we already have. We need to be good stewards of the trees that we already have so that we will be better stewards of the trees that we will grow over the next 20 years.

Professor Matthews: The only thing that I would like to have seen more mention of in the plan is agroforestry. When I searched through the document, there was only one mention of it, right at the end.

We have talked about the issue a little already. There is a lot of scope for exploring the interface between agriculture and forestry, which we often see as two separate silos. I would like to see more to encourage agroforestry. I draw a distinction between farm woodlots and my concept of agroforestry, which is more about growing trees and crops together and looking for the synergies between them.

Stuart Goodall: I strongly support the point about looking at existing forests, understanding what is happening there and dealing with losses. We need to monitor changes in forest cover every year in order to understand, if replanting is not happening, why that is the case, and we need to tackle the problem. We are worried that there is an increasing bank of land that once had trees and was expected to have trees again but does not have them. We have not really got to the bottom of that. I flag it up as a key point.

The other thing that is missing is the linkages between forestry and other sectors. Forestry is often seen as a silo. However, as we have already said, if trees are planted on agricultural land, that benefits the agricultural side of the activity. There are three big areas that sit above the line on the emissions graphs: agriculture, transport and industry. With agriculture, forestry can contribute. We have a large manufacturing industry that is based around using wood and it has a positive carbon balance. We lock up wood in those wood products and the process of producing those products releases a lot less energy than the processes for producing steel, concrete, plastic or brick. Having more forestry manufacturing activity can mean that we have a successful industry and

reduce our carbon emissions. Those linkages across forestry to other areas are missing from RPP3 and I hope that that can be addressed in the future.

Alan Carter: I wrote down a list of points when Gail Ross asked the question, but I have crossed them all out, as they have been addressed.

The problem with the report as it stands is that it has a narrow focus on planned woodland creation and tree planting and so on, and it misses out the very variable nature of existing woods and the need to look after them. Across most of Europe, there is natural regeneration of a lot of woodlands—when you stop doing almost anything else with land, it goes to forest. Often, that does not happen in Scotland, which to a large extent is because of deer numbers. We need to consider the factors beyond the forest fence.

The Convener: Thank you very much. The last points that you brought up were particularly interesting—I have never heard of hot planting before. The issue of managing existing woodlands is critical and is something that the committee will want to consider more carefully, just as we will want to look at the connections between agriculture and forestry and the issue of forestry cover and making sure that we are not losing the trees that we already have.

The session has been very helpful. I thank our witnesses for coming and giving us their time. If there is something that you think that we have not explored enough, you have until 10 February to get back to us.

12:08

Meeting suspended.

12:10

On resuming—

Digital Economy Bill

The Convener: Under item 4, the committee is invited to consider a legislative consent memorandum, lodged by the Cabinet Secretary for the Rural Economy and Connectivity, which is outlined in paper 5. The LCM relates to the UK Digital Economy Bill.

The Delegated Powers and Law Reform Committee considered the LCM on Tuesday 31 January and made a number of recommendations to this committee. As you will be aware, it raised serious concerns regarding the breadth of data-sharing powers that the LCM provides to the Scottish ministers. Those comments echo the concerns that were raised in the equivalent House of Lords committee.

Members will note that the timetable that we have been given for the LCM is extremely tight. I think that we all agree that the situation is not ideal. Members will also note that the DPLR Committee is content with the aspect of the LCM that refers to masts and the communication code, which relates to our remit. Its concerns relate to the data-sharing aspect of the LCM. Because that provision is so broad ranging, a significant number of committees should be engaged under their remits but, due to the tight timescale, none of them has had the opportunity to scrutinise the LCM. As the lead committee, we are required to reflect on the memorandum and consider whether we are content with it. We will then report our findings to the Parliament.

Does any committee member have any comments on the LCM?

Stewart Stevenson: I have been a member of the DPLR Committee on a couple of occasions and have spent quite a lot of time in the trenches on the subject. I am not sure that I would give the weight that the DPLR Committee has chosen to give to the power that is being given to ministers—in essence, it is a power to change the list of bodies that are affected, which is a pretty standard thing that ministers do—because, in the Scottish Parliament, secondary legislation that is under discussion by the DPLR Committee is a matter for the Parliament. Yes, ministers lay the instrument, but that does not deprive the Parliament of the opportunity to intervene to stop a negative instrument and, in the case of an affirmative instrument, it requires that the Parliament take a decision on the matter.

I am not 100 per cent clear about the processes that take place at Westminster, but I understand

that the way that similar things are dealt with in that Parliament is less clear. Therefore, what I say does not invalidate what the House of Lords committee says about the bill. I am neutral about what we do, but I am not overly concerned by some of the observations that the DPLR Committee has chosen to make to us.

Mike Rumbles: I am concerned by the DPLR Committee's observations. I will read one, to put it on the record. It quotes the House of Lords committee as saying:

"We are ... deeply concerned about the power to prescribe as a 'specified person' a person 'providing services to a public authority' ... We recommend that"

that clause

"should be removed from the Bill".

The DPLR Committee says:

"The Committee"

agrees

"with those recommendations of the Delegated Powers and Regulatory Reform Committee".

It goes on. I will not quote the other comments, but I certainly do not support the LCM. The issue is so important that I will raise it at the Parliamentary Bureau on Tuesday because I would like there to be a debate in the chamber about it. A way forward for the committee is not to have a debate here and now, but to note the LCM and let members in the chamber have a wider debate about it so that we can make some sort of decision.

12:15

The Convener: Okay. I will bring in John Mason shortly, but I remind the committee that we have three options with the LCM: to approve it, to disapprove it or to note it. If we noted it, we would send it back to the Government and it would be for it to decide whether it wanted further debate on the LCM.

John Mason: The buck stops with us as a committee on a range of issues, which means that, if we do not do something about them, nobody else will. However, in the case of this LCM, the buck stops with the House of Lords committee that has raised certain concerns. I broadly agree with that committee about those concerns, but the reassuring point for our committee is that they are being dealt with where the bill is being debated—that is, at Westminster. I am therefore quite relaxed about our reaction to the LCM and whether we support it, note it or whatever, because the House of Lords is dealing with the points that we are concerned about.

Peter Chapman: I agree with Mike Rumbles's summation and think that he is absolutely right.

The data protection issue is wide ranging. The timescale is very short, as has been said, and I feel that we should just note the LCM. I believe that it should be debated in the chamber.

The Convener: We could hear other members' opinions, but the general opinion so far seems to be that we should just note the LCM. I therefore recommend that we note the LCM and pass it back to the Government. Is that approved?

Members *indicated agreement.*

The Convener: We will produce a small report that will reflect the committee's decision.

Rhoda Grant: Can you clarify, convener, whether our noting of the LCM means that it will be debated in the chamber? Could our report suggest that it be debated in the chamber?

The Convener: I think that it is up to the Government to bring forward a motion. It will be up to the Parliamentary Bureau and the Government to decide on that. Mike Rumbles has indicated that the matter will be raised at the Parliamentary Bureau.

Can I please have the committee's approval again to say that we are noting the LCM?

Members *indicated agreement.*

12:17

Meeting continued in private until 12:31.

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