

EUROPEAN COMMITTEE

Tuesday 22 February 2000
(*Afternoon*)

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EUROPEAN COMMITTEE 4th Meeting 2000, Session 1

CONVENER

*Hugh Henry (Paisley South) (Lab)

DEPUTY CONVENER

*Cathy Jamieson

COMMITTEE MEMBERS

*Dennis Canavan (Falkirk West)
*Bruce Crawford (Mid Scotland and Fife) (SNP)
Dr Winnie Ewing (Highlands and Islands) (SNP)
*Dr Sylvia Jackson (Stirling) (Lab)
*Ms Margo MacDonald (Lothians) (SNP)
*Maureen Macmillan (Highlands and Islands) (Lab)
*David Mundell (South of Scotland) (Con)
*Irene Oldfather (Cunninghame South) (Lab)
Tavish Scott (Shetland) (LD)
*Ben Wallace (North-East Scotland) (Con)
*Allan Wilson (Cunninghame North) (Lab)

*attended

THE FOLLOWING MEMBERS ALSO ATTENDED:

Mike Watson (Glasgow Cathcart) (Lab)
Andrew Wilson (Central Scotland) (SNP)

WITNESSES

Mr Graham Meadows (European Commission)
Mr Tim Figures (European Commission)

CLERK TEAM LEADER

Stephen Imrie

ASSISTANT CLERK

David Simpson

LOCATION

Committee Room 1

Scottish Parliament

European Committee

Tuesday 22 February 2000

(Afternoon)

[THE CONVENER *opened the meeting at 14:10*]

The Convener (Hugh Henry): Good afternoon, ladies and gentlemen. Welcome to the fourth meeting of the European Committee in 2000.

I have received apologies from Tavish Scott, who has an exceptionally good excuse for not being here today—the birth of his second son, Cameron James John Scott. We all send our best wishes to father, mother and child. Winnie Ewing has also given her apologies, although not for the same reason. [*Laughter.*] I do not know—nothing Winnie does surprises me.

Ms Margo MacDonald (Lothians) (SNP): I think that Mr Ewing would be surprised.

The Convener: We have with us today Andrew Wilson, who is here in his capacity as a member of the Finance Committee. We are expecting Mike Watson, the convener of the Finance Committee; David Davidson, another member of that committee, may also attend.

The first item on the agenda—

Bruce Crawford (Mid Scotland and Fife) (SNP): Before we begin, I wish to raise a point about today's agenda. I wish to know why the issue of the joint inquiry into additionality by the European and Finance Committees has not been put on the agenda, particularly as it was expressly called for in a joint letter of 15 February by myself and Andrew Wilson. That letter says:

"We will be making formal proposals for a joint enquiry at the next meeting of both committees and would be grateful if you could ensure that an item to that effect was included on the agendas."

The Convener: I have also had a letter from other members of the committee indicating that they believe that it should be purely for this committee to undertake such an inquiry. Both Mike Watson and I agreed to meet you, Bruce, and Andrew Wilson to discuss the question that you raised and to see whether the issue is relevant. If it is agreed that it is relevant, we will discuss the terms of reference with you.

We have had some difficulty convening that meeting—it has been dragging on for some time. However, as you know, both you and Andrew will meet Mike Watson and me at 9 o'clock tomorrow morning. Following that meeting, I expect to bring

back to this committee a proposal that will flow from our discussions. I think that the sensible way in which to approach this matter is to discuss the matter and the terms of reference and to bring the matter back to the committee. We will consider that at a future meeting—it is not on today's agenda.

Bruce Crawford: That is inconsistent—

The Convener: Sorry—it is not on the agenda.

Dennis Canavan (Falkirk West): On a point of order, convener.

The Convener: Not a point of order on this issue, Dennis, as we have already dealt with it.

Dennis Canavan: Following the previous meeting, I wrote to the clerk suggesting two items for the agenda, either for today's meeting or for as early a meeting as possible. I also lodged two motions, S1M-573 and S1M-572, one of which refers specifically to the item raised by Bruce Crawford.

I appreciate that you are holding private discussions with members of other committees and with some members of this committee, but why is there this continuing reluctance on your part to have an open discussion on these matters in this committee?

The Convener: There is no such reluctance. We have differences of opinion about how the matter should be dealt with. In fact, some would suggest that it is not even relevant. I happen not to hold that view.

As the convener of this committee, it is a matter for me to undertake my responsibilities in an appropriate way, which is what I am doing. We agreed some time ago with Andrew Wilson and Bruce Crawford how we would proceed with this matter, which I intend to bring back to the committee. Dennis, we have been through the way in which business is tabled at committees. I do not intend to pursue that discussion again today. I will now move on to the first—

14:15

Dennis Canavan: Convener—

The Convener: No, I am sorry—

Dennis Canavan: In more than 25 years as a member of parliamentary committees—

The Convener: Dennis—

Dennis Canavan: I have never seen such a negative and obstructive attitude on the part of a convener.

The Convener: Please, Dennis.

Dennis Canavan: May I draw your attention to

rule 12.1.8, which states:

"The convener of a committee shall hold office for the duration of the committee unless . . . he or she is removed from that office by a decision taken by an absolute majority of the committee?"

If you continue in this negative and obstructive way, I shall have no option but to move a motion of no confidence in you as convener of this committee.

The Convener: Dennis, I would be quite happy to deal with that issue now, to get it out of the road so that it does not hang over the committee. Another thing that is becoming an issue is your inappropriate behaviour in this committee and the way that you are disrupting it. If you would like to move that motion now, Dennis, let us do it—let us deal with it and get it out of the road. Would you like to move that motion?

Bruce Crawford: Convener, the reason—

The Convener: No, sorry, Bruce. You do not have the floor. Dennis has made a suggestion. I am quite willing to countenance it, and I am asking him if he wants to proceed with it.

Dennis Canavan: If there is a seconder to the motion.

Ben Wallace (North-East Scotland) (Con): On a point of order. I have been advised that, if there is to be a motion of no confidence, it should be on the agenda for the next meeting, rather than an impromptu vote now. I do not think that it does the committee any favours if we suddenly debate no-confidence motions on a whim. It should be on the agenda.

The Convener: I happen to agree with you, Ben, but Dennis is the one who is making the suggestion.

Ms MacDonald: Ben has a seconder.

Bruce Crawford: The problem, convener, is the difference between the Finance Committee this morning, and this committee this afternoon—

The Convener: Sorry, I will bring the clerk in. Dennis, you seem intent on disrupting proceedings. You made a fool of the committee in front of others at the previous meeting—

Dennis Canavan: You made a fool of yourself.

The Convener: Not at all. I have taken advice, Dennis, which has been consistent. You have raised a point of order, and you have suggested a motion of no confidence. Ben has made a helpful suggestion, but I will bring the clerk in.

Stephen Imrie (Clerk Team Leader): Before the meeting started, I looked up the provisions for motions of no confidence and took some advice from other officials in the Parliament. The key rules governing motions of no confidence are in

standing orders rule 8.1, rule 8.2 and, specifically, rule 12.1.8(b). The procedure for a motion of no confidence is to place the item on the agenda for the next meeting. The committee has no relevant item on today's agenda under which to deal with such a motion. Time has to be allocated to an agenda item to enable the committee to consider such a motion.

If the committee agrees to put the item on the agenda for the next meeting, the procedure would be for members to lodge the motion with the chamber office in the same way as other motions on business in the chamber would be lodged. At the next meeting, the committee would take that motion and decide on it. As Dennis Canavan said, that decision has to be taken by an absolute majority, which means that the number of members voting for the motion would have to be more than half the total number of members of the committee.

The Convener: Does the committee wish to place this matter on the agenda for next week? Dennis would you like to suggest that it should—

Dennis Canavan: The clerk has just said that I have to lodge the motion with the chamber office.

The Convener: The clerk also said, before that, that the committee should consider whether we wish to put it on the agenda.

Allan Wilson (Cunninghame North) (Lab): On a point of order. Would it be in order to debate the issue when the motion is moved; or is the motion moved and decided on without debate?

Stephen Imrie: If the motion is taken, the member moving it would have the opportunity to speak to it. I understand that if there is an amendment to such a motion, the member moving that amendment would have the chance to speak to it. Essentially, it operates in the same manner as the chamber, in relation to motions, decisions and voting.

The Convener: Dennis, do you want this to be put on the agenda of the next meeting? You can follow it up with a motion to the chamber.

Dennis Canavan: I will adopt your tactics and discuss it privately with colleagues first.

The Convener: That is fine.

David Mundell (South of Scotland) (Con): Can we have clarification about what the outcome of that vote would be? My understanding is that the convenerships of committees are decided by the parties, which would mean that the outcome of such a vote would not necessarily be implemented. Is that correct?

The Convener: Hold on. We can discuss that as and when the event arises. At the moment, we do not have a motion to put this on the agenda for the

next meeting. That is quite clear—it is on the record that there is no motion to that effect for the agenda of the next meeting. I now propose—

Bruce Crawford: Can I raise a second option?

The Convener: No, I propose to go to the first item on the agenda.

Bruce Crawford: I am asking for a letter to be circulated.

The Convener: No, Bruce. I am going to the first item on the agenda.

Reporters

The Convener: Bruce, would you like to speak to your report?

Bruce Crawford: I would start off where I left off, but it would not be conducive.

First, those who have read the paper carefully will have seen a spelling mistake in the third sentence. It should read, “irrevocably set conversion rates”.

As a rapporteur, I have been asked to consider the policy implications for Scotland of the single currency. On page 2, I have laid out the potential areas of the remit and how they might be taken forward. The paper is available for members to see, so there is no point repeating the material.

I have mentioned the organisations that will require to be consulted. I have dealt with the issue of travel requirements—I have used the words carefully, as suggested by the clerk. However, I may wish to revisit the issue of how we undertake those tasks properly or what travel may be required.

I have mentioned the potential for having a project team on this issue. Ben Wallace and Irene Oldfather might be helpful in pulling this piece of work together. The issue is of crucial importance because of the continuing public debate about the euro. I am privileged to be able to take on a rapporteur role in respect of that debate in Scotland. I hope to be able to narrow down what the specific implications are for Scotland, given that most of the information that flows from the various bodies tends to be from a UK perspective. It will be interesting to see what we find out from Scottish bodies.

I commend the paper to the committee.

Ben Wallace: I am well aware that the euro is an important issue. We always argue about who should be called to give evidence—that is inevitable—but I take issue with one of the bodies on the list: Business for Scotland is affiliated to the Scottish National party.

Ms MacDonald: Is it?

Ben Wallace: It is in the circles in which I know it. However, I am sure that others might have different views. If you intend to use Business for Scotland as a reference, you should involve organisations such as New Europe, Business for Sterling and, indeed, Britain in Europe, to balance the equation.

Bruce Crawford: That is an appropriate suggestion. Business for Sterling launched its Scottish campaign last week. There are other bodies that will happily take advice from members.

Ben Wallace: I will put that in writing.

Irene Oldfather (Cunninghame South) (Lab): I must apologise, as I was in Brussels last week and have not had time to read my papers in detail. I received them only just before the start of the meeting.

I welcome the paper. Section 2, in which Bruce Crawford has set out specific plans, covers a broad range of areas. I wonder whether we need to examine some of them in more detail. I do not think that Bruce has placed them in any particular order, but the last point, on considering the experience of other EU member states, is important.

I have done quite a bit of work on the euro in the European Committee of the Regions. When I started my work, we did not have the advantage of being able to draw on the experience of other member states. We are now just over a year into the euro project. Just before the meeting, I mentioned to Bruce that the Commission for Employment, the Internal Market and the Euro has decided to set up in May a symposium that will address some of these issues and the experience of municipal and regional authorities throughout Europe in relation to the difficulties, challenges and opportunities over the past year as a consequence of the transition to the euro. The symposium will consider ways in which to share that information and experience with countries that have yet to make the transition. I would be happy to report back to Bruce, if it would be possible for me to attend that symposium.

We should consider the wide range of countries. I notice that Bruce mentions Ireland and Denmark. I know for a fact that, even before January 1998, the French cities were closely involved in addressing the euro project and that some of the Italian regions have been involved in sharing experience throughout Europe. I would like to extend the list to all member states, so that we do not concentrate on just two areas, but I do not know how Bruce would feel about that.

Bruce Crawford: I would be delighted to take that on board. I cited Ireland and Denmark not only because of the comparable size of those countries, but because they are quite close on the map of Europe. I thought that choosing Ireland and Denmark, which are only a stepping stone from Scotland, would reduce the travel burden of this remit and that it would be easy for us to discuss the situation in those countries in a meaningful way. However, with the committee's agreement, I would be happy to extend the remit to the French cities or the Italian regions. I had, in any case, intended to cover the wider issues in any report.

The Convener: The way in which Bruce has

worded the section would not rule out that opportunity. The section is well worded, and an extension of the remit can be undertaken if it is required. Bruce has already agreed to consider the point that Ben Wallace made.

Irene Oldfather: I return to the point about organisations that are to be consulted, among which Bruce has listed the European Commission in Edinburgh. I am sure that it is appropriate to consult the Commission. However, the European Commission in Brussels also has an economic and monetary union preparations unit, which we might be able to involve in our work. It keeps a finger on what happens throughout the 15 countries in Europe and would provide a useful central point to link up with. The UK Treasury also has a preparations unit that has been involved in the national changeover plan, which I would want to involve in any discussions that we have.

The Convener: The suggestion is to delete "in Edinburgh" after "European Commission", and to add the UK Treasury to the list.

Andrew Wilson (Central Scotland) (SNP): I wanted to suggest that the Treasury be included, given its internal UK preparations. I believe that a similar operation is going on within the Scottish Executive, which we might want to take cognisance of in respect of what it has done or plans to do.

Bruce Crawford: I took all those organisations as prerequisites. Perhaps I should have been a bit more specific about the broad range of bodies that I am suggesting. I supposed that they would be consulted automatically and did not think that I needed to mention them all.

The Convener: A range of organisations will start to become evident as Bruce and his team undertake the work. We should not try to be unnecessarily prescriptive just now. Today we need to agree the broad outline of the work plan. Are we content with what has been suggested?

Ms MacDonald: I am really knocked out—I am very impressed. I do not think that there is the slightest chance of finishing that consultation.

Bruce Crawford: I would like to put in a final sentence to say that the time scale may need to be reviewed—April to September will be quite difficult to achieve, given the work load. However, with the assistance of my able helper, Pauline Archibald, we might get some way down the road.

Dr Sylvia Jackson (Stirling) (Lab): Bruce has included the Federation of Small Businesses on the list. Perhaps we should also include the Forum for Scottish Business.

The Convener: Rather than take up the time of the committee trying to identify every organisation, members should contact Bruce directly with further

suggestions.

Are the principle and outline of the proposal agreed?

Members indicated agreement.

The Convener: The second reporter is Dennis and we must decide the terms of reference for the inquiry on the proposed European charter on fundamental rights and the development of a Scottish perspective.

14:30

Dennis Canavan: Thank you, convener. I would like to comment on the paper of which members have a copy. The title of the report would be, "The Proposed European Charter on Fundamental Rights: development of a Scottish perspective".

Last year, the Council of Europe agreed that the creation of a charter of fundamental rights is essential and that the matter will be on the agenda of the intergovernmental conference to be held at the end of the year. I refer members to the distinction between the European convention on human rights and the European Union: the ECHR is a child of the Council of Europe, but the EU and the council remain distinct bodies. Nevertheless, all EU member states are parties to the convention. However, in 1996, the European Court of Justice ruled that accession by the European Union to the European convention on human rights would require an amendment to the treaty.

A House of Lords select committee has already undertaken work on this important issue. The chairman of that committee is Lord Hope of Craighead. I hope to consult Lord Hope and other members of the committee. Its inquiry focuses on the status, scope and content of the proposed charter, whereas our inquiry would focus on the Scottish perspective. Our aim would be to ascertain the views of a cross-section of Scottish groups and individuals, to take evidence on specific policy areas and to consider ways of promoting policy developments on fundamental rights if and when the European Union creates a charter.

Listed under the sub-heading "Specific Plans" are 10 areas on which the inquiry should concentrate. The list is not exhaustive and I would welcome suggested additions. The inquiry should last approximately seven months. Work on general promotion of the fundamental rights debate could be usefully undertaken in late autumn. We would like to input the decision-making process before the intergovernmental council summit meeting. The idea would be to feed into the Scottish Executive and the UK Government decision-making processes before the UK line is agreed.

Towards the end of the paper I have listed

organisations to be consulted. The list is not exhaustive and I would welcome further suggestions. We are probably going to Brussels towards the end of next month and I hope that we can meet experts on human rights while we are there.

The Convener: Thank you, Dennis.

Ms MacDonald: When is the IGC going to consider the matter?

Dennis Canavan: I think that it will do so in November or December. Has the date been set yet, Stephen?

Stephen Imrie: My understanding is that it will do so towards the end of this year. I have no specific date. I will try to find out, as a matter of urgency, when the UK negotiating position is decided. The committee will be informed as the timing of its work will be affected.

Ms MacDonald: Am I right in thinking that the only way for us to get involved is through the UK delegation's negotiating position?

The Convener: That would be the formal way, but we have access to the process through our MEPs.

Irene Oldfather: Last week in Brussels, the Committee of the Regions discussed the principle of the European charter on fundamental rights from a regional perspective. It arrived at an opinion on how the regions should react to it. I would be happy to pass a copy of that opinion to Dennis to help him in his deliberations. It was drafted by the president of the socialist group, so I am sure that Dennis will welcome dialogue in that direction.

Dennis Canavan: Thank you, Irene.

The Convener: I had intended to get Dennis a copy. A number of amendments were tabled so the final report will not be available for some time. However, it would be useful.

Can we agree the brief as proposed?

Members indicated agreement.

European Structural Fund Project Management Executives

The Convener: The next item on the agenda is a presentation by Mr Graham Meadows and Mr Tim Figures of the European Commission's directorate general for regional policy.

The topic is a review of the European structural fund project management executives and their relationship with the Scottish Executive. Given the topicality of additional funds, additionality and match funding, it would be appropriate for the European Commission representatives to say something about those issues. We should bear in mind, of course, that the issue that they are here to talk about is extremely important for Scotland. We should not lose sight of the matters that are raised in their presentation.

This will probably be Mr Meadows's last opportunity in his present capacity to represent the European Commission in a forum such as this. He is moving on to other responsibilities in the organisation. I have enjoyed his lively, informative and entertaining contributions many times and I hope that we will hear from him in the future, even if we are witnessing his swan song today.

Mr Graham Meadows (European Commission): Your description of this as my last opportunity to talk to you makes me wonder what will happen to us during the next two or three minutes, especially as Tim Figures and I noticed in *The Herald* this morning a headline that read, "Europeans Ambushed." We thought that we had arrived a day too late to witness our own demise.

We will not say a lot about money in our presentation, but only because we imagine that that will come out in discussion afterwards.

Tim Figures is one of the key people in the unit that deals with the UK and your Scottish programmes. He is negotiating with a partnership of the Highlands and Islands the transitional programme that will come into force there fairly soon. We hope to agree that with the partnership by 31 March.

I remind you also that the purpose of European regional policy is to help the economic development of the worst-off parts of the community, their status being judged according to a number of criteria. Accelerating the economic development of those areas means, in effect, creating jobs and improving the economic quality of life for people living there.

That objective of European policy is translated into action in Scotland by a number of programmes in eligible areas, and the programmes are run not by Brussels telling Scottish people what to do, or by London telling

Scottish people what to do, or even by Edinburgh telling Scottish people what to do, but by partnerships in the areas themselves. We have always considered that the delivery of the policy through those local partnerships is an important aspect of its strength and relevance.

I will give you a couple of financial figures to set the tone for later parts of the meeting. From 1994 to 1999, the programmes that we had running in Scotland brought in something like €245 million a year. We are beginning to set up the programmes for the period 2000 to 2006. In Scotland, we will start with the Highlands and Islands programme and come shortly to the so-called objective 2 programmes, which are for industrial areas undergoing reconstruction and rural areas that have a certain fragility. We hope that those programme plans will be delivered from Scotland to Brussels around the end of April or the beginning of May, so that we can have the programmes up and running by the end of the year.

This new set of programmes will provide a fairly large slice of European funding, although it will be slightly less—7 per cent lower—than in the 1994 to 1999 period. That is not a reflection of anything other than the success of the programmes that have been running in Scotland to date. Remember that the programmes try to stimulate economic development, and what we saw last year when we reviewed the list of eligible regions was that large parts of the eligible areas in Scotland no longer qualified for European regional assistance because their condition had improved. That is the case for the Highlands and Islands. Its high priority funding status from 1994 to 1999 has been replaced by a transitional status, because its level of income is above the threshold that determines eligibility for the high rate of support.

I have two or three final points. European regional policy in Scotland can be broken down into three chapters. The most important, as the convener has already indicated, and the one that is talked about least, is, "What do we do with the money when we have it, to maximise the benefit to the people living in the eligible areas?" In other words, how do you spend the money so that you can create jobs? How can you spend the money so that you improve the economic quality of life?

14:45

That has been our constant preoccupation in Scotland since 1989, when the policy was reformed and started to work in the way in which it works now. We would argue that some of the things that have been pioneered in Scotland are at the leading edge of economic development technology worldwide. Before the creation of the Scottish Parliament, people from the then Scottish

Office came to Brussels and interviewed me for a training video. I remember saying in that video that we considered Scotland's performance to be a flagship performance. At that time, however, praise from Brussels was not considered the right sort of material to put on a training video. For a long time, we have felt that the performance of the programmes that we have co-financed in Scotland has been a flagship performance.

The second question is, "How much money do we get from the European Union and how much do the regions add to it?" There are a number of facets to that question that we might want to explore in later discussions.

The third question is, "What bureaucracy must we put in place to ensure that the programmes deliver the maximum benefit?" I know that the prevailing view is that the only good bureaucracy is a dead one, but without proper delivery mechanisms the benefits of those programmes are not carried down to the people. Sometimes there is a conflict between a simple system, which is what everyone is supposed to want, and a system that is effective, which might need much more review and care than would otherwise be the case.

There are three broad chapters. As far as we are concerned, the constant preoccupation is how we can create jobs. I have a couple of points to make about that before we finish, in case we do not manage to come back to this question in the rest of the discussion.

One of our key demands is always that we try to integrate our thinking in these programmes as much as we possibly can. In other words, we try to hold people around the common enterprise of creating jobs and improving economic activity, rather than have people drift off to do things for fisher people, for the rural community or for urban areas. We believe that all the different strands of development, if held together, can deliver a better outcome than they would if they were treated separately.

If we want to create jobs in Scotland, we must create vacancies in businesses. If we want vacancies in businesses, we must somehow stimulate investment. We must make it possible for businesses to be born and to grow. One can then train people into those vacancies to create jobs. Already, one can see that it is necessary to integrate training and investment, public expenditure and private expenditure, rural and urban, and concerns for infrastructure provision with the overall need for investment and economic growth.

One group that we are most keen to integrate is politicians. That may be a strange thing for a bureaucrat such as I to say, but we believe that

the programme should be accountable to the people of the eligible areas, so it is essential that the political view be integrated into the way in which the programmes operate. In the new period, the programmes will operate for six or seven years, and a great deal of evolution will take place in that time. It is our view that the programmes will be healthier if the guiding hand is a political one rather than a technocratic one. I do not want to imply with that comment any criticism of the way in which Scottish programmes have operated in the past, because, as far as we are concerned, they have been flagship projects. However, we are anxious to ensure that, over the longer period that is coming up, the Parliament and the European Committee do not lose interest in helping to pilot the programmes.

Allan Wilson (Cunninghame North) (Lab): You mentioned the topical nature of today's discussion. On the matter of spending structural funds and of the project teams that are responsible for that, is it not the case that each bid for European funding—for matched funding—is subject to strict criteria, including the rules on additionality, and that projects are subject to auditing to ensure that the rules were complied with? Has there been criticism by the European Commission, or by Europe more generally, that the additionality rules are not being met?

Mr Meadows: There are a number of issues to which we may want to return as the discussion goes on. There is a difference between matched funding and additionality, about which I will talk first. The term additionality is laid down in regulations and has a very precise meaning. It is measured at the level of all the regions in any member state that fall into a particular category: all the objective 1 regions in the United Kingdom as well as the two regions that are in transition away from objective 1 are lumped together for the additionality assessment, which is still going on. We have had no problems with additionality in Scotland.

You will appreciate that straight answer, convener.

The Convener: It is unusual to get such a straight answer.

Allan Wilson: Has auditing raised any questions about projects that have not met those strict criteria?

Mr Meadows: We are using the same word, additionality, but we are moving away from the strict regulatory requirement.

A practice that has always been followed in Scotland—it is one of the ways in which Scotland was ahead of England at one time—is that the question of whether projects that are proposed are additional is asked: "If European Union funding

were not put into the project, would it take place anyway?" That is the sort of yes-or-no question that determines the entire selection of a project. If proposers of a project admit in the selection process that European Union funding is not necessary for the project to go ahead, that project will not be adopted. It should be remembered that the selection is being done by local people, who will know the true situation.

There are cases of projects that were refused by programmes because, even though questions were answered in the right way—that the money was essential for the project to go ahead—the local partners doubted the degree of necessity of EU funding. The programme management executives could provide a list of projects that did not make the cut because they did not feel that the projects were additional enough.

Some members may think that no one submitting a project application would be sufficiently stupid to reply no in answer to the question, "Is European Union funding necessary for this project?" However, I had a case where someone replied no, which resulted in a loss for the local authority concerned, which was not in Scotland, of more than £3 million or £4 million.

That is beyond the regulatory requirement and is an attempt to translate something that becomes a statistical examination into something that has an impact in localities. In Scotland, it is always difficult to answer the question, "Is this money additional?" The regulations refer that particular test to all the regions. If one were to ask people in a local area, "Is this project additional?" that is a way of keeping a hand on the quality of the programme that one is delivering. Scotland was consistently asked that question, which was one of the factors that we have always found rather adorable in Scottish programmes.

The Convener: We will come back to the question of additionality at a future meeting and will not go into it in huge detail now. However, given that the question has been raised, as I indicated at the beginning of the meeting, it is useful to follow through on some of the principles involved today. Although I will call Ben Wallace, Sylvia Jackson and Dennis Canavan to ask questions, I want to follow through with questions on additionality. If those members' questions are not on additionality, can they hold back for the moment?

Ben Wallace: I want to make the point that additionality, matched funding and project public expenditure cover taken together make a big topic that relates both to the Treasury and to European regulations. With Wednesday's meeting coming up, the European Committee could undertake a proper inquiry, either as a joint inquiry with another committee or alone. However, I am concerned

that, if we deviate from that task, we will just bumble into the subject. I have specific questions on the title of the agenda: the review of the structural funds and your relationship with the Executive. I know that it is probably difficult to get hold of you, Graham, or your successor, because of time constraints, but I—

The Convener: I appreciate your point, Ben. You will have that opportunity. However, given that the topic has been raised, it is useful to tease out some of the principles. I promise that the discussion will not be limited to additionality, but I do not think that it would be helpful to skip over it. We will come back to your point.

Sylvia, is your question on additionality?

Dr Jackson: It could be, if I am to be allowed a question later.

You made a point about additionality, Graham, and then I think you were going to move on to talk a little more about matched funding, but you did not continue with that line. Can you say a little more on matched funding and how it compares with, or is different to, additionality?

Mr Meadows: Co-financing is the principle of the programmes. Therefore, the programmes cannot use 100 per cent European Union money to pay for particular investments. The projects must be co-financed by money that comes from the United Kingdom public sector—the Scottish public sector in this case—from the private sector or from wherever. The co-financing money is at the root of the discussion about matching resources.

Perhaps I can get to the heart of it by making one more comment on additionality. We had a major battle with the United Kingdom Government in about 1992, when Bruce Millan was the commissioner in charge of regional policy in Brussels. That battle was about additionality and arose from our worry that, although we could see European Union money coming into the United Kingdom, we could not, with certainty, see it coming up in the eligible areas. We were afraid that it was just being devoured in the public sector accounts.

A discussion broke out—while I say "discussion", it was rather like the discussion that took place earlier at the beginning of the meeting. War broke out with the UK Government about our stating that we did not think that the money was forthcoming for the right regions. The UK Government said, "It is, but you can't see it." That became known as the transparency issue. As a result of that, there was an exchange of letters between Bruce Millan and the UK Government which made it absolutely clear that it was not enough at that stage for money to come from Brussels to London and then for money to come

from London to Edinburgh in the Scottish block, where it was clearly identified.

15:00

The money had to go one stage further, and we had to be able to see it appearing in the areas concerned. That gave rise to concerns about matching resources. We were able to see that European money was appearing for the eligible areas, but the next concern was about whether the areas had enough money to be able to draw down those European resources. In other words, did they have enough matching resources?

That is a concern for us, and we have recently expressed it in the context of Wales. I know that members are not interested in Wales except in a tangential way, but there, as a result of the review of eligibility that has taken place, the valleys and west Wales have achieved objective 1 status. There will be a very large increase in the amount of EU money going to that part of Wales.

The main question that we have been asking the National Assembly for Wales is whether it can satisfy us that it has enough matching resources to draw down that money. It is not a matter of Brussels trying to tele-guide the budget policy of the Welsh Assembly. If the commissioner is going to sign a programme saying, "Let's do all this stuff for Wales and create all these jobs," he needs to be sure that the programme can be carried out. Matching resources becomes a matter of finding out whether local authorities or other investors dispose of enough funding to draw down European Union resources. Our rule of thumb is for the public sector in the United Kingdom to match European Union money pound for pound, or euro for euro.

It is clearer in the Highlands and Islands. Tim Figures is pushing the negotiations along, and the partnership is providing everything that we want. It is slightly better than pound for pound: for the Highlands and Islands, £1 is being matched by £1.09; in Wales, £1 is matched by 73p. That is why some of you will have heard about the problems that have been going on down there, which we are concerned about.

I have one more point about matched funding, on the review of the programmes. The programmes that we have had so far have been, as it were, rear-end financed. They all ended in signing contracts, or whatever, in December last year, but they carry on paying for the next two years. That is fine, but the new programmes have to be front-loaded to a much greater extent.

By the end of 2002, we shall have to have paid the vast bulk of the money to be allocated this year in the new programmes that are coming up in Scotland. That produces a sort of lump of

matching resource requirements: resources in 2000 and 2001 to pay off the old programme and resources in 2000, 2001 and 2002 to get off to a good start with the next programme.

Getting behind with the next programme means losing the money, which is automatically and publicly clawed back to Brussels in a way that I think would be quite humiliating for the people in the eligible areas. The people there would not be humiliated, but their elected representatives might be.

In Wales, we are in the same boat. Where these big new programmes are starting we are concerned about the problem of matching resources. Matching resources is a matter of trying to ensure that extra benefits are delivered and that the programme works smoothly down on the ground. It is largely distinct from the question of additionality.

The Convener: Sylvia, do you want to follow that up?

Dr Jackson: No, I shall let other people in. That was a long reply.

Dennis Canavan: Mr Meadows, I am sure that you are aware of the recent reports that the Treasury in London is breaking European funding rules on additionality and that Scotland is losing out because the Treasury is creaming off Brussels aid that is intended for Scotland. Is there any truth to those reports?

Mr Meadows: For the new period, the examination of additionality, which takes time and is largely statistical, is still going on. Until now, we have not been able to fault the United Kingdom on the basic additionality principle. As I say, we had a huge battle with a previous Government in 1992 to ensure that resources that London received were getting to the areas for which they were intended. After that, we felt that we staked out clear procedures that made it possible for resources to be allocated to the areas for which they were intended.

We have had no major problem, apart from the one that I just mentioned, and we do not anticipate a problem. As I say, it is a technical requirement in the regulation. I am not being dismissive of it, but the view that we took in the 1980s and 1970s was that the money should be clearly additional to everything else that was taking place. That view has never been enshrined in any of the regulations or legislation. I confess that that is the way in which some of us used to talk about it, but it is not what the regulation requires. We have never had a problem with the United Kingdom Government over the regulation, apart from what could be called the transparency issue.

Ben Wallace: My point relates to the difference

between the situations in Wales and Scotland. The Welsh Assembly is new and requires a higher level of transparency than the Welsh Office did. However, the tracking of the new money from Europe, the objective 1 funding, is much harder. A lot of that money would not come through the Welsh block but through Whitehall departments that share responsibility for England and Wales, whereas in Scotland a lot of the receipts for objective 3 funding are paid to the Department for Education and Employment at Whitehall and are not used as the overall structural funds part of the Scottish block. In other words, the tracking of those funds into Wales is harder and less transparent than it is into Scotland, because of the mixture of the Whitehall departments.

When the Treasury was asked to cover that new big lump sum of objective 1 funding, problems occurred in Wales because the Treasury was reluctant to provide that public expenditure cover in a one. It was that reluctance that set the Welsh Assembly against the Treasury. However, because of the size of the sums that are involved in Scotland, the Treasury does not have to cover such a big loan or debt in advancing money that it hopes to reclaim from Europe. Would you say that that is a correct interpretation?

Mr Meadows: Comparing the two, the obvious difference between Scotland and Wales is that Scotland will receive less money over the next period. Wales will receive a lot more. It would be within the regulations for Scotland to receive less matched resources or less additionality over the next period, as Scotland will receive less money in the next period than in the previous period.

In Wales, the situation is totally different. A 150 per cent increase in European money poses many problems. We have often said that getting money is easy, but spending it well is phenomenally difficult. It does not worry us that they have so much money, but we lose sleep over the task of ensuring that the money is well spent.

The intimate connection between Wales and England poses a certain difficulty. However, we do not just want to track the money into Wales; our ambition is to track it into the eligible area. Similarly, in Scotland our ambition is to track the money not just into Scotland—something we were always able to do more easily than in the English regions—but into specific areas. We are still concerned about getting the money from Edinburgh to the bits of Scotland that we want to support.

If members read the correspondence between Sir John Kerr, the permanent representative in Brussels, and Bruce Millan, the commissioner, they will see that Scotland is mentioned. I can give a copy of that exchange to the clerk if necessary.

The Welsh Administration is concerned for several reasons. First, there is a huge increase in its European Union finance for the new programme. Secondly, it has a massive amount of money to pay out in response to the programmes that have just finished—the matching resource requirement over the next three years is gigantic. Finally, it is being thrown about rather more than the Administration in Edinburgh and it is having difficulty organising itself.

Ben Wallace: The friction that has occurred between the Welsh Assembly and the Treasury—whether it was perception or reality—arose from the fact that the Treasury seemed to be reluctant to release the block because it had increased by 150 per cent. That is a lot of money and the Treasury must advance it before it can be reclaimed from Europe. It was the resistance on the part of the Treasury that caused that friction.

Mr Meadows: The basis of the problem is the difference between the European Union programme's financial tables and the way in which the United Kingdom budget is managed. The UK budget is laid out in terms of expenditure. The financial tables in our programmes are set out in terms of promises to pay. Using our financial tables, one can add up the amount of money that is promised in the first three years, although the paying commitment might be spread over five years. In the difference between the paying out of the money and the promises to pay, there is room for manoeuvre. Therefore, the Treasury might decide to phase the money in gradually.

Those technical points are sometimes hard to get across when everyone is in high dudgeon. The Administration in Wales did not manage to make that situation clear and the longer the issue dragged on, the worse the problem became. The Treasury has always felt that it has the payments covered and the Welsh Administration has never felt that they were covered because it is inspired by a series of promises to pay.

15:15

That is still an issue for us. We still ask the Welsh whether they can satisfy us that they will have enough matching resources to get the programme off to a prompt start and bring benefits to the people of Wales. We discuss the issue of matching resources with them, just as we will discuss it with you when we talk about the objective 2 programme. We would not be doing our job properly if we did not.

Andrew Wilson: I do not think that anyone can disagree with your comments. The issue of match funding in Wales is quite distinct from that in Scotland because of the step change. It is interesting to note the Welsh Affairs Committee

report that identified the question of additionality, which has exercised some of us in Scotland.

That funding should be additional at a project level has been challenged by no one, but what was not answered in your blunt answer to Allan Wilson was the question of additionality at a sub-state level. We read in the Welsh Affairs Committee report that there is no requirement in European Commission rules for funding to be additional at that level. That is why I think you are right in saying that you have had no problems at a Scottish level. The reason for that, of course, is that you have never examined at a Scottish level. Can you confirm that?

The Welsh Affairs Committee report makes it clear that the question has implications for the allocation of funding within the UK. That report, and that of the Institute of Welsh Affairs in Cardiff, come to the conclusion that it would be helpful if additionality at a sub-state level were to bypass the Barnett block. None of that is a matter for the European Commission. Could you comment on those points?

Mr Meadows: Basically, we have two ideas with one name. Because of that, people of feeble intellect, such as myself, do not know what they are talking about most of the time.

We can talk about additionality only in terms of the regulation. We have tried to enrich the concept because we were not happy to say simply that the funding is additional at the member state level. We were exercised about whether the money was getting down to the eligible regions of Scotland. We tried to fight the idea of additionality to project level. We try to ensure that people in eligible areas get their hands on the European Union money in a way that they can use to stimulate investment and create work.

I can understand why you call the subject that you are talking about additionality, but it is a separate concept. Some member states entered into obligations to disburse funds downward, which is why we argue from our fixed basis. However, I do not know whether the UK is obliged to break the funding down and it is not our business to know. That would be to do with the relationship between London and Edinburgh and Cardiff.

Andrew Wilson: What is the European Commission's view on the recommendations that are made in the Welsh Affairs Committee report that the funding should bypass the Barnett block?

Mr Meadows: I would like to introduce a novelty at this stage, but I do not have any novelties to introduce. Obviously, our concern is that assuring additionality at United Kingdom level for all the regions taken together is only a part of the answer.

The other issue is whether the regions—Wales, Scotland or England—can deliver these programmes. The programmes are, if you like, promises to the people who live in an area that certain things will be done to try to improve their economic position. Both sides of the table want to be sure that those promises will be carried through.

We therefore ask whether there will be enough matching resource to operate the programme promptly. In the past there have been problems of programmes slowing up because it is clear that there are difficulties finding matching resources. That has hardly happened in Scotland but it has often happened in England. Once a programme has slowed up, it can be difficult to get it started again. Or, if there is a shortage of matching resources, people might be forced to choose a project just because matching resources are available for it, instead of choosing a high-quality project.

We have all these concerns but, happily, the financial make-up of the union of the United Kingdom is somebody else's business.

Bruce Crawford: I have listened carefully to what you have been saying and I agree with much of it. It has been useful to talk about this particular project level. Much of your contribution has been about project level. No one would dispute that in Scotland, money is getting to projects. On the whole, resources are—in a transparent way—managing to find their way to where they were intended to go.

It is clear that the money can be tracked to ensure that it is getting to the projects. Matching resources are being found, although they are mainly coming out of the Scottish block. However, the distinct difference—and the reason that this argument is raging in Scotland at the moment—is that, with the introduction for the first time of objective 1 money, the Welsh are starting with a blank sheet. Additionality in Scotland is an issue at the sub-state level, which has been obscured by accountancy practices since 1975.

In many ways, it is not relevant to be having this debate with Mr Meadows, because he is dealing with matched funding at project level. The argument is about funding at a much higher level—sub-state level. It is about additional money replacing money that is already spent by the state. I feel that Mr Meadows has been dragged into this, perhaps prematurely.

It is clear from correspondence sent to us by Jack McConnell that money coming into the Scottish assigned block is materially affected by the level of spending from European structural funds. Mr McConnell has made that plain to the committee.

The Convener: Do you have a question, Bruce? I want to move on.

Bruce Crawford: I am sure that you do, but I need to set this in context.

The Convener: Can you move to your question, because there are other things that we need to come back to. If it is going to be a speech, we can do it elsewhere. Do you have a question?

Bruce Crawford: You started this ball rolling, convener. It is only fair—

The Convener: No, Bruce. To be fair, if I had said that we would not address the question of additionality, you would have criticised me for that. You cannot have it both ways.

Bruce Crawford: I had been going to agree with Ben Wallace—this discussion was premature, because it is not set in context.

The Convener: Can you come to your question?

Bruce Crawford: Yes.

In terms of the regulations that exist for the UK Treasury, and particularly at sub-state level, Jack McConnell has told us several times in correspondence that when the resources from European structural funds increase or decrease, the Scottish assigned budget is affected by the same amount. I do not want to dispute what the Minister for Finance is telling us, but in those circumstances can we truly say that the money is additional to the spend in Scotland? Can we say that it does not replace expenditure in Scotland and that additional net overall expenditure is coming to the Scottish block from European structural funds?

Mr Meadows: Those are questions that we asked ourselves in 1992. It all boils down to this: are people getting more than they would have got without European Union money? We can never know the answer to that, because what people would have got is an idea in someone's head. The awful thing about additionality in the sense that people want to use the term—which is why the legal definitions are quite useful—is that it is a question of psychology. There is no way in which one can know what Scotland would get without European Union money or what it would have got at a particular time.

Bruce Crawford: It is a formula.

The Convener: I propose to draw a line under this discussion, as we will return to the issue of additionality in future.

Andrew Wilson: On a point of order. I would like clarification on the ruling that you have just made, convener. Do standing orders stipulate that members must question a witness, or are they

allowed to make statements when a witness is giving evidence?

The Convener: I am chairing the meeting. I decide how the meeting will proceed. On the one hand, we had Bruce Crawford complaining—

Andrew Wilson: On a point of order, I am asking for clarification—

The Convener: Hold on a minute. On the one hand, we had Bruce complaining about the fact that we were having a discussion about additionality, but on the other hand—

Bruce Crawford: With respect—

The Convener: Please wait. I have the floor.

Andrew Wilson: You have to take a point of order.

The Convener: Your point of order is not relevant.

Andrew Wilson: You have to take a point of order. You cannot judge whether it is relevant until it has been heard, and you interrupted before the point was made.

Bruce Crawford: I was supporting Ben Wallace.

The Convener: If this is how you want to treat the Scottish Parliament and its committees, I fear for the future. We have spent nearly an hour discussing additionality. The witnesses are here to discuss something else, but I felt that it was useful to hear what they had to say on that issue. I have given everybody a fair hearing, and I now want to move to discussion of the other important issues that we cannot afford to lose sight of. We are drawing a line under this part of the discussion, but we will undoubtedly come back to the issue of additionality. Let us move on to questions about the programme management executives and their relationship with the Scottish Executive.

Irene Oldfather: My question is about regional policy generally. I was interested to hear what Graham said about job creation and stimulating investment, and I would like to pick his brains about an issue that has puzzled me somewhat. Eleven of the 15 countries of the European Union are now engaged in monetary union. Are there any regional policy instruments or mechanisms that would allow us to deal with asymmetric shocks to regional economies? Does Graham believe that there is sufficient flexibility in the structural fund regulations to deal with that? It seems to me that structural funds could help us deal with particular effects of monetary union on individual regions of Europe. I would appreciate hearing Graham's view, as this is a question that I have been unable to get an answer to over many months.

Mr Meadows: When asymmetric shocks are

mentioned, people tend to come up with far-fetched cases. A more fundamental question for regions in a country such as Scotland is whether they will be able to continue their economic development inside an economic and monetary union.

Irene Oldfather: Perhaps I could give an example of the kind of thing I was wondering about. In certain regions in Finland, there was a huge increase in unemployment as a result of economic and political changes in the Soviet Union. I wonder whether we should always believe that national policies should deal with that kind of thing, particularly as we move towards monetary union. With a view to the fact that the committee will consider the issue more widely, we should try to find some answers. I feel that a Community initiative to deal with that kind of thing would have been the answer. I know that the European Commission is not particularly in favour of that, but that is the sort of issue that I had in mind. I think it is quite important to many of the regions, particularly on the periphery of Europe.

15:30

Mr Meadows: When you ask whether we must expect only national policies to deal with such things, I would answer that regional policies would be an important element in dealing with shocks and differential growth rates caused by the effects of economic and monetary union. Rather than thinking of policies coming down from Brussels to national level, or going up from national level to Brussels, one must always think of driving economic policy delivery down as low as possible. It is at that level that one can remedy the sorts of difficulties that might be caused by the value of exchange rates and so on.

On the question of economic and monetary union and additionality, which we were discussing with—

Irene Oldfather: Everybody has left.

Mr Meadows: It is strange how, every time one starts to talk about creating jobs, a large number of people leave the room. I have always found that slightly depressing.

Ben Wallace: You can tell those who are interested.

Mr Meadows: The additionality problem is eased by the strength of the pound, because you do not need to provide as much in matching resources when the euro is weak, as it is at the moment, as you do at other times. In a sense, that is the cheerful side of the fact that the strength of the pound against the euro means that your receipts from the structural funds will feel a lot less over the next period than they did over the

previous period.

However, that is nothing to do with your question, which was about asymmetric shocks. I reiterate that it is policy at local or regional level that will be the answer to those problems. Whether it will be funded at a different level is another question, but it should be directed from a regional level.

Ben Wallace: Where do you fit in with the Scottish Executive? I am well aware that the objective and structural funds maps are channelled through the Department of Trade and Industry once they have left this Parliament. How do your scrutiny process and annual execution reports fit in to that process? The Executive, through the Westminster Cabinet committee, goes through the DTI to submit its project. I know that it gets help from you to draw it up at this end. When it comes to presentation in Europe, what relationship do you have with the Scottish Executive then and how much input do you have? Do you deal with the Executive, or do you deal only with Westminster and the DTI?

Mr Meadows: Let us take the Highlands and Islands as an example, as that is going on now. The draft economic development programme for the Highlands and Islands for the period from 2000 to 2006 has been written by a partnership of people in the Highlands and Islands. By people, I mean the main investing agencies as well as representatives from local authorities. Those people also work with people from the Scottish Executive. The programme transits London on its way to Brussels.

At the moment, we are engaged in discussions with the partnership, which includes the Executive, about what the programme will do. Some people like to call it a negotiation, because when we see people on the TV who have gone to Kosovo to negotiate it seems like a worthwhile pastime. However, it is not really a negotiation, because we all have exactly the same objective; it is more a conversation about what is the best way to achieve what we want to achieve.

It is principally partnerships in the local areas that deal with that particular assistance and with the other assistance programmes that will come up in Scotland later this year. They not only write the programmes, but later will implement them. The partnerships include the Executive and the Commission in Brussels, but we are not there to direct, to be nay-sayers or to exercise control. If people were to sit where I sit, they would frequently feel that it is the other way round—I spend most of my life being knocked around by local partners and in the end letting them do what they say they ought to do.

The programmes are driven by the people in the

eligible areas. The Executive fits in as the representative of the national Parliament. We hope—we have asked for this and it will probably be agreed to, as it is so obvious—that the programmes will be examined each year in a way that involves the Scottish Parliament. At the start of each year, the local partners will say what they want to achieve, and at the end of each year they will say what they have achieved. That would be outlined in a document that would come before the Parliament.

Ben Wallace: Where do you fit in to the approval of the plans? Mario Monti said in committee in the European Parliament that he was unhappy with some of the elements of the UK's plan, as well as with elements of the plans of other member states. Does he input into you or does he have his own power to veto or return the Scottish Executive's plan once he has examined it?

Mr Meadows: He has a different plan. This is another of those occasions when there are not enough words to describe all the ideas that are on the table, so things get a bit mixed up. We have a map of eligible areas. Large bits of Scotland are on that map. Mario Monti has a map of areas that are eligible to receive nationally paid regional subsidies. The two things are done at the same time.

When he spoke in the European Parliament, Mario Monti was talking about his map. He has some issues with the United Kingdom Government about that map, which he argues about with people in London, although presumably the Executive has an input. Our map is implemented in the way that I set out before. You must understand that his map relates to—

Ben Wallace: His is a regional aid map.

Mr Meadows: It is a regional aid map, but his regional aid is paid for nationally, while ours is largely paid for in a European way. However, his map governs some of the things that can be done for businesses in Scotland inside our eligible areas, so things get more confusing in a later episode.

The Convener: I want to come back to Ben's point about the role of the Scottish Executive. We are clear that we want this committee and the Parliament to have considerable input into the process of monitoring, scrutiny and accountability. The Scottish Parliament and this committee are a new dimension in the process. What is your view of this committee's role—on behalf of the Parliament—in that work? How will that affect your relationship with the Scottish Executive?

Mr Meadows: It is difficult for me to speak about the roles of the committees because I do not know the competencies or names of the other committees.

As an illustration, I will talk about a mythical programme, but it will be based on experience. Often a programme sets out a contract with local people to which everybody signs up. For example, the people say that they will earmark a quantity of resources for the worst-off parts of the area or for equal opportunities. Later, people discover that it is difficult to spend money on equal opportunities because that requires some imagination, which may be in shorter supply than the money, or they find that it is difficult to get people in the less well-off part of the programme area to spend the money.

However, it may be easier to push ahead with the white elephant breeding programme. The technocrats will ask whether they can transfer money from equal opportunities and the less well-off areas to the white elephant part of the programme because it is on that programme that they are judged; the money will be transferred. Technocrats can do that because they have jobs for life—I have to be careful or I might not have one, which would be an appalling prospect.

In Scotland, we shall have a number of programmes, which in total will deliver a large part of Scotland's economic development policy. The programmes will be implemented by local partnerships. We find that, if one is not careful, such a situation could be fraught with turmoil. We might be saying that you cannot do something, and you will say, "Who runs Scotland anyway? We haven't got rid of that lot just to have Brussels telling us what to do." Alternatively, you might look down and ask whether the Parliament or the people in some far-flung part of a programme run Scotland.

A way to square all that would be to ensure that the Parliament examines all those programmes once a year, for example. It should not try to control what happens in the partnerships, as that would destroy something of great value, but it should at least understand what is going on and emit a political message.

We started our discussions with Scotland about this from the premise that, as there are a number of programmes, we are dealing with a large part of Scotland's economic development policy—that is the business of this Parliament. To the extent that that is being co-funded by Europe, it is also the business of this committee. Given that some European decisions and rules may seem to rule out certain things that you might want to do, it is necessary that people who understand European rules keep their eye on and express a view on how things are going.

From the beginning of this negotiation—even before we decided on the eligibility map—our view has been that a healthy way of operating the programmes can be achieved only if the

Parliament is formally written into the procedures. It is not a question of your considering matters if you want to, or if somebody else wants you to, because in our experience that can be a breeding ground for trouble.

In Scotland, we are knocking on an open door, but in other parts of the United Kingdom that is not the case. In all the programmes that we sign into existence, we shall insist that there is a politically driven review mechanism.

The Convener: That is a useful suggestion, and one that we need as an item on our agenda for future consideration.

Dr Jackson: Graham, you mentioned the importance of integrating thoughts. I was struck by the urban/rural aspect. Is there an ideal that the European Commission is working towards? Can you share with us examples of good practice?

15:45

Mr Meadows: Some of the necessary practice for rural areas has already been pioneered in some urban areas in Scotland. One of the big problems that we always have with these programmes is that people adopt a different set of attitudes for rural areas—they think that the problems there can be solved only in a very particular way. People tend to feel that they are specialists in either rural or urban development.

The first benefit of providing integrated systems, from our point of view, is that they would allow some of your brilliant ideas for urban development to cross over into rural areas. For example, the provision of cheap loan capital to small businesses should apply in rural areas and to farming, which is a business just like any other. In South Yorkshire, we pioneered a system whereby people could get grants of up to 100 per cent, because the money had been matched before. That would be applicable in rural areas.

Some of the measures that are taken to build up less favoured areas in urban areas would also transplant easily and smoothly into rural areas. It is true that rural areas have the extra dimension of isolation, but we prefer to approach urban and rural areas by looking for degrees of commonality, and only later by looking at the things that divide them. We should not do things the other way round and be massively impressed by the fact that rural and urban areas are very different. That approach means that some of the good ideas that are pioneered in parts of Scotland do not—believe it or not—cross over into other parts.

If I were to give you examples of good practice, I could just give you ones from urban areas; you would then say, "This guy's taken leave of his senses—I asked him about rural areas." But our

experience is that we can make an enormous contribution by getting the best from both sides mixed together.

The Convener: Do you have a view on the model of companies limited by guarantee that is used by programme management executives in Scotland?

Mr Meadows: I have a view about the goodness or badness of PME's, a subject on which I could hold forth at great length, taking us way past suppertime. The idea of having a group of people who are dedicated to implementing the programmes is excellent. It was pioneered here in Scotland. In other parts of the United Kingdom, people tried to do the same thing through Government departments. That did not work as well as dedicated secretariats had worked here.

Because of local government reform, the ways in which those groups were organised had to change. As long as they are dedicated to running the programmes, secretariats, in whatever form, have proved themselves to be very efficient and to give high added value. To some extent, they can be financed out of the programmes themselves—the rest of the finance has to come from the regions concerned.

The Convener: What about the programme monitoring committees? Do they play an equally effective role? Does the Commission have a view on the review of the PMCs, particularly in relation to widening the membership?

Mr Meadows: Our concern about PMCs—not in Scotland, but across the piece—over the past few years has been that they get bogged down in day-to-day stuff and have never been able to address strategic and tactical questions. We would support ways of trying to improve their strategic overview of the programmes. Moreover, the question of whether a big committee can be efficient—or whether a committee must be tiny to be efficient—is encountered fairly rapidly. That contrasts with the view that the partnership is trying to motivate as many people as possible and to pull together as much imagination and as many points of view as it can.

Organising a large committee to be as effective as a small committee is a matter of organising the bureaucracy, and it should be possible. I have always shied away from the idea that we should have tiny committees, as they have more difficulty in assembling a wide enough range of views. It must always be accepted that, to be effective, the programme must imaginatively involve a large number of people and organisations. It is not possible to do that if all that comes down the line is instructions and orders—people need to be involved in the conceptual and strategic aspects of the work as well.

The Convener: I thank Graham Meadows and Tim Figures for attending the committee this afternoon. They have made a valuable contribution. It is unfortunate that so much of the discussion centred on one issue, but it has been useful to hear your thoughts first hand. In a sense, we were damned if we did, and damned if we did not. There was no easy way out of discussing the matter. We will return to the question of additionality.

The imbalance in the discussion in no way signifies that this committee views the issues of the programme—the management executives and their relationship with the Executive and the monitoring committees—as unimportant. We realise their significance and will discuss them again.

We are grateful to the European Commission for giving us the opportunity to hear from you. Although I said that this was your swan song, Graham, I know that Tim Figures will continue to be involved and I hope that he will return to the committee. I also hope that, notwithstanding the relationship that the Commission is developing with the Scottish Executive, a relationship with this committee and with the Scottish Parliament will also develop, as we have an equally important contribution to make.

Thank you for your time, Graham. I wish you well in your new remit. I am sure that those who are the recipients of your wisdom in the future will find it equally entertaining.

Scrutiny

The Convener: The next item on the agenda is the scrutiny of European documentation. Page 1 of our paper gives a series of recommendations to refer those items to other committees. Does anyone have an alternative view to those recommendations? If not, can we agree to them?

Ben Wallace: Can we have a copy of document SP 769 (EC Ref No 5208/00, COM(99) 710), please? I need it for my report on European enlargement.

The Convener: Anyone who wants copies of any documents should see Stephen at the end of the meeting.

For the following documents, the recommendation is to refer to other committees:

SP 470 (EC Ref No 12031/99 COM(99) 486 final)

SP 484 (EC Ref No 12030/99 COM(99) 487 final)

SP 740 (EC Ref No 13994/99 SEC(99) 1932)

SP 771 (EC Ref No 5344/00 COM(99) 712)

Is that agreed?

Members indicated agreement.

The Convener: For the following documents, the recommendation is to defer the decision until a future meeting:

SP 603 (EC Ref No 13670/99 COM(99) 636)

SP 653

SP 659 (EC Ref No 14114/99 COM(99) 608 99/246 CNS)

SP 678 (EC Ref No 5091/00 COM(99) 717 99/0284)

SP 695 (EC Ref No 5118/00 COM(99) 664)

SP 768 (EC Ref No 5635/00 COM (99) 686)

SP 738 (EC Ref No 5706/00 COPEN 2)

Is that agreed?

Members indicated agreement.

The Convener: For the following documents, the recommendation is for no further action, but to copy them to another committee for interest:

SP 744 (EC Ref No 5194/00 COM(99) 594 99/0244 COD)

SP 747 (EC Ref No 5247/00 COM(99) 744)

SP 755 (EC Ref No 5287/00 COM(99) 752)

SP 759 (EC Ref No 5534/00 COM(99) 751)

Is that agreed?

Members indicated agreement.

The committee recommended that no further action be taken on the following documents:

SP 556 (EC Ref No 12992/99 COM(99) 576)
 SP 572 (EC Ref No 13274/99 COM(99) 517)
 SP 605 (EC Ref No 13617/99 COM(99) 631 final)
 SP 728 (EC Ref No 13998/99 COM(99) 668)
 SP 729 (EC Ref No 14220/99 COM(99) 668)
 SP 730 (EC Ref No 5121/00 COM(99) 697)
 SP 731 (EC Ref No 5148/00 COM(99) 753)
 SP 732 (EC Ref No 5151/00 COM(99) 735)
 SP 735 (EC Ref No 13476/99 BUDGET 24)
 SP 739 (EC Ref No 5199/00 COM(99) 746 COD 00/0006)
 SP 741 (EC Ref No 5233/00 COM(99) 899)
 SP 745 (EC Ref No 5237/00 COM(99) 678)
 SP 746 (EC Ref No 5239/00 COM(99) 683)
 SP 748 (EC Ref No 5258/00 COM(99) 745 COD 2000/20)
 SP 749 (EC Ref No 5272/00 COM(99) 743)
 SP 750 (EC Ref No 5273/00 COM(99) 742)
 SP 751 (EC Ref No 5277/00 COM(99) 741)
 SP 752 (EC Ref No 5278/00 COM(99) 740)
 SP 753 (EC Ref No 5283/00 COM(99) 739)
 SP 754 (EC Ref No 5284/00 COM(99) 738)
 SP 756 (EC Ref No 5300/00 COM(99) 749)
 SP 758 (EC Ref No 5382/00 COM(99) 748)
 SP 760 (EC Ref No 5196/00 COM(99) 728 AVC 00/0002)
 SP 761 (EC Ref No 5197/00 COM(99) 727 AVC 00/003)
 SP 762 (EC Ref No 5209/00 COM(99) 729)
 SP 763 (EC Ref No 5212/00 COM(99) 730)
 SP 764 (EC Ref No 5511/00 COM(00) 3)
 SP 765 (EC Ref No 5621/00 COM(00) 12)
 SP 766 (EC Ref No 5622/00 COM(00) 16)
 SP 767 (EC Ref No 5629/00 COM(00) 13)
 SP 769 (EC Ref No 5208/00 COM(99) 710)
 SP 770 (EC Ref No 13140/1/99 REV 1 FISC 255)
 SP 737 (EC Ref No 5705/00 PESC 32 COWEB 14)
 SP 736 (EC Ref No 2530-50r1)
 SP 742 (EC Ref No 13450/99 DROIPEN 21)

SP 743 (EC Ref No 14102/99 DROIPEN 23)

Ben Wallace: I have a brief point about document SP 470 (EC Ref No 12031/99 COM(99) 486 final). The document was initially provided on 23 November and we are finally referring it to the Rural Affairs Committee. Although that is not really down to us—I think that at the time we were awaiting some explanatory memorandum—it follows on from what I said before. By the time we get the document back from the Rural Affairs Committee, the process will have taken a long time. After all, this is a final document from the European Community.

Stephen Imrie: We lodged the document in November and again today because we have been back and forth to the Executive, waiting for information and asking subsequent questions. The general principle about the time that the process takes is relevant to the last item on our agenda.

Dr Jackson: I want to thank the clerk for giving me full information on SP 755 (EC Ref No 5287/00 COM(99) 752), which relates to the EC waste directive. I have contacted Robin Harper, who is the link person on sustainability in the Transport and the Environment Committee, and I will pursue this issue with him. The document is very worrying.

Convener's report

The Convener: We now move on to item 4 on the agenda.

On 3 February, the European Commission announced that European car-free day 2000 will be held on 22 September. The aim of the day is to encourage local authorities across Europe to organise a car-free day, and nine member states—unfortunately excluding the UK—have signed a pledge to organise the initiative. The Commission is asking other member states and municipalities to join up. Does the committee agree to forward the interesting document that we have received to the Transport and the Environment Committee for its views on the initiative and, if that committee is suitably disposed, to write to the Convention of Scottish Local Authorities to ask whether any Scottish local authorities can participate? Furthermore, does the committee agree to forward the document to the Minister for Transport and the Environment and the Minister for Finance for their interest and consideration?

David Mundell: Yes, provided that it is done in the context that was mentioned last week in the chamber. It is not practical for people in rural parts of Scotland such as Eskdalemuir or Caithness to adopt such an initiative, even though they might aspire to its principles.

The Convener: Your point is well made. Does the committee agree to my proposals?

Members indicated agreement.

The Convener: We are seeking to appoint a committee reporter to investigate the issues raised in the document "Communication from the Commission to the Council and the European Parliament on Community participation in Regional Fisheries Organisations" (SP 634, EC Ref No 13536/99 COM(99) 564). As Maureen Macmillan had expressed an interest in this issue, does the committee agree to appoint her as reporter?

Maureen Macmillan (Highlands and Islands) (Lab): I do not mind doing that, but I need to know what the time scale for my report will be. I will see the clerk at the end of the meeting.

The Convener: Thank you, Maureen.

David Mundell participated in a videoconference with the Finnish Parliament.

16:00

David Mundell: Yes. I took part in a video link between the Scottish Parliament and the Finnish Parliament. I took part from Dumfries and other participants were based in Edinburgh, which shows that one does not have to be in Edinburgh

to participate in such events.

We had an interesting discussion with the Finnish Parliament's Committee for the Future, which considers the future of Finland as a country and the future of the democratic process and all other processes. I hope that this Parliament might aspire to have such a committee.

The Committee for the Future is particularly interested in Scotland and the Scottish Parliament. It perceives the Scottish Parliament as a modern and forward-looking institution, although we did not get into detailed discussion about that. We considered the positive possibilities for the Parliament and the way in which it might develop—for example, by using technology to become more accessible. We had an interesting discussion about whether technology was inclusive or exclusive, in terms of how people interact with it. We also discussed how the Finnish Parliament had linked itself to Brussels—the committee told us that it had held a number of videoconference meetings. It had also participated in the sort of on-line, web-based discussion in which Sylvia Jackson has participated.

The session concluded with Paul Grice, who was chairing the Edinburgh end of the discussion, and the convener of the Committee for the Future agreeing that the Parliaments should keep in contact. That will enable us to learn about each other's experiences and to provide information to the Finns so that they understand and can give feedback on the evolution of the Scottish Parliament.

We can learn a lot from Finland, especially as it has a similar geographic spread to Scotland. It has become the most successful country in Europe in using technology both to underpin economic development and to develop devolved democracy internally. I was particularly interested in how Finland twin-tracks issues. For example commercial changes are twin-tracked with changes within the Finnish legal system. When the Finns realised that they could do much more business electronically on the internet, they adjusted their legal system. We can learn from that attempt at joined-up government, which provided a fascinating insight. There is great scope for us to continue the relationship between the Finnish and Scottish Parliaments.

The Convener: Thank you, David.

That report raises a number of issues. It would be useful if the clerk could investigate some of David's fascinating technical suggestions. A number of our reporters might find such information useful when they access information from other countries and organisations. David's participation in the link-up from Dumfries also interested me. Were the facilities already available

in Dumfries?

David Mundell: Yes. I participated from the Crichton campus, where the facilities are available to the public.

I recently attended the Procedures Committee for a discussion on videoconferencing, the use of which I encouraged throughout the work of the Parliament. The convener of that committee undertook to draw up a list of the videoconferencing facilities that are available to the public throughout Scotland, from which members, committees or witnesses could connect to the Parliament. The meeting showed—Stephen Imrie was involved in another part of it—that there is nothing preventing us from having a two-way, three-way or even four-way videoconference as long as the event is properly managed. Videoconferencing is not necessarily a matter of just two people at two locations.

The Convener: I am interested in this as part of our work. We have said that we want to meet a range of organisations on specific issues. The role and brief of the reporter gives us opportunities to get out and meet people. However, I wonder whether, for our internal discussions in Scotland, some of that work could be conducted in the way that David Mundell described so that we can engage people, test out the system and encourage use of it. I also wonder whether we could use it to ensure that some Scottish organisations, as well as Europe-wide bodies, can be linked into the process. If the technology is not applicable to any of the specific reports, I will ask the clerk to see how, as part of our on-going consultation, we can use it to help us.

Irene Oldfather: This point is not entirely related to videoconferencing, but it is similar. I participated in a live internet link between Brussels and a school in Magdeburg in eastern Germany—in Sachsen-Anhalt, in fact. With other politicians in Brussels, I was questioned by schoolchildren in Magdeburg. Anyone anywhere in the world could have gone to that website and participated in our discussions. The technology is overtaking us in many areas, and it would be useful to find out about it. Sachsen-Anhalt is very much ahead of the game on information and communications technology and we can learn much from other regions of Europe.

The Convener: That is a good suggestion; I will ask Stephen Imrie to get us some information on that.

Maureen Macmillan: The University of the Highlands and Islands and the commerce network of the Highlands and Islands have extensive videoconferencing links, as does Highland Health Board. I am sure that we could easily access the systems that have been set up.

David Mundell: One positive thing about the Finnish experience was the fact that people were willing to try things. If those things did not work, they were not repeated. There was no resistance to trying new and different approaches to operating committees and institutions.

The Convener: That is excellent, David. That has given us some ideas to consider. Thank you for that.

The next item in the convener's report is the meeting that Winnie Ewing, Tavish Scott and I had with the Bavarian state minister for European affairs, Reinhold Bocklet. The meeting was very useful—some similarities between Bavaria and Scotland were highlighted. The Bavarians expressed some dissatisfaction about their representation in Europe-wide organisations; to some extent, they seemed envious of Scotland's influence. They have some fears about what enlargement might mean for areas such as Bavaria, not just financially but constitutionally, in relation to representation in Europe. The meeting was certainly useful and there will no doubt be further contact. It was another indication of the significant interest that exists throughout Europe about the creation of the Scottish Parliament.

The last item in the convener's report is the proposed visit by the Norwegian Parliament Standing Committee on Scrutiny and Constitutional Affairs.

Stephen Imrie: I can advise members that I have received some details of the prospective programme from the deputy private secretary to the Presiding Officer. According to the latest version of the programme, the Norwegian committee is coming on Thursday 27 April until Friday 28 April. The slot between 11.15 am and 12.15 pm on the Thursday has been timetabled for members of this committee to discuss matters of common interest and the handling of EU business. I will circulate further information on the full remit of the committee's visit.

The Convener: Thank you, Stephen.

We should take the last agenda item in private, but I would like to take some soundings from the committee. Working procedures are an important issue which I do not want to gloss over. Considering the time and the attendance, I have a feeling that we would not do the subject justice if we considered it now. Do members agree?

Members indicated agreement.

The Convener: As members agree, we will take that item at a future meeting. If there is nothing else, let me thank you for attending.

Ben Wallace: I know, convener, that you asked us to speak to the clerk at the end of the meeting to request European documents, but I would like

to request some on the record. Document SP 735 was on the pre-approval of the European budget. I think that it would be interesting if all members of the committee received that document, as the budget covering the committees has implications

for future policy. I would also like to ask for documents SP 769 and SP 744.

Meeting closed at 16:10.

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