

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 12 April 2005

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

7th Meeting 2005, Session 2

CONVENER

*Mr John Swinney (North Tayside) (SNP)

DEPUTY CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

COMMITTEE MEMBERS

Dennis Canavan (Falkirk West) (Ind)

*Mrs Margaret Ewing (Moray) (SNP)

*Phil Gallie (South of Scotland) (Con)

*Mr John Home Robertson (East Lothian) (Lab)

Gordon Jackson (Glasgow Govan) (Lab)

Mr Alasdair Morrison (Western Isles) (Lab)

*Iain Smith (North East Fife) (LD)

COMMITTEE SUBSTITUTES

Ms Wendy Alexander (Paisley North) (Lab)

Murdo Fraser (Mid Scotland and Fife) (Con)

Richard Lochhead (North East Scotland) (SNP)

Nora Radcliffe (Gordon) (LD)

*attended

CLERK TO THE COMMITTEE

Alasdair Rankin

ASSISTANT CLERKS

Nick Hawthorne

David Simpson

LOCATION

Committee Room 5

Scottish Parliament

European and External Relations Committee

Tuesday 12 April 2005

[THE CONVENER opened the meeting at 14:01]

Item in Private

The Convener (Mr John Swinney): Good afternoon. I welcome members and the public to the European and External Relations Committee's seventh meeting in 2005. I have apologies from Dennis Canavan and Alasdair Morrison. Members have the papers and the agenda, which were circulated in advance. The agenda that was circulated had a slight typographical error: item 1 referred to item 6 but should have referred to item 5.

Item 1 is a proposal to take item 5 in private. Do members agree to that?

Members indicated agreement.

The Convener: Dennis Canavan is out of the country on Commonwealth Parliamentary Association business and I have had representations from his researcher, Maureen Conner, who has asked to sit in on item 5 to allow her to apprise him of where the committee reaches in formulating the report. I have agreed to that.

Fresh Talent Initiative Inquiry

14:02

The Convener: Item 2 concerns a paper with proposed terms of reference for the committee's inquiry into the Scottish Executive's fresh talent initiative. The paper summarises the background to the initiative, goes through the initiative's overall aims, identifies the focal points of the written evidence and outlines the schedule of witnesses from whom we may hear. In addition, a briefing was prepared in October 2004 by Ross Burnside of the Scottish Parliament information centre, who is with us today. That SPICe briefing paper covers the background to the fresh talent initiative and is available to members. We will use Ross's input in the course of the inquiry.

Do members wish to make points about the inquiry's remit?

Mr John Home Robertson (East Lothian) (Lab): The remit looks fine.

Irene Oldfather (Cunninghame South) (Lab): I am happy with the inquiry's remit. It is obvious why we will take evidence from some of the proposed witnesses, but I am not as sure about others. It would help if the clerks clarified why Tesco, FirstBus and Scottish Widows are listed.

Alasdair Rankin (Clerk): From my early discussions with Ross Burnside about the terms of reference, it seemed a good idea to approach a large-scale employer in Scotland that might be able to take a more strategic view of how the fresh talent initiative might be helpful or what modifications could be made to it.

Mr Home Robertson: FirstBus has been recruiting in eastern Europe.

The Convener: The comments that Alasdair Rankin just made would apply most directly to organisations such as the Royal Bank of Scotland, but FirstBus has had the experience of recruiting people directly from outside Scotland and all that goes with that. It might be interesting to hear from—

Mr Home Robertson: I would like an opportunity to be rude to FirstBus, but perhaps not on this issue.

The Convener: You will, of course, have to remain in order for the duration of the inquiry. However, it would be interesting to hear FirstBus's perspective in that regard.

Phil Gallie (South of Scotland) (Con): My point is along the same lines as Irene Oldfather's. I can see a reason for including the Scottish Refugee Council given that we are talking about incomers, but I am not sure why we need the Commission

for Racial Equality or Robina Qureshi to be present. Why are we missing out organisations such as the Confederation of British Industry, the Federation of Small Businesses and the Scottish Trades Union Congress?

Mrs Margaret Ewing (Moray) (SNP): One or two little points crop up in the paper about the terms of reference. The committee paper quotes the Executive's policy paper, which emphasises that

"we must boost the working age population, particularly the 25-45 age group".

As part of our inquiry, we should look at the polls that show that about a third of young Scots between the ages of 17 and 34 are willing to emigrate and work abroad. Against the attraction of the fresh talent initiative, we also have to look at the issues that pertain to the retention of talented young people in Scotland.

My second comment concerns the point in the committee paper that refers to

"Measures to be agreed with the UK government actively to promote Scotland as a destination for people seeking to use the work permit route to come into the UK."

We know that the issue of United Kingdom work permits will be retained at Westminster. We saw in reports over the weekend that the concept of the Scottish Executive establishing a diplomatic post in China was regarded with some concern. We need to do some costing around the issue of non-Scots students studying here and making Scotland their permanent home—after graduation they are permitted to stay on for an additional two years. Otherwise, the terms of reference are excellent.

The Convener: Are there any other comments?

Irene Oldfather: I know that the aims of the inquiry relate to employment and labour market trends, but I assume that we will also take a close look at the skills-employment mismatch. That is quite important. When we visited New York, Dennis Canavan and I met the delegate general of Quebec, who made it clear that his office had a skills-employment base to its activities. It would be helpful to look at that area during the inquiry and I am keen to do so, although I am also keen for us to be focused. Too often in our inquiries we get enthusiastic and invite witnesses from all kinds of areas and perhaps do not home in enough on some of the key issues.

The Convener: As there are no further points, I draw this discussion to a conclusion. As regards the witness list, we dealt with the point about the larger companies and the perspective that we are looking for from them. I took the view that if we hear from those larger companies, we would not necessarily need the perspective of the business organisations at the same time, but I do not have a

hard-and-fast view on that. If the committee wants to hear from the CBI, the FSB and the STUC, I am happy to add them to the list. Does that reflect a consensus of opinion?

Irene Oldfather: It would be fair to have that balance.

The Convener: Okay. We will add them to the list.

As regards the Commission for Racial Equality and Positive Action in Housing, we are simply trying to get as broad a perspective as possible on some of the practical issues that face people who come to Scotland from another country and to understand what they come up against. It might be that the fresh talent initiative is a good idea but is rendered futile because people are exposed to unsavoury behaviour when they come to Scotland. I would think that the CRE might have something to say about that, and we are trying to get an understanding of whether the right kind of welcome is given.

On the detail of the remit, we will alter the text to take into account Margaret Ewing's first point on the retention of young people in Scotland, as it is not quite covered in the draft remit. The other points that were made about work permits and overseas students are probably covered.

Mr Home Robertson: Be careful how you redraft it, because I would hate anyone to pick up the idea that we want to stop people travelling. It would be a sad day if Scots stopped getting experience in other parts of the world; we just want them to come back again.

The Convener: It is also very much a matter of economic opportunity.

Mrs Ewing: That is what underpins my point. I suspect that, if John Home Robertson and I had been asked when we were 25 whether we envisaged ever working abroad, we would probably have said yes. However, we do not have the statistical details, and it is important for us to retain talent as well as to attract it.

The Convener: Irene Oldfather made a point about the aims of the inquiry reflecting the skills-employment mismatch. That is an essential part of what the inquiry should cover and if it is not stated expressly, we will do so. That also reinforces the point about the CBI and the STUC.

Mr Home Robertson: Something has just come into my head. We are talking about fresh talent and skilled labour, but we must not forget less skilled labour and the twilight area of casual labour. A lot of people from outside Scotland work as casual labourers in various industries. They are talented people who should be respected and whose rights should be looked after. Might it be worth taking even just written evidence from

representatives of those who employ casual labour? Perhaps some of the organisations that are already on the list might be able to represent them.

The Convener: That is a good point. I am aware from my own constituency experience that the food processing sector would not operate at the moment if it was not for migrant labour—for example, Grampian Country Foods is a major employer of such labour. The matter also affects Margaret Ewing's constituency among others.

Mr Home Robertson: Perhaps some food industry umbrella organisation, such as the NFU Scotland, could give evidence on that.

The Convener: There is a Scottish Food and Drink Federation. We will investigate that point as well. It is a helpful suggestion.

Phil Gallie: I will address a slightly different aspect of casual labour. I have problems in and around Ayr with workers coming in from European Union countries and taking low-grade jobs in which people in our country have worked for many years. One site that Irene Oldfather will know is Craig Tara, the old Butlins site, at which, all of a sudden, a long-standing workforce has been dispensed with and workers from another country have been brought in. We must be a little bit careful about ensuring that there is always a place in Scotland for those who do not aspire to anything other than low-grade jobs.

The Convener: We have to have an understanding of how that issue is handled.

Iain Smith (North East Fife) (LD): The reality is that many businesses need such labour. I, like the convener, have in my constituency a food processing business—Kettle Produce—that needs seasonal workers and simply cannot get them in the current labour market in Fife. We need those who come from the European Union and, for that matter, further afield to do the job.

The Convener: We will investigate what the best source of evidence on that area might be.

Mrs Ewing: An issue that often crops up in all our constituencies is that of language skills. When taking written or oral evidence from Universities Scotland and leading academics, we should ask what facilities will be made available to teach language skills. Someone can be a wonderful dentist but if they do not speak English there will be problems. That applies to every kind of employment.

The Convener: We will address that in our inquiry.

The fresh talent initiative has been raised by the First Minister so I thought it appropriate to give him the opportunity to address the committee if he so

wished. That invitation has been extended and we await a reply.

Once the remit has been amended, it will appear on the Parliament's website along with a call for evidence. The first evidence session will be in two weeks' time, on 26 April, at our normal meeting time. Among the witnesses that day will be the Registrar General for Scotland. We will make available a SPICe paper giving a lot of the background information that I suspect will underpin what the Registrar General says.

Pre and Post-council Scrutiny

14:15

The Convener: Item 3 on our agenda is pre and post-council scrutiny. We have a paper containing notes on various council meetings that are scheduled or have already taken place. No notes have been specifically highlighted for our attention, but do members have any comments?

Phil Gallie: Several issues in annex B, on the economic and financial affairs council, are hard to understand. Perhaps someone here can explain them, or perhaps we could receive more information. What is meant by

"enhancing governance and national ownership of the fiscal framework"?

The phrase suggests to me that, somewhere along the line, we will abandon the euro and go for governance by nations of their own economies again. I would welcome that, but I do not think that everyone would.

The Convener: I think I would describe your interpretation as wishful thinking.

Phil Gallie: Perhaps you could explain what the phrase means.

The Convener: What it means to me is, I think, what we heard about during our visit to Europe a few weeks ago. It means encouraging national Governments to come to an agreement and endorse the financial framework within which the EU will operate and to build into their policy decisions some of the components arising from the Lisbon agenda. The Lisbon agenda and the financial framework depend very much on the actions of individual member states. That is the meaning I would read into the phrase but, as you know, I am not an expert on Eurospeak. You have spent more time absorbed in it than I have.

Phil Gallie: Your explanation is quite reasonable until we read the third bullet point in that particular section, which refers to

"safeguarding the sustainability of public finances in the long run",

and consider what has been happening in the weeks since the ECOFIN meeting. The parameters within which the public finances of France and Germany operate seem to have been changed substantially to allow those countries to maintain existing levels of public expenditure. That cuts right across the objectives of the Lisbon agreement on the structures of the European economy.

The Convener: That is the nature of the debate on the extent to which member states wish to buy

into the Lisbon agenda, with all the requirements that it places on member states.

Phil Gallie: Could we ask the minister for his views on the report that is mentioned in annex B and on what he expects will happen at the next ECOFIN meeting?

The Convener: We will do that. The clerks have just pointed out to me that that meeting is taking place as we speak. Those momentous shifts in opinion might be happening at this very moment.

Mrs Ewing: They are probably tuned into you, Phil.

Mr Home Robertson: Page 11 of our briefing paper deals with land transport and road user charging. I had not spotted this problem before but it occurs to me that the average distance that is travelled per tonne of goods delivered will tend to be rather higher in an area such as Scotland than in other parts of the European Union. That might have a disproportionate impact in relation to costs for the road haulage industry and for businesses and consumers in rural areas of Scotland. I presume that the Executive will be making representations on the proposal through the United Kingdom Government but it might be sensible if the relevant committees of this Parliament gave the issue some thought as well.

The Convener: The page that you are referring to says that

"Scottish Executive officials are working closely with HMCE"

—HM Customs and Excise—

"to ensure that Scottish concerns are considered in taking the policy forward."

It continues:

"We see it as particularly important that a Regional Regulatory Impact Assessment is taken forward at an early date to determine what the implications of the tax for Scotland's road haulage industry and its ports may be."

That sounds to me as if the horse has bolted out of the stable door and that only now is the impact of the proposal beginning to be worked out.

We will write to the Minister for Transport immediately after today's meeting—

Mr Home Robertson: It might be worth flagging up the issue to the Local Government and Transport Committee as well.

The Convener: That council does not meet until 21 April, so we will make those representations to the Minister for Transport and copy our letter to the convener of the Local Government and Transport Committee.

Mrs Ewing: One aspect of the issue that has been brought to my attention by various freight users in my constituency is that the high level of

fuel tax disadvantages them because people coming into this country from the continent can fill up on much cheaper fuel before they arrive, which means that they can travel long distances at a much cheaper rate and fill up their tanks once again when they get back to the continent.

We should include the issue of fuel tax in the letter to the Minister for Transport. I know that taxation is a reserved matter and that there are issues about European levies and the decisions that might be taken in that regard but we should not forget that fuel tax is an important aspect of the impact that the initiative could have on our road haulage industry.

Mr Home Robertson: My understanding is that the intention of the initiative is to ensure that trucks from mainland European countries that travel on British roads will have to pay, whereas they have not had to in the past. We should find out whether that is the case.

The Convener: That matter is part of the debate around the cost of road haulage. It is a material factor.

Phil Gallie: Page 14 of the paper deals with a

"Proposal for a Regulation of the European Parliament and of the Council on the rights of air passengers with reduced mobility".

The proposal seems to be creating an open house with regard to the number of passengers with reduced mobility that an airline can carry.

On the low-cost airlines, there is usually a limit of four wheelchair passengers on any one flight. It is my belief that that is, to a large degree, because of safety issues rather than costs to the airline. The opening up of the situation might have further implications. It might, therefore, be worth finding out a little bit more about that as well.

The Convener: We can do. We will carry out the appropriate investigations.

Phil Gallie: Page 9 of the paper talks about "ITER". Could you enlighten me as to what that is? I think that it is something to do with the development of a nuclear reactor, but I am not quite sure.

The Convener: We will secure the necessary translation.

Phil Gallie: I am trying to read page 2 of the paper.

The Convener: That is what you are supposed to do before you come to the meeting.

Phil Gallie: I was merely trying to see whether I had made any notes on that page. I made several as I went through the paper carefully earlier.

Page 28 of the paper deals with the EU budget and talks about the importance of "budgetary discipline" and of

"complying with the existing Financial Perspective"

and so on.

Has anybody inquired as to whether any audited accounts have been produced in relation to the budget? I would be interested to find out the position in that regard as I am extremely concerned about the EU budget.

The Convener: We can make that inquiry.

Irene Oldfather: I think that the European Parliament is discussing that subject in Strasbourg this week.

The Convener: We will get an update on that and pass it to members.

Sift

14:25

The Convener: Item 4 concerns our sift of European Union and European Community documents and draft legislation.

The legislators in the EU must be having a bit of respite, because today's list is quite short. The sift paper makes various references to various committees of the Parliament but no document is identified as being of special importance.

As members have no comments to make on the paper, we now move into private session to deal with agenda item 5.

14:26

Meeting continued in private until 15:20.

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