OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 3 February 2026

Session 6

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NET ZERO, ENERGY AND TRANSPORT COMMITTEE
5th Meeting 2026, Session 6

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)
Monica Lennon (Central Scotland) (Lab)
*Douglas Lumsden (North East Scotland) (Con)
*Mark Ruskell (Mid Scotland and Fife) (Green)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Sarah Boyack (Lothian) (Lab (Committee Substitute)
Morna Cannon (Transport Scotland)
Fiona Hyslop (Cabinet Secretary for Transport)
Alison Irvine (Transport Scotland)
Catherine Jess-Gibson (Transport Scotland)
Gillian Martin (Cabinet Secretary for Climate Action and Energy)
Philip Raines (Scottish Government)
Lawrence Shackman (Transport Scotland)
Haydn Thomas (Scottish Government)
Sue Webber (Lothian) (Con)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 3 February 2026

[The Convener opened the meeting at 08:54]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, and welcome to the fifth meeting of the Net Zero, Energy and Transport Committee in 2026. We have received apologies from Monica Lennon, and I welcome Sarah Boyack to the meeting as the substitute member. I also welcome Sue Webber, who will have an opportunity to ask questions in our evidence sessions once committee members have asked theirs.

Our first item of business is a decision on taking items 8 and 9 in private. Item 8 is consideration of today's evidence on the draft climate change plan, and item 9 is consideration of today's evidence on the Scottish Government's budget. Do members agree to take those items in private?

Members *indicated agreement*.

Draft Climate Change Plan

08:55

The Convener: Item 2 is an evidence session on the Scottish Government's draft climate change plan, which sets out how the Scottish Government intends to meet its carbon emissions reduction targets. The committee is leading a cross-committee effort to scrutinise the draft plan. The Scottish Government has said that it will lay a final plan by the end of March.

Today's evidence session will focus on the transport aspects of the draft plan. I welcome Fiona Hyslop, the Cabinet Secretary for Transport; Philip Raines, deputy director for domestic climate change at the Scottish Government; Morna Cannon, director of environment, climate and sustainability at Transport Scotland; and Heather Cowan, head of climate change and just transition at Transport Scotland. Thank you all for attending.

Cabinet secretary, I think that you want to make a brief opening statement, so over to you.

The Cabinet Secretary for Transport (Fiona Hyslop): Good morning. Thank you for the invitation to give evidence on the draft climate change plan, which sets out the actions that must be taken by 2040 to reduce emissions and meet Scotland's first three statutory carbon budgets. As the Cabinet Secretary for Transport, I will discuss the transport sector's contribution to the draft climate change plan. As the sector is Scotland's largest emitting one, accounting for around a third of Scottish net emissions in 2023, decarbonising transport is critical to achieving our carbon budgets. As set out in the draft climate change plan, transport is expected to deliver a substantial share of the emissions reductions over the next decade.

We can take encouragement from the fact that key technologies for transport decarbonisation, such as electrification, are already here and are improving all the time. Nonetheless, substantial action will be required to deliver the transport emissions reductions that are envisaged in the plan. I want to be clear that we will deliver those in a way that is fair and part of a just transition.

Transport is a particularly challenging sector to decarbonise, because it is woven into many parts of people's lives. It is shaped by how people live, work, learn and access goods and services. Therefore, decarbonising the sector will require a transformation of our economy and society that is underpinned by sustained investment, both public and private, in physical infrastructure. It will also mean the Government supporting people, communities and businesses to make more sustainable choices.

That is why public involvement and engagement are essential. Delivering a just transition to net zero by 2045 will rely on action from Government, businesses and households alike. I look forward to considering in further detail the consultation responses, and the reflections on transport within them, as part of the finalisation of the climate change plan. I also welcome the valuable scrutiny and input that the committee provides.

The draft climate change plan builds on the progress that we are making in the transport sector. It includes 28 actions for the sector, including measures that support modal shift through more sustainable forms of travel, as well as measures to encourage a more rapid transition to electric vehicles. Since the draft plan was published, we have continued to progress the delivery of policies that support those priorities. We have committed nearly £1.4 billion across the spending review period to low-carbon and sustainable travel, including active travel, bus infrastructure and support for zero-emission vehicles.

We recognise the importance of multiyear funding, particularly for infrastructure projects, and we are committed to providing as much certainty as possible while ensuring that our public finances remain on a sustainable footing.

On 1 April 2027, the Scottish Government will introduce an air departure tax, matching the United Kingdom Government's air passenger duty rates and bands in the first year. We will then go further and introduce a private jet supplement within the air departure tax from 2028-29. We believe that those who choose to use private jets should pay higher rates of tax if they choose not to change their behaviour. That is in line with the polluter-pays principle and our progressive approach to taxation.

09:00

Although we remain firmly committed to delivering net zero and transport's contribution in that regard in the draft CCP, that also depends on actions from those across society, including businesses, householders, commercial investors and local authorities.

The draft CCP is rightly ambitious on the scale of the emissions reductions that are required from cars and vans. Meeting the ambitions will require a continued joint commitment from the Government and local authorities to align national action with accelerated programmes to roll out public EV charging points, with support for cross-pavement charging and investment in projects that enable people to leave their cars behind.

We also need the UK Government to play its part, especially by using its reserved powers to ensure swift strategic upgrades in electricity networks and swifter connections, working collaboratively with devolved Governments on regulatory approaches to phasing out fossil-fuelled technologies, and making public charging more affordable. We continue to urge the UK Government to take a four-nations approach to broader motoring tax reform that balances support for electric vehicle uptake with support for car use reduction. Importantly, we need the UK Government to provide consistent signals about the transition to net zero transport. Recent decisions on policies such as the vehicle emissions trading schemes and pay-per-mile charges on electric cars undermine the clarity and confidence that people need to take action. We ask that devolved nations be included at an early stage in the development of all policies on transport decarbonisation.

I look forward to discussing with the committee the draft climate change plan, which sets out a strong and ambitious pathway for transport's contribution to achieving our first three carbon budgets.

The Convener: Thank you. I get to ask the first question. A huge amount of the plan, as far as transport is concerned, is based on getting electric vehicles on the road. Are the targets that have been set out deliverable? What will you do if they are not delivered?

Fiona Hyslop: We have statutory carbon budgets, so we are required in law to achieve them over the three periods. We will track delivery and, if we are off course, adjustments will be needed. Given the way in which the legislation has been established, we would need to adapt our transport policies or policies in other sectors to achieve the targets. That is what the adjustments would be.

On whether we can meet the targets, we are in line with what the Climate Change Committee has said. However, there are some differences, which is why the draft climate change plan has a greater focus on transport than on other sectors. Generally, in its advice, the Climate Change Committee anticipates that, as part of the transition, there will be far more of a shift from internal combustion engine vehicles to electric vehicles than was previously thought, so that is reflected in our proposals. That means that there must be a rapid uptake of EV cars and vans in particular, because that is the biggest area, but it is also important that we support the heavy goods vehicle sector to ensure that HGVs can continue that process, which is already taking place. We need to work with private investors and others to do that.

In relation to what characterises the draft climate change plan, as you have correctly identified, it

anticipates that there will be far greater take-up of electric vehicles than was previously thought. The balance is more towards the shift to electric vehicles, but there is still a requirement for car use reduction, which is beneficial in lots of other ways. However, there is less emphasis on car use reduction and more emphasis on take-up of EVs.

That poses particular challenges for Scotland, given that we have extensive rural areas and a great reliance on cars, so the budget includes specific measures, which we have already started to roll out, on EV charging infrastructure in rural and island areas.

The opening question was about the context of the plan. We must move smartly and quickly in a lot of areas now in order to achieve the projected reductions that are anticipated in the future.

The Convener: I will park HGVs, if you excuse the expression, because we will get to them later. Let us talk about EVs as far as cars and vans are concerned. You have told me what the problems are but you have not filled me with confidence that we are going to achieve our targets, and you have not told me what you are going to do if we do not achieve them. How are you going to make up the shortfall if it appears that we are not going to reach the target for EV take-up? Which other area of transport will be hit, as it were, in order to make up the difference?

Fiona Hyslop: I am not responsible for how you feel and whether I give you confidence or not, but I can tell you that the Government has set out a realistic plan that can be delivered. Further incentives, on top of what the UK Government has already provided, will be required. You will know that the UK Government provides a discount for EV purchases. We have provided more than £220 million to start a major shift and encourage people to take up EVs. We need to give them confidence in the EV charging structure, which is why we already have one of the most extensive EV charging structures outside the south of England. The UK Government has introduced regulations for reliability so, in future, there will be penalties if EV chargers are not reliable. Our biggest challenge will be the rural and islands infrastructure. We have put in place £4 million this year for rural and islands infrastructure funding, which has been taken up widely. Next year, there will be £10 million to ramp that up even further.

We are putting measures in place that will help with take-up. We are looking at the detail of the incentive programmes and we think that we need measures that complement the UK Government's discount. I know that cross-pavement charging has been of much interest to the committee. Three local authorities have taken up the pilot scheme. The draft guidance is with local authority transport directors for review and will be published early in 2026.

If the targets are not being achieved, adjustments may need to be made on the behavioural side of things, rather than with the physical take-up of vehicles. The vehicle emissions trading scheme and the zero emission vehicle mandates will be the single biggest things that will make the shift that we require. We are part of a four-nation agreement with the UK Government on those schemes.

You are asking whether I have confidence in what is being put forward. I do not know whether that means that you do not have confidence in what the previous United Kingdom Government did to set the targets, but it is up to you to reflect what you feel about that. All that I am saying is that there are measures in place to deliver the targets. If those targets are not met, we have a legal responsibility to adjust somewhere else. Within transport, there would probably be more of a shift on the behavioural side. Across Government, we would have to assess what is happening in housing and agriculture, as you will know from the committee's evidence sessions to date.

The Convener: In fairness, cabinet secretary, I am trying to drill down on whether I can have confidence in the progress. My lack of confidence is sparked by the fact that the Scottish Government failed to meet its climate change targets and had to adjust the climate change plan, which we should have been considering more than 18 months ago. We are now in a position where we are looking at it in the back end of the parliamentary session.

I will park that for a moment. Could you explain the consumer incentives that are in place to encourage EV take-up? You say that you are talking about it and thinking about it. What will it cost and what are your proposals? Would you give everyone some money or a subsidy to buy an EV?

Fiona Hyslop: The previous climate change targets were set by the Parliament. Indeed, the extended targets were put in place as a result of pressure from Opposition parties. We are where we are, and I understand that you would have wanted the climate change plan earlier.

It would be sensible to ensure that all the incentives that are on offer are complementary. The UK Government is currently providing a discount of more than £3,000 for the purchase of electric cars and is running an advertising campaign to help promote that, and the Scottish Government is also embarking on the promotion of EV take-up. Part of that will address the savings that can be made, because that is one of the benefits of having an EV, if you can afford one in the first place. It is important to make it clear to

people what they can save in terms of costs at the petrol pump.

Affordability is one of the big challenges, and there are those who might not be able to buy an EV new. That is another area that is yet to be developed. We have previously offered loans to encourage people to buy EVs. Latterly, they have been offered more for second-hand cars and also for vans. Part of our work with the Energy Saving Trust is to try to target EV take-up by those who might not be able to afford a new EV but who might be able to afford a second-hand one.

We have just secured the budget. You will want me to say what I am going to do and how I am going to pay for it. I would say that it is a chicken-and-egg situation, in that we have to have the funds to deliver what we want to deliver. However, we have secured funding that will help us to deliver it.

There are other things that help to encourage a reduction in emissions, such as the bus infrastructure fund, but consumer incentives targeting various areas will make up the vast majority of the work that we will do in that regard. I have not had advice on that yet, so I am not going to tell you what we are going to do, but there could be, for example, a subsidy to encourage take up, and the second-hand market is of particular interest. We also have to look at what the private market is doing and not have the Government cause displacement in that area. In the past, we have had scrappage schemes for taxis and other incentives to help to reduce costs.

The Government will do a variety of things. We have just secured the funding for that—I am confident that we have funding from the budget and the spending review that will help us to do it. As I said, we need to move pretty quickly on the transport side of things.

The Convener: Cabinet Secretary, can I just drill down on that? I love figures, and I love looking at figures and finances. In the case of the second-hand electric vehicle market, could you explain what the Government thinks is a reasonable price for households to pay for an electric vehicle, considering that there is a cost of living crisis? How will the Government ensure that people can get to that figure? Will it make up the difference between the reasonable price and what it actually costs to buy an electric vehicle at the moment?

Fiona Hyslop: You might like figures, but I do not have figures to hand to give you an illustrative amount for different types of families and their incomes.

One of the challenges that we have faced concerns the ability of people's income levels to sustain the credit ratings that are required for purchasing a car using a loan. We need to address that, and there have to be different ways of purchasing an EV.

The previous UK Conservative Government and the current Labour Government set targets for reducing the purchases of new non-electric vehicles—I emphasise that that is what the schemes are set up to do. The new purchases will end, so there will be more of a premium in the second-hand market, which we are already starting to see.

You are correct to say that there is a question about what the sweet spot would be in terms of the affordability for families of a second-hand car. Of course, if the second-hand car market develops, it will give more confidence to those who are buying their first, new electric car, because they know that they will have a resale price on it.

If you speak to the car dealerships, they will be able to give you average prices currently. However, the cost of EVs is generally coming down, and many people who are on a payment plan will find that the price of new EVs is not too dissimilar to that of petrol or diesel cars. The issue is how we make the switch to an EV more possible to more people on lower incomes.

The Convener: The Government must have considered how many electric vehicles need to be bought across Scotland if we are to get to where we want to be on electric vehicles. It must have worked out what people will be able to afford, as that would enable it to understand what the uptake will be. I am concerned that, although there is an aspiration to get people to use electric vehicles, which I might sign up to, there is no way of making it financially achievable for the people who are being targeted to buy those vehicles. They just do not have the money. I am trying to work out if you have worked that out.

09:15

Fiona Hyslop: I will bring in Morna Cannon on that.

Morna Cannon (Transport Scotland): We are seeing some really encouraging movement on the prices of electric vehicles in the marketplace. For instance, we have seen evidence that the purchase price of one third of used cars in the marketplace is now under £20,000, and there are some very cheap new electric vehicles on the marketplace. I think that the cheapest vehicle on the market at the moment is priced around £12,000. That is encouraging.

As the cabinet secretary has alluded to, we are in line with the CCC's assumptions on the pathway to reduction for decarbonising vehicles—cars and vans—and we have in mind a draft target to reduce

emissions from cars in line with that pathway to 16 per cent of today's levels, which equates to 90 per cent of all new car sales being electric.

There has been some assessment of the volume of sales required. As the cabinet secretary suggests, further detail is being developed on the consumer incentives to align with that pathway.

The Convener: That is helpful. However, I am trying to get the cabinet secretary to tell me what the incentives will be. Will they be a percentage of the purchase price? A price of £12,000 might seem cheap, but to a lot of people that is unobtainable, as they do not have that level of resources.

Fiona Hyslop: That is exactly what we will be doing: we will be modelling what those incentives will look like. I have just secured the budget, we have just secured a spending review and we now have the draft climate change plan. A big focus, in aligning those, will have to be on EV incentives, which is why there is a substantial amount of funding in the budget precisely for that area of policy—not just for cars and vans, but for other modes as well.

The Convener: I hear that, as somebody who is interested in financials. If you have secured the budget, you must know whether it will be sufficient to achieve the target. We will just leave that point there; otherwise, I could take up the whole evidence session on it, and that would be wrong.

Douglas Lumsden, I think that you want to come in on one or two other points.

Douglas Lumsden (North East Scotland) (Con): Thank you, convener.

Good morning, cabinet secretary. In April 2024, you announced a commitment to deliver 24,000 new EV charge points by 2030. Can you give us an update on where the Government is with that?

Fiona Hyslop: We are currently at 7,400 public charge points, which is two years ahead of target. On the expansion of that, you will know that we have rolled out the £30 million to all the different local authority consortia. The most recent one to be announced was the Edinburgh and south of Scotland consortium.

You will also be aware that a significant amount of private funding is going into the public charging network across Scotland. According to the most recent figures, it is estimated that, in the past year, around £45 million to £50 million has come from the private sector. Privately funded and run public charging networks are increasingly developing all over. The growth and roll-out of that is expansive, and that will certainly help us to deliver the target of 24,000 charging points.

The figure of 24,000 is interesting in itself. We set that because that was what the UK Climate Change Committee had said that we needed. I think that it was a percentage of what the UKCCC recommended for the whole of the UK. I had a meeting with a sub-committee of the UKCCC, at which I said that it was a big, challenging figure. Members of the sub-committee were less concerned about the number of charging points; they were more concerned about their location, for Scotland in particular.

That is why the rural and island infrastructure fund for EV charging is so important. The £4 million that we put out in this financial year has been taken up, from the Borders right up to the north of Scotland and the islands. Because that is so important and so successful, and because we are more advanced in the delivery of it, we have £10 million in the budget to ensure that we can roll it out even further.

As far as availability is concerned, I was up at Halkirk over the summer, which is one of the furthest north places in Scotland where public EV charging is available. Obviously, people want public charging to be available where they need it to be, but it is increasingly being delivered by the private sector. We need to look at where the market failure might be in that respect. I think that we need to step away from the investment with the local authorities—that is well on track, and they need to start delivering on it—but we need to ensure that we tackle those areas that might not get private funding.

Douglas Lumsden: I think that you have probably predicted where I was going with my questions. Providing charging infrastructure will be a lot easier in cities, but what is the strategy for ensuring that funding gets to rural areas and, indeed, to trunk roads? Those areas are harder to reach, and I imagine that private investors are more likely to invest in areas where there are larger concentrations of people. How is the Government making sure that the funding is being targeted more to areas where it is needed?

Fiona Hyslop: That is why we have the rural and island infrastructure fund, in particular, and the mapping of what is needed and where that need might be.

There is also location charging. We could be thinking about the tourist market in rural Scotland, and about encouraging and working with different destinations to have chargers, so that people can pick up their EV at the airport and be able to charge it in the different places that they visit. That is a target. I am also thinking of, say, small bed and breakfasts or other places that would want to encourage people to come, which could have EV charging. They could fit the eligibility criteria for the rural and islands infrastructure fund, too.

You mentioned trunk roads, which brings us back to those more dispersed areas where people might go. The question is: when people are travelling on those roads, will they want to come off them and be provided for? In Dundee, for example, there are numerous privately funded public charging networks alongside Costa Coffees and so on. Increasingly, we are seeing signs that say, "Wait and have a coffee"; in fact, I opened one such site near Glasgow airport, where people can have a Costa coffee. The fact is that the sites that are off trunk roads tend to be shopping centres and so on.

I frequently get asked about the A9. Interestingly, it was originally not supposed to have any service stations on it, so that people had to go into the streets of the neighbouring towns. We have a good map of the availability of EV charging on the A9 corridor—not on the A9 itself, but in Pitlochry, Dunkeld or wherever—that we can provide to the committee. Clearly, if you want to have a Costa Coffee/charging point off a trunk road, that will be market led; it is not something that we, as a Government, would set up, because it would be a private initiative. We are open to that sort of thing, but it would be up to those who were interested in that market opportunity to talk to the local authority about the planning for such a site, as well as to local landowners, in order to come up with a proposition.

When you talk to those who travel the A9 regularly—especially those who are involved in freight haulage—you find that they tend to charge their vehicles before and after the journey. The issue is one of range. Has the range of the vehicles got to such an extent that you can do Perth to Inverness comfortably? That will depend on what car you have, but there is a market solution to be had there. There is certainly a lot of activity and work taking place in that respect.

We need to think about where the Government should step in and where the private sector will step in. We think that there is an emphasis on that in the rural and island infrastructure fund, but there is an open door to anyone who wants to approach local authorities to develop such facilities, as they have done in cities, to a greater extent on trunk road corridors.

Douglas Lumsden: Coming back to the target of 24,000 EV charging points, I believe that you said that we are at 7,400 just now. Are you confident that that target will be reached by 2030, or are you more relaxed about it? Did you suggest that, according to the Climate Change Committee, it is a target that does not need to be met? I was not quite clear about that.

Fiona Hyslop: That was the impression that I got from the Climate Change Committee, but, of all the areas that we are going into, I am more confident about this area, because you can see what is happening and look at the trajectory. However, we need to put as much focus on location as we put on volume, if that makes sense. Previously, it was all about the numbers—we are doing well with the numbers, and I feel reasonably confident about our progress in that regard—but, actually, the biggest challenge for Scotland will be to do with the location of the charging points.

Douglas Lumsden: I have another question. Earlier, you said that public charging needs to be more affordable, and I completely agree. If you are lucky enough to have a charger at home, you might pay 9p per kilowatt hour, but if you have to use a fast charger, you might pay 10 times that amount. You mentioned the cross-pavement solution, which is fine for some people but will not be an option that is available to someone who lives in a tenement, for example. How do we get to a situation where charging is affordable for all and there is no equality gap, with someone who is fortunate enough to have their own driveway paying much less than someone who has to rely on public charging?

Fiona Hyslop: You have touched on the important point about the need for equity in the system and the need to ensure that the transition is affordable for everybody. That is the challenge.

On cross-pavement charging, the pilot for that in three local authority areas is doing well and is helping to inform the advice and guidance that will be given to all local authorities, based on the experience of those who know best: the local authority transport directors who come together in the Scottish Collaboration of Transportation Specialists. The guidance is in draft and has been sent to all the local authorities for feedback. We expect that to be published soon, which will mean that other local authorities that take up that approach can be confident that it has been researched and informed by the pilots.

We are not being product specific. In the rest of the UK, particularly in England, there is more of a restriction on what products can be used. The main issue is to make sure that there are no trip hazards and so on, as you would expect. Funding for the roll-out of cross-pavement charging is also being provided in the budget, which should be helpful.

As you suggest, the biggest challenge will be around cities, flats and so on. There is an issue to do with factoring and the responsibilities around what can be done in that regard. In some cities, there will be public charging in each street. That will be the sensible way forward for many places, but people will need to think about how to provide

that physical infrastructure. As you said, using home electricity will help to reduce the cost.

Is it okay if I bring in one of my colleagues, convener?

The Convener: It is up to you—no one is going to tell you that you cannot.

Fiona Hyslop: I was asking for permission to do so.

The Convener: You do not have to. Please bring her in when you like; I will say if we are short of time.

Morna Cannon: There are a few points that are important to bear in mind. One is that a large part of the costs of charging is associated with the cost of energy, which is determined, at least in part, by decisions that the UK Government has made around electricity prices. We understand from the charging industry that standing charges for EV charging have risen dramatically—by almost 500 per cent, I think—since 2021. That involves decisions made by the Office of Gas and Electricity Markets.

We also understand that the UK Government has launched a review of the cost of charging. We are fully engaged with the UK Government on that review, which I believe will publish a report towards the end of 2026 and will have a bearing on the cost of EV charging.

Douglas Lumsden: But there is still a huge difference between charging at home and charging at a public charging point, regardless of the cost of electricity.

Morna Cannon: Indeed. Again, the charging industry has been clear that the additional VAT that is placed on public EV charging that you do not pay if you are a domestic customer is a barrier to uptake. We have called on the UK Government to review that position.

Douglas Lumsden: However, even if we leave that element aside, there is still a huge gap between charging at home and charging in a public place. I come back to the point that, if you own a driveway, it is probably going to be cheaper to drive an EV than if you do not.

09:30

Fiona Hyslop: You are stating the obvious—everybody understands and agrees that that is an important challenge. We do not have responsibility for energy prices. That is why I was saying that UK policy is a really important part of delivery, which is why we all need to work together to deliver decarbonisation.

It is important that the pricing is tackled. In one of the limited areas that we can do something about, as part of the budget, we introduced a 10-year tax relief for public charging points, which will reduce the infrastructure costs. That was one thing that we could do, and we have done it.

If the VAT change could be delivered, that would make a big difference, but we are not in a position to deliver that. Clearly, that is the responsibility of UK Governments. Neither previous UK Governments nor the current one have made that change. However, if we are to achieve the shift that needs to be made and are serious about acting across the UK, being realistic about energy prices and having powers over electricity costs and prices, particularly in this area, is something that has to be tackled. You make an obvious and important point, which I agree with.

Douglas Lumsden: I will move on to the next question. Some witnesses have told the committee that the draft CCP places too much emphasis on moving to EVs and that, instead, we should be reducing the number of miles done by motor vehicles of all types. How do you respond to that?

Fiona Hyslop: I understand that criticism. Previously, that would have been more of a focus, but we took advice from the UK Climate Change Committee—and I think that we were right to do so—which identified that the biggest and quickest way to achieve the shift that is required would be to focus on replacing petrol and diesel cars with electric vehicles. That is the policy context; we have understood that, accepted it and taken it forward.

That is why our target is to reduce emissions from cars to 16 per cent of today's levels, but that does not mean that we will not do work in other areas, including supporting people to access public transport and make the shift to using their car less. In some areas, particularly in rural Scotland, that will not be possible because of the geography and the availability of public transport. That is more of a challenge in rural areas than it is in urban areas, as you know.

With regard to the funding that we have put forward, we have a big programme of support for public transport use. The under-22s scheme, which is extremely successful, is helping to support a new generation, from a behavioural change point of view, to form the habit of using buses. The concessionary scheme extends to over-60s in Scotland.

In other areas, we are continuing the electrification of rail and encouraging people to use rail. That is one of the reasons why we decided to take peak fares off our railways for good. That also encourages people to use public transport.

Part of the work that we are doing on car use is the extensive support that we are continuing to provide, which is in the budget for active travel. That will help people to make other choices about how they might travel—for example, to mix their active travel with public transport and minimise car use where they can. We are still working in the car use reduction space. Our measurement is on emissions. For overall emissions, our target is for a 4 per cent reduction by 2030. The UK Climate Change Committee reflects that, and that extends to 6 per cent over the longer period.

Douglas Lumsden: Is that 4 per cent reduction a reduction in the number of miles done or does it apply just to the carbon emissions? That is quite important.

Fiona Hyslop: Our target is a 16 per cent emissions reduction. Throughout this year, I have always said that we would revise where we were putting it. Blunt car use reduction, on average, does not help in a country such as Scotland, where we have not just cities but extensive rural areas. The 4 per cent is about car use reduction. It will not all be about a straight switch to EVs. There will have to be some movement in relation to car use reduction, but that figure is much lower, as you will know, than what was in the previous climate change plan.

Is there anything else to add to that?

Philip Raines (Scottish Government): It is a 4 per cent mileage reduction.

Douglas Lumsden: A 4 per cent mileage reduction. Thank you.

The Convener: On Douglas Lumsden's analogies regarding who EV use is cheaper for, my point is that it is cheaper for people in Parliament because we get free electric charging here, which I have often questioned.

Sarah Boyack wants to come in before we leave the subject of EVs.

Sarah Boyack (Lothian) (Lab): I will follow up on incentivisation. What is the Scottish Government doing about new and existing homes to enable people to install the conversion technology? All new homes have to have some form of renewables when they are built and there is a huge opportunity for conversion to EV use, as it is cheaper to charge at home using stored power. My question is about both new and existing homes. What are the incentives, particularly if homes have solar or access to low-cost grid electricity?

Fiona Hyslop: You make a good point about using interconnected energy sources within homes. I am not sure about additional incentivisation for equipment. Anyone who has bought an EV will know that equipment can be part of the deal in some cases, so we do not want to displace that aspect. We have, in the past, provided funding to help with some workplace and home charging, and that might be an incentive that we could have for those with driveways. I would put that into the category of potential incentives.

On integration with housing policy, Phil Raines looks at things across the piece and may know whether there is anything in that regard. That would make sense as part of the whole new-build area. However, I am not a housing minister, so I am not going to go into that.

Sarah Boyack: I raise the issue because it has been raised with me by people who have bought a new house and then discovered that, even though they have solar panels, they have to invest a fair amount to get the converter in place and be able to charge a car. Should we not be making that standard for homes with drives, so that we take a more joined-up approach?

Fiona Hyslop: It makes absolute sense to put that in the planning regulations for new builds. I do not want to commit other cabinet secretaries to policy, but the more we can do to make that natural and encourage it from the start, the better. There is the issue of conversion for existing properties and the question of new builds. I am not familiar with the planning regulations for new builds, but we may be able to come back to you on that because it is a good point that has been well made.

Morna Cannon: We can follow up with the committee in writing, but it is worth remembering that, in 2023, we introduced new building standards for the installation of charging points at new buildings and in developments. As the cabinet secretary pointed out, we have given households a substantial volume of grant funding to install domestic charge points. The issue is under consideration as part of the development of the new consumer incentive schemes.

Philip Raines: There is a more general point that is self-evident but probably worth stating. This is a draft climate change plan and the point of having a consultation and committee evidence sessions is to hear new ideas or things that we may have considered over time, but also to realise that someone may be making an excellent point linking different areas together that we need to think about. We welcome all those ideas so that we can consider them for the final plan.

Fiona Hyslop: We will come back in writing, but we will check the 2023 regulations to see if they are compatible with what Sarah Boyack is saying.

Sarah Boyack: I look forward to hearing about new builds and hearing your thoughts about

conversion for existing homes. That would be useful.

The Convener: I know that you have the next question, Sarah, but Mark Ruskell has a quick question before we move on from EVs.

Mark Ruskell (Mid Scotland and Fife) (Green): It is my understanding that the European Union has a regulation on the minimum number of EV charging points at workplaces, but that the Scottish Government decided a number of years ago not to align itself with the EU on that—we have not adopted that minimum. Could the Government think again about creating a requirement for EV charging at workplaces, perhaps offering a better electricity price or even free charging?

Fiona Hyslop: Part of that question relates to what the private sector and different partners can do to drive the installation of EV charging points. The Government could contribute to that as part of new planning regulations, which is obviously an option that is open for folks to consider. However, most workplaces that have extensive car use already provide EV charging locations. The question is whether we further encourage that provision—and, if so, how—or whether we mandate it. Your suggestion is that it should be mandated.

Mark Ruskell: Yes.

Fiona Hyslop: I am not overly familiar with the 2023 regulations, but we can check with regard to planning approvals, some of which might also relate to local authority requirements. For example, Sky has just announced a big development in Livingston, so the question is whether the local authority's planning conditions would require Sky to provide EV charging points at that new building.

There are different levers that can be pulled at different levels. I am not sure whether we would need to introduce anything at the national level, but something might be needed at the local authority level. It would make sense for employers themselves to provide EV charging points at workplaces—I do not know at what rate—or to work with partners to deliver them.

The other issue is co-location. We are trying to use our funding to help co-location—that is, to allow other types of vehicles to use the charging points. For example, the First Bus site in Glasgow has been opened up so that members of the public can use its charging infrastructure. We are seeing more use of charging infrastructure in different areas.

This is an important area, and we will take your point away and consider it. It may be that some things are already happening, but we will also check what is happening with employers and workplaces.

The Convener: Michael Matheson wants to come in quickly, but I point out that time is marching on—sadly, the clock never stops for the committee.

Michael Matheson (Falkirk West) (SNP): Good morning. I want to follow up on what has been said about the £30 million investment in EV charging infrastructure that will be made over the next year. Will that be distributed to local authorities?

Fiona Hyslop: Yes. The investment was previously allocated, and it is now with local authorities. They set up consortiums, most of which involved different local authorities coming together. The consortium in the Highlands and Islands was one of the first, and, as I said, the consortium in Edinburgh and the south of Scotland was one of the later ones. Those consortiums are working with the private sector to identify where to have EV charging to allow for a geographical range.

Michael Matheson: That is helpful. Do we know how much of the capital expenditure from that investment is going into the local supply chain?

Fiona Hyslop: I do not know whether Morna Cannon wants to come in on that question. Clearly, it is for the consortiums to establish how they will deliver, because they are the delivery arms in relation to the supply chain. I do not have the details of that for each consortium. Is there any more detail that we can provide on that, Morna?

Morna Cannon: We can certainly provide some further information. I should say now that, although the £30,000 has been—

Fiona Hyslop: It is £30 million.

Morna Cannon: Apologies. Although £30 million has been indicated to all local authorities, we are still in the process of paying out grants to local authorities as each consortium moves into the delivery phase. As part of those arrangements with local authorities, we will clearly monitor and measure the deliverables of those contracts, including the installation of new charge points and wider co-benefits. We can write to the committee with further detail about that.

Fiona Hyslop: That is a requirement of all grants that come from the Government, so that we can identify what goes into local supply chains. Measuring that is an aspect of the general procurement condition of grants.

Michael Matheson: Just to be clear, do we set any specification in the grant conditions for the consortia to use local content when spending that money? It could be the case that the £30 million

flows right out of the Scottish market to other contractors. Is there a percentage of how much of the grant must be allocated to local content?

09:45

Morna Cannon: No specific target has been set for local content as part of those contracts.

Michael Matheson: Why would we not do that?

Morna Cannon: I suggest that we write to the committee with further specifics. However, it is true that each of those arrangements with the local authorities seeks to maximise economic and social benefits, and we are in discussion with each of the local consortia partners about the best way to do that.

Michael Matheson: But you do not specify that.

Fiona Hyslop: It will be part of the general requirements.

Michael Matheson: Yes, but you set no limits or expectation levels on it at all.

Philip Raines: Is that a wider question about local content in relation to funding that goes to local authorities? In which case, it may be a matter for—

Michael Matheson: Hold on. You are spending £30 million and allocating it to local authorities. I am asking how you maximise the amount of that capital investment that goes into the local economy, because we know that infrastructure investment is a multiplier in terms of economic benefit. Do you specify in the grant programme how much local content should be used in order to maximise that economic benefit? We are investing £30 million in EV infrastructure, but the danger is that the money flows right out of the country.

Fiona Hyslop: I know that there will be local content, because in all the places where there has been public investment, it is usually Scottish companies that deliver it. We can come back to the committee to give it an idea of that.

There are general rules around public grants. This is not a direct Government procurement. We are not doing the procuring; local authorities are, and the responsibilities for the procurement aspect will be governed by local authorities' procurement rules. As the committee knows, many local authorities will have specifications in their procurement exercises. It is important to remember that difference between when we are procuring work and when we are giving grants to local authorities to do the procurement. However, we will be able to provide the committee with the assurance that there is local content as part of that. There are different ways of doing it. Transport Scotland, for example, has published a report on its own work in relation to procurement and local impact; we sent the committee a link to that after my previous evidence session.

We will follow up on that point, which was well made.

The Convener: I was, wrongly, going to avoid Sarah Boyack. Back to you now, Sarah. I apologise.

Sarah Boyack: I will ask about the car use reduction target, which I understand will not be set until the final version of the plan is published. Has the Scottish Government settled on a target? Can you explain the thinking behind the level that you have set or are thinking of setting?

Fiona Hyslop: I think that Morna Cannon previously helped to explain what targets we will set. There will be a 16 per cent emissions reduction target, but we are also setting a 4 per cent car mile reduction target.

There are challenges around whether that is enough and whether we should encourage a greater reduction; I know from the committee's evidence sessions that some people think that it should be greater. It is not only about emissions reduction as there are other reasons as to why we would want to consider that. Road safety is one, and, given that there are particulates that people are still concerned about, health and wellbeing is another.

I know that the issue of where we are now and where we might move to is up for public discussion. I also suspect that political points will be made by different political parties.

Sarah Boyack: I wanted to follow up on the question because I heard it being briefly discussed earlier.

What alternatives will be put in place to enable that 4 per cent reduction? In relation to regional planning with local authorities, increasing rail capacity is an obvious issue. The ability to access rail travel is a major issue in my region and on the Borders railway and in Fife, with trains being filled up by commuters. There is also an issue in Edinburgh, with potential new projects, such as the south suburban railway, which would use existing infrastructure. How will you work with local authorities to ensure that you have the capacity in place?

Of course, the other issue is buses. The fact is that we have lost a large number of bus services. How do you work with bus companies and, indeed, local authorities in more rural areas—you mentioned that earlier—where lots of people do not have a choice? If you want to enable people not to use cars, or if you want them to have a better

alternative, where is the regional planning to deliver that in practice?

09:45

Fiona Hyslop: Clearly, our regional transport partnerships are key to that, and in my time in post, I have had a number of meetings with them to look at joint strategic approaches. Indeed, many of them have put strong initiatives in place. They are very keen on the bus infrastructure fund, which has been not only restored but increased from £20 million to £60 million, which will help deliver the sort of fund that bus companies and regional transport authorities want to see.

What does the fund do? Well, if you are sitting in a car in a queue on the M8 or elsewhere, and a bus flies by, you will see how much easier and quicker it is to get in by bus. That is an incentive, too. That sort of thing is more of a challenge at local level, but you will be familiar with the range of powers that are available under the Transport (Scotland) Act 2019 and the regulations that you will have been considering as a committee.

The plugged-in communities grant fund is also important for rural areas. Again, that has been funded in the budget as another part of our sustainable travel approach.

With regard to rail capacity, new fleet is coming in, and that will help with frequency issues and the pressures on the Fife and Borders railway lines. We have already started to electrify the Fife line. I know that the closure of the line from Haymarket and Dalmeny was disruptive, but it was necessary; indeed, I inspected it just the other week. As for the Borders line, electrification will help by improving the service more generally. I should also say that the procurement of rail fleet will allow some fleet to be cascaded to help in other areas, and that is part of what we are looking at on an on-going basis.

As for planning, the ball is in the regional transport partnerships' court. The South East of Scotland Transport Partnership has extensive proposals with regard to what it might want to see in that respect. It is leading that work, which is also referenced in the infrastructure investment pipeline that has been set out.

Sarah Boyack: You have just talked about what partnerships might like to see, but surely we need to focus in on and target those areas where there is, in effect, already a lack of carriages and capacity on trains. I have heard of people in the Borders and in Fife not being able to get on the train, because it is full by the time it arrives. Where does that fit into your priorities in giving people alternatives to using their car and getting them to commute in those key areas?

Fiona Hyslop: We have ensured that rail prices, particularly for commuters, are cheaper with the removal of peak rail fares. The average saving is 17 per cent, while in the Glasgow to Edinburgh corridor, it is 48 per cent—

Sarah Boyack: But my point is not about the cost to travellers—it is about the capacity of the service to enable them to use such alternatives.

Fiona Hyslop: I understand. All I am saying is that, if you reduce the cost, you will increase the number of people who want to use the service, which is a good thing. I see that regularly on the Glasgow to Edinburgh line. However, there are limits to the number of carriages that any particular train or, indeed, station—the issue actually tends to arise more with stations—can take.

The extensive investment that we are making in rail electrification and the new fleet is also about making improvements. As far as capacity is concerned, you have talked about the length of trains and the number of carriages, but the fact is that different carriages will have different numbers of seats. I want to be careful not to get this wrong, because it is getting into a certain level of detail, but it is likely that the replacement fleet, which we are also procuring for the Fife and Borders lines, will have more seats in the carriages. The issue is the number of carriages that will be available, but improvements in frequency as well as the improvements that electrification can bring—and which we are already seeing on the East Kilbride line, which has just been electrified—will help in that area.

There is a general challenge in the south-east of Scotland, though, as a result of population increases and the major housing developments that are being approved right across Midlothian, East Lothian and in my own constituency in West Lothian.

Sarah Boyack: Finally, will the situation be monitored? As car mileage is reduced, you need to make sure that you are monitoring that that aligns with the availability of public transport—buses and trains.

Fiona Hyslop: Yes. That is measured, monitored and reported on in different areas. There have been fluctuations because the number of people who work from home will affect the number of people making journeys at particular times. Across public transport, we are seeing recovery to pre-pandemic levels, although the patterns and timing have changed. We are seeing more leisure travel in the evening, which is welcome, and at the weekends—people who are working from home might want to get out of the house and go somewhere else.

We are seeing change and the system has to adapt to the patterns of usage and patronage, as well as address capacity issues. I would not, however, underestimate the challenges facing the Edinburgh and Lothians region, simply because of the growth in the population.

The Convener: We will now move to questions from Mark Ruskell, but I remind members that the clock is ticking.

Mark Ruskell: Sarah Boyack talked about one side of the equation, which is about improving services, building capacity and putting in better quality infrastructure. However, the committee has heard a lot of evidence that that is not enough if we want to get modal shift. There needs to be some form of localised travel demand management alongside improvements in active travel, public transport and capacity. Does the Government support putting in local travel demand management, such as congestion charging and charging for workplace parking? Do you see that as essential if we are to meet climate targets?

Fiona Hyslop: It will be different in different parts of the country, and we will have to respond to local assessment of demand. In some areas, particularly in Glasgow and Edinburgh, there is an appetite for it, but local congestion charging will be up to the local authorities. The legislation that was put in place in—was it 2001 or 2003? I am looking at Sarah Boyack for confirmation.

Sarah Boyack: It was 2001.

Fiona Hyslop: That legislation provided for congestion charging, so the law already exists, although it has not been used to date. At the request of those local authorities that are interested, we are assessing whether the current regulations are fit for purpose. Should local authorities want to use them at some point in the future, they will have to take people with them. The tool is available, but it is part of a mix.

If public transport can be made swifter because buses have priority in the cities, that is one of the single biggest things that can be done. Glasgow is keen on that, so the expansion of the £60 million funding for the bus infrastructure fund is particularly important there.

Different tools are available. Yes, we can reduce emissions by switching to EV, and that is a big area of focus, but that does not mean that we should not support the solutions that regional transport partnerships come up with for managing transport in their area. There is some interest in local travel demand management, and the tools are available for it, and we are making sure that they are fit for purpose should those local authorities wish to use them in the future.

Mark Ruskell: If there is no uptake of local travel demand management—no congestion charging or other measures—will we be able to meet the targets in the climate plan?

Fiona Hyslop: Do you mean the 4 per cent car mileage reduction? I do not know. We would need to look at the projections for individual cities. There are other reasons to do it, however, such as improving quality of life and dealing with particulates. We know from international information that reducing car usage in a city enhances economic growth and footfall in hospitality, leisure and so on. There are costs and benefits in all of these policies. We should not underestimate the benefits of doing these things for reasons other than reducing emissions.

Mark Ruskell: I certainly do not underestimate those benefits, but I acknowledge that the idea can be difficult to sell.

In other evidence that the committee has taken, Environmental Standards Scotland expressed concern about the Government not having ownership of individual programmes, leadership being a little weak in some areas and there being no contingency plans. It feels as though we are in a space where, instead of relying on local authorities to have a conversation if it does not happen, we expect something else will come up to deal with it. I acknowledge that it is hard, but I am struggling to see where the leadership is. If it does not happen, are we going to be reliant on peak rail fares going and everything else to try to get that shift?

10:00

Fiona Hyslop: The biggest reliance is on people switching to EV cars, which is still car use. We are not saying that people cannot use cars. As the previous and current UK Governments have said, we are saying that we need to make the switch to EVs in order to tackle climate change and reduce vehicle emissions. However, it is not the only tool. Obviously, it is quite controversial. In the debate that we had on congestion charges, just about every party, including the Labour Party, were against it at that point. There is a question about how we can take people with us on challenging things.

A national body such as ESS may want centralised national enforcement and national leadership and so on. However, if everything was done centrally, we would not take people with us, which we will have to do. The best way to do that is in partnership. I have had quite good and challenging discussions with local authorities through the Convention of Scottish Local Authorities and regional transport partnerships. You should not think that local authorities do not

want leadership in this area; many of them want support with what they are doing. Some of the active travel infrastructure that has been built is extremely popular and local authorities are pleased with and proud of how they are delivering that. Local authorities have been crying out for the bus infrastructure fund for some time. Obviously, financial pressures and the cut in our capital budget generally meant that there was a real challenge with that, but we are now back on track, which is very good.

From all my time in government, I know that, if we can do things in partnership with people, we are more likely to achieve an effective result. I would rather do things with, rather than to, local authorities.

Mark Ruskell: That raises the issue of multiyear budgets and investment in infrastructure and active travel, for which demand management measures can supply one source of revenue. What is your thinking on providing certainty for capital investment in active travel over time? There have been calls to move away from one-year budgets and seeing what is in the budget from one year to the next towards longer-term investment programmes so that we can get the supply chain moving. That would provide confidence for contractors that they can move fully into infrastructure.

Fiona Hyslop: You will know, because you sit on other committees and have many other interests, that multiyear budgets provide better value for public procurement, because they enable better planning and they create a better pipeline of experienced people who are doing the work. That has been a real challenge in recent years because the UK Government's one-year budget has meant that the Scottish Government has had to establish one-year budgets. We have ended up with a lot of stop start, especially as we had an emergency budget from the UK Government at one point; we had to readjust everything and there were consequences. I absolutely understand the frustrations of those who have been trying to manage the situation and keep good and talented people working for them.

The 2026-27 budget has a proposed £226 million investment in sustainable and active travel. It will deliver our strategic commitments generally, which have been on-going for some time, as well as the commitments that are set out in the draft climate change plan. I am hopeful that we will be able to continue to provide certainty. I think that multiyear budgets are a better use of public funding, give more confidence and will deliver better results.

Active travel schemes are extremely popular in many different areas. Active travel can help by giving people alternative choices as they can walk, wheel and cycle, and they may use another form of transport at the end of their journey. It is also about connecting communities. I have seen first-hand that active travel is connecting many towns and villages, which is having a big impact on how people use their space. It also means that they can access things in their towns in a better and easier way. That is most evident for children.

Kevin Stewart (Aberdeen Central) (SNP): Good morning. The convener said that we would return to HGVs, so let us do that now. Some argue that the uptake of zero-emission HGVs—electrically powered ones, in particular—is technically impossible. Could hydrogen be pushed as a potential fuel for HGVs? Could low-carbon fuels be considered as an alternative? Does the CCP reflect that?

Fiona Hyslop: You raise a number of issues. We should not be dismissive of the potential for electric HGVs, which there is active interest in and a market for. In relation to the location of the charging infrastructure, I have previously relayed to the committee the fact that we have worked with Heriot-Watt University on mapping where not only charging infrastructure for electric vehicles but, potentially, hydrogen fuelling points would need to be. The rest of the UK is interested in that work.

Although freight and haulage is quite a market-sensitive area, there has been a lot of data sharing, which I think is good for the sector. Members of the industry need to come together to plan where they want charging to be available.

Hydrogen might be more suitable for heavier modes of transport. It could potentially be used for shipping and for rail, in relation to which there have been initial pilots. In the context of freight transport and HGVs, there is limited focus on hydrogen use, although John G Russell in Lanarkshire has received UK environmental innovation funding, which it is using to trial a limited number of hydrogen vehicles close to the terminus.

I would not underestimate the potential for electric HGVs. I visited a forestry pilot, whereby a timber haulier is being funded by the Scottish Government, through Transport Scotland and the environment department, to use electric timber haulage vehicles. The vehicles are operating over short distances. The process is being tested and the finances are being looked at. The key will be the financial models that can be used.

Kevin Stewart: I am not saying that there are no electric HGVs out there—I know that there are—but the industry says that it does not see them as a viable option at present, and others say that they are willing to explore other areas.

On hydrogen, we have only three or possibly four hydrogen refuelling stations in Scotland, two of which are in Aberdeen. Is that an impediment to making progress on hydrogen? Is the fact that the UK Government is still stalling on changing the regulation on hydrogen storage and transportation a problem? Is that holding back the possible use of hydrogen?

Fiona Hyslop: You obviously have a specific interest in hydrogen. We have supported hydrogen in the past, especially in Aberdeen. Indeed, the committee visited the hydrogen bus fuelling station in Aberdeen as part of its inquiry on working with local authorities to deliver net zero, which was one of its first inquiries in session 6. When I was a member of the committee, I was very keen for it to do that inquiry.

You touched on a very important point. I think that the UK Government will need to change its policy on hydrogen generally. The UK Government does not see the potential that exists for hydrogen in the way that it should. That relates to the wider energy situation. Given Scotland's capability in renewable energy generation, generation of green hydrogen and generation of hydrogen for export, hydrogen has a big part to play in Scotland's future, but I think that we are some distance away when it comes to its applicability to transport.

You identified the importance of the UK Government's approach to hydrogen and its policy in that area, including in relation to technical safety. That is one of the big issues in rail. Some members will have visited the prototype hydrogen train as part of the exhibition at the United Nations climate change conference of the parties in Glasgow. Obviously, transportation safety will be paramount in that area. Scotland has taken a lead through the work that we have done with Heriot-Watt University to map where hydrogen and electric charging would need to be. That is an important area.

Your point about the viability of electric vehicles for hauliers is well made, and that issue is exactly why we are working with the private sector to look at finances. I spoke at an event at which we brought together financiers and the haulage industry. We have funding this year, as well as into next year, for work on HGVs and how to help to create the market in a sustainable and viable way. We have done that previously for buses, and we want to continue it for HGVs.

Morna, do you have anything to add?

Morna Cannon: It might be helpful to reflect on some of the market developments and the increasing viability of electric HGVs. Statistics show that, last year, sales of battery electric trucks in China were at 22 per cent. Closer to home, in Europe, more than 16,000 new zero-emission HGVs were registered last year.

Kevin Stewart: That is all fine, but you are not yet convincing people here of that. That is the key point. It does not matter what is happening in China with electricity or hydrogen—we know that China is putting a huge amount of money into that. How do you change the minds of people here to meet the climate change ambitions?

Fiona Hyslop: I think that the people you are talking about are the haulage companies, and we are talking directly with haulage companies and hauliers. The Road Haulage Association attended the session that we had here in Edinburgh just a few months ago, along with major haulage companies that are interested in the area. It is about how to get the finances to stack up, which is one of the interesting lessons from the timber pilot that is operating in Inverness. We need to know what the sweet spot is that makes it make sense. You are right that, until electric HGVs make sense financially, people will not do it. That is why we are engaging, putting in resources, time and effort, and working with the sector to help convince people that it is possible.

However, it is not just a case of convincing people—they are interested and they know that there will be a requirement. We should remember that the UK Government will be looking at mandates in relation to HGVs, and it is starting progress on that. I suppose that it is a pincer movement—it is about demand but also other areas.

You talked about biofuels, which are important. Obviously, we want aviation as the key market for that. However, there are challenges in a country such as Scotland with regard to where the main focus of that should be. There is also potential for rail, relating to some of the lines that will not be electrified any time soon.

Kevin Stewart: The draft CCP predicts that there will be zero reduction in emissions from aviation and shipping until 2040, which is a fair while away. We have discussed the possibility of hydrogen for shipping, and I am sure that the Government will continue to push that. Obviously, consideration is already being given to what can be done on aviation.

An early way of reducing shipping emissions would be to look at what is happening at the port of Aberdeen, for example, where onshore charging, or shore-to-ship charging, is reducing emissions dramatically. The port has an ambition to become a net zero port in the near future. Is the Government looking at helping to enhance shore-to-ship charging? Is there any help from the UK Government with funding that approach, which would reduce emissions greatly? It would be

particularly beneficial to ports that are in the middle of cities or towns, such as the port of Aberdeen.

10:15

Fiona Hyslop: I cannot speak for the UK Government on what it is providing, but I will try to find out and let you know. The development of onshore charging at the port of Aberdeen is of course important, and the Scottish Government has helped to fund it. I am very keen that ports and harbours are not put to the back of the queue for onshore charging in any shape or form.

We are actively speaking with energy companies on distribution. One of the first things that I have said to the variety of UK transport ministers I have met is that the thing that will make the biggest difference in energy and energy transmission is distribution—where energy is and when. Those ministers need to be in the room with their energy colleagues for the discussions on that.

Kate Forbes chairs an offshore renewables ports and harbours group. Its members have come together themselves, and they are working actively in response to the proposition that, if we are generating renewable energy in Scotland, we have to benefit from it. Ports and harbours are critical to that, and the roll-out of onshore charging is key.

The measurements for aviation and shipping have been baselined already—Phil Raines and others will correct me if I am wrong. Much of that involves planning for technological changes in the future. For example, the work with ZeroAvia to help with activity at Glasgow airport has been supported and funded in part through a Scottish Government grant. If we can get the smaller planes that we use for our islands to use alternatives, we need to consider safety issues with hydrogen storage. Work has been done with academics on how to manage hydrogen safely on site, particularly at airports. There is potential there, and it partly concerns technological development.

On ports and harbours, I could not echo the points that you have made more clearly, and I do make those points on a regular basis to ensure that we get the benefits of the energy that we are producing and to ensure that we can electrify it.

You are interested in hydrogen. I was at a launch of a pilot project in Leith. The innovation involves taking green hydrogen from local sources for the electric charging of tugs. I will not exaggerate the size of it—it is a proof of concept. The UK Government provided some innovation funding for that, too. We need to ensure that we are complementary in what we are funding in the innovation space.

The Convener: Before we move back to discussing HGVs, which we had not quite finished, Mark Ruskell has a question on shipping, I think—or has it been answered?

Mark Ruskell: It is actually in relation to aviation.

The Convener: Okay. I will go back to HGVs first, and we can then talk about aviation—just to keep the cabinet secretary on her toes.

The deputy convener has a question.

Michael Matheson: I will take us back to the subject of HGVs. Cabinet secretary, you will be aware of the evidence that we received from Logistics UK. I will not quote its representatives directly, but the bottom line is that they thought that the target that have been set for the electrification of HGVs was completely unrealistic and would not be delivered. I understand the attempts to get private investors to provide support, but, if I recall correctly, more than 60 per cent of our HGV providers or hauliers in Scotland are small businesses. An electric HGV is about double, if not three times, the price of a diesel vehicle. That is just not financially viable for those businesses at all, given the downtime for charging and so on. There was a suggestion of using low-carbon fuels as a transition, until the market becomes more mature and the price is more financially viable for that industry. Why not do that?

Fiona Hyslop: You are talking about the market using meantime technology, such as biofuels. You are right to identify that almost 80 per cent of road haulage firms in Scotland have five trucks or fewer. The financial models that we are working on must work for them. We have previously had a consortium approach with public money, where larger companies have to buddy with smaller companies to get resources.

On electric vehicle technology, Logistics UK is dealing with tight margins for operators in what is a highly competitive business. It is important to try to support that.

The UK Government has brought in a plug-in truck grant, so it is providing finance through that. We are involved in co-design—we are already actively talking with investors, fleet owners and charge-point operators about how we can ensure that private investment works. The issue is whether public funding should be focused on delivering reductions in carbon emissions for net zero or potentially be diverted into biofuels in the meantime.

The challenge with biofuels is energy management. In Scotland, among the different needs, it is aviation that will have the biggest requirement. There is a danger that the need to produce source fuel for biofuels—again, I am

straying into territory that is outside my area of expertise—may cause extra pressure in other areas, whether in agriculture or elsewhere.

We need careful management of the source product for biofuels, looking at how and where it might be used. Again, I stress that it is open to the committee to have a view on whether we should focus on what we are really trying to do, which is reducing carbon emissions to reach net zero, as opposed to investing in the meantime fuels. As I said, however, there might be potential in some areas, such as rail, for moving heavier goods.

Michael Matheson: My understanding is that these low-carbon fuels reduce carbon emissions by between 70 and 80 per cent. We need to be realistic with regard to the industry, but there is a drive, for example through project willow, to secure opportunities in the Grangemouth area for things such as biofuels.

On the issue of sustainable aviation fuel, I suggest, to be realistic, that we will not produce much of it this side of 2035, going on the evidence that the committee has heard. However, the climate change plan is silent on biofuels, while we have an industry telling us that we need them. From the committee's point of view, we are trying to understand why it is silent on that aspect when the industry is saying, "You're gonnae have to do this", and when project willow is supporting the idea of investment in these areas. It feels as though there is a mismatch. That is reflected in the overemphasis on the need to electrify HGVs, when the industry is basically saying, "It's not gonnae happen."

Fiona Hyslop: There is no reason why we cannot have meantime fuels, as I said—I understand that. The issue is where public funding should go, or whether it should be down to the market itself.

The committee is well placed, as the Net Zero, Energy and Transport Committee, to look across the piece. You speak to all the cabinet secretaries, and I think that it is important for the different parts of Government to be aligned and to act in parallel on all these things, including project willow, which is still live and active. The strategic planning on energy, transport and net zero has to be aligned across Government.

I think that it is fair to question where biofuels sit within that, but that probably requires a genuine public discussion about where public funding should go. Should it go towards net zero and achieving statutory carbon budgets, or should it be used to subsidise biofuels for the haulage sector, which will take us some of the way there but will not enable us to reach our statutory targets?

The issue is the projection: can we do enough, and do it fast enough, to meet what are stretching targets? It is a genuine open question, and views on that from the committee would be very welcome.

Michael Matheson: My final question in this area is on the bus industry, in which, as you know, I have a long-standing interest, given that Alexander Dennis is based in my constituency. There is growing concern within the industry that the 2035 target for no diesel buses is, again, unrealistic and could actually harm the industry, including the manufacturers. There is a view that we should be taking a much more tailed-off approach, rather than a cliff-edge approach, to that. In order to support the bus manufacturing industry in Scotland and the UK, would the Scottish Government be open to looking at going down the route of taking a tailed-off approach to the ending of new diesel buses, rather than having industry face a cliff edge?

Fiona Hyslop: The target was adopted by the United Kingdom Government, and the Scottish Parliament agreed to it. I go back to the convener's point: if we do not meet it in this way, what are we going to do instead to meet our statutory requirements?

If you tail off in the bus sector or in freight by going not for zero emissions but for a 70 per cent reduction in emissions or whatever, where else are you going to find your carbon reductions? Are you going to have far more heavily enforced demand management, or will you look at agriculture instead or put more severe requirements on housing? Those are genuine questions, but part of the planning is to look at what is understandable, fair and just, and at ensuring that you can deliver to meet what is required.

We have given the bus industry substantial support, and we will continue to do so, but we have to work with it to reach the targets. If we do not reach them, we will end up not making our emissions reductions and, indeed, not tackling climate change, which the Parliament has made clear that it wants to do.

Michael Matheson: Thanks.

The Convener: Mark Ruskell has a quick question on aviation.

Mark Ruskell: We have talked about the role of travel demand management in surface transport, but I see no such approach in relation to aviation. Is that just in the box marked "too politically difficult"? How are you leading that conversation? After all, you cannot ignore the fact that aviation is a major contributor to emissions, and there is nothing in the plan that suggests what the reduction in those emissions is going to be. I have

to presume that other sectors will just have to pick up the slack.

Fiona Hyslop: There are measures to tackle aviation emissions, but I think that they are driven more by the technology side of things—I am looking to my colleagues to come in on this, too. As I have said, those emissions have been baselined into the plans as they stand.

Initial measures are being taken in the budget, but they will not come into effect for a few years. For example, it was announced as part of our proposals that we would be taking on the powers with regard to air departure tax and shifting to air passenger duty, and there are also the proposals on private jet use. I should also point out that my role as Cabinet Secretary for Transport has been to ensure that Highlands and Islands airports are protected, and that exemption is absolutely critical.

We are also working with an industry that is changing. People have strong views on aviation, but the shifts in emissions reductions are there; they might not be there to the extent that some might want, but things are shifting. The main focus has been on ensuring that we can take the powers that we need, and we will use them responsibly. For a start, we will be matching the UK Government in the first year. There is a consultation out on that just now, which you can obviously input into.

Mark Ruskell: Should you be encouraging people to get the train to London, for example, instead of flying? Is that something that the Government could, or should, do?

Fiona Hyslop: We are doing that in lots of different ways. In my regular trips to London, I use the train, because I can work on it and it is convenient. I come back to your point about using a service that reduces emissions—when I can use that service, I do so. It is not always possible, but when it is, I do.

Mark Ruskell: This is not about your personal choices, cabinet secretary. It is more about the Government's leadership in this area.

Fiona Hyslop: In what way? If you are talking about cross-border travel, I should point out that timetabling is a UK responsibility. There are still certain reserved matters in that respect. Indeed, if I am allowed to say so, convener, I am keen for the committee to have the opportunity to look at the rail reform legislation before dissolution, because it is important that we finish our piece of work on that, if we can. However—and this is my segue, convener—cross-border issues are a key aspect of rail reform and of where we will be in the future, and we will have to work with the UK Government on those issues.

The question, then, is whether we should subsidise people to travel by train to London. If we are using public money to do so, we are not using that money to do all the other things that everybody else wants us to do. That choice is there, but the point is that it might be a challenge to do what you are suggesting on a cross-border basis.

That said, your point about encouraging more people to use trains more often is well made, and I support it. It is a really important thing for us to do. As for how we do it, though, the devil is probably in the detail. It comes down to choices: should we subsidise, say, rail commuters, or should we subsidise buses and make sure that there is more rural bus provision? These are choices that we are all going to have to face in the future.

The Convener: Before I bring in Bob Doris, cabinet secretary, I wonder whether you can answer a question. Page 28 in annex 3 of the of the climate change plan says that the total benefits for transport in the period 2026 to 2030 will be £4,334 million. Can you tell me how that figure is made up, please?

Fiona Hyslop: What timeframe are you talking about?

The Convener: I am talking about 2026 to 2030; I want to know how the Government got that figure.

10:30

Fiona Hyslop: I will ask Phil Raines to explain the financial aspects of how the figures are put together in relation to the transport baseline. If I am correct, you are talking about what is on page 28—the 2026 to 2030 total benefits and total costs.

The Convener: We will come to net costs in a minute.

Fiona Hyslop: Well, that is what I was saying.

The Convener: I am looking at the figure for total benefits. Where is that £4 billion figure from, and what is it made up of?

Philip Raines: I am not an analyst, but I can say in general terms how the Government got to that figure.

Reducing road emissions is the biggest action that needs to take place in transport, and from 2026 to 2030, savings related to EVs will mainly consist of the benefits to individuals and households. Usually, there are two categories of savings; savings that will happen on running costs, and—

The Convener: Benefits? What are the benefits?

Philip Raines: The benefits are the savings. The benefit will be that it will be cheaper to run an EV for that period than it would be to run an ICE vehicle. The capital cost will come down over time as well, so it will be cheaper to have the vehicle for that period too. I am looking at my colleagues, and, yes, I think that that is largely the case.

If you also want to know what the percentage of that is compared to the other aspects of transport benefits and such things, we would have to come back to the committee on that, but that is the basic principle.

The Convener: I understand that, but I have heard different answers from different people. Apparently, there are some benefits to the health service and some benefits to this, that and the other. Therefore, it would be helpful, Philip—or the cabinet secretary if it is not possible to ask Philip to do this—if you could come back to me and explain to me how, over that period, that £4 billion is broken down. It is probably too complicated to go through, but I would like to know how it is apportioned.

Fiona Hyslop: We will come back to you on that.

The Convener: On the net costs of the climate change—

Philip Raines: Perhaps I can make just one comment about what we can come back on.

That amount that you quoted is financial savings. Health benefits are separate. They are real, and we are doing work to quantify the other co-benefits—there is a whole category of other indirect benefits. However, just to be clear, the figure does not include the health benefits. We will come back with analysis of the number that you quoted.

The Convener: That would be very helpful, so that I can understand what the £4,334 million during that period is made up of. That would be good, because I like delving in.

The net costs are £3,343 million. What are the total costs?

Philip Raines: That is math—it is a basic mathematical thing. We have presented the net costs because the Climate Change Committee and the Scottish Fiscal Commission have looked at the net costs. To get the net amount, you take the gross cost and you deduct the benefits. If we have the net cost figure and the benefits figure, we can get to the figure for gross costs. I could do the maths here, but I would hate to be embarrassed.

The Convener: Thank you for the lesson, which I had many years ago when I did my basic accountancy training, so I am quite happy with that. However, I would like to know what the total costs are that allow you to come up with that net cost. I would also like to know who is going to pay the total costs. Will it be the taxpayer, the Government or industry? All I am asking you to do is break it down so that I can understand the figures. I understand that you cannot give that to me now—no one can. However, I will be very happy to see it in a paper after the meeting, so that I can see how the figures match up.

Philip Raines: Perhaps I could be specific on your point about who pays. We are not setting out the distribution of costs for a number of reasons. One is that it is difficult to predict, and it would probably be misleading for us to do so, who would pay those costs, particularly if such a prediction covered the whole period of the climate change plan. We cannot say what the UK Government might do next year and the year after, which might affect how much the public sector and the private sector have to do. We cannot predict the contributions that the private sector might make on, for example, EV infrastructure and a lot of the other things that we have talked about today. We could just put our finger in the air, but putting our finger in the air is not what we will be doing for the climate change plan, so we have not set out a breakdown of costs. As for the total costs, the gross cost figures, as you call them, are a matter of simple mathematics: there is nothing hidden, and we are happy to come back on that.

The Convener: As with all good exam questions, even if you do not get the right answer, you should show your working. That is all that I am asking for.

In the end, and as the cabinet secretary has made entirely clear, rather than it being a matter of telling people what to do, the thing is to encourage them to follow you. If you are to encourage people to follow you on the journey to net zero that is being suggested—and it is a journey—they have to know how deep they will need to put their hand in their pocket to pay for it. That is what I am trying to get at.

You have some questions to ask, Bob.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): I have one specific question about electric vehicles. I do not know whether we have covered it already, cabinet secretary, but it is linked to the point that the convener has been making.

There was a discussion earlier about the cost of new electric vehicles, and I thought that we could take the time, during the meeting, to check the market. There is some evidence to show that electric vehicles are now cheaper in the used market than internal combustion engine vehicles. One periodical suggests that, over a five-year lifespan, used EVs could be £5,000 cheaper to run

than ICE vehicles. I am putting that on the record because the market will dictate much of what the costs and benefits are. I have no doubt that the periodical that I am looking at is encouraging people to switch to EVs. I do not know how robust those figures are—or, indeed, all the figures that have arisen in the exchanges that the committee has been having with you and Mr Raines.

In relation to electric vehicles and the just transition, I am conscious of the conversation that we have been having about the challenges facing people in remote and rural areas and about the specific actions that the Government has taken in response. I represent a high-density urban area, with many tenements. You have said to Mr Lumsden that it is self-evident that there will be more challenges in certain areas. I accept all of that—and I am sorry that I am taking so long to get to my point—but I would be keen to know how all of this will be monitored. What if we find out that certain households will have to pay more, will have less convenience and will be more price sensitive? Those households tend to be in lower-income areas with higher-density populations. How will that be monitored or captured? Will the Government take corrective action in future? If, in three or four years' time, we see an inequity for my constituents, what actions can the Government take to correct some of that?

Fiona Hyslop: In your initial point, you set out how the cost issues—and the benefits—have been shifting, even just in recent years, so predictability is even more challenging over the longer term. The move is happening, however.

Your point about monitoring is really important. I am keen that we capture information about EV use through the Scottish household survey. It will be possible to drill down into that information to identify areas where uptake has not been as high as elsewhere. Some areas in particular cities have lower levels of car use and ownership anyway. That is an obvious point. We need to monitor the situation in different parts of the country.

On the point about working with local authorities, in their transport planning, they will want to monitor use in different areas for approvals. As the planning authorities, they will be giving approvals to EV charging points and so on in different areas. I also note the guidance from SCOTS for cross-pavement charging. I do not want to add to the work required here, but I suspect that that will include factored properties in the future, including tenements, as we consider how best that can be done.

You are right about identifying whether people are losing out and who is benefiting most. The issue affects everybody—it has an impact on everyone. There has been a suggestion of using the census to do that, as that would give us information on uptake if we want to do future projections. There are different means and methods by which Government produces and should produce statistics. The Scottish household survey is quite good, as it drills down into different communities.

Bob Doris: That is helpful.

My only additional question on that relates to how local authorities are key partners here—and three local authorities are involved in the pilot that you mentioned earlier. Local authorities sometimes collect data in different ways. A local authority may make a case to the Government about the particular impact of the just transition in its area. Indeed, 32 local authorities may capture that data in different ways, and it will perhaps be a challenge for the Government to work out where the greatest need is. Will there be consistency in local authority data?

Philip Raines: You may be aware that the Scottish Government, jointly with COSLA, has invested in a research institute, through the University of Edinburgh, called the Scottish Climate Intelligence Service. The service supports local authorities in building capacity to collect that data across a whole range of climate change measures and encourages them to do so consistently. The service has been supported through the climate delivery framework and the climate delivery oversight group, of which the cabinet secretary is a member. That work is under way in order to encourage local authorities, with the support of COSLA, to be able to provide that data and to bring it together so that it can be compared and used.

Fiona Hyslop: One of the strongest recommendations in the committee's report on local government and its partners in delivering net zero was that the Government should support that service. That is therefore a result for this committee and the Parliament from that early recommendation.

The Convener: I am looking around at committee members and I think that everyone has finished asking questions on that issue. We therefore come to Sue Webber for a couple of questions.

Sue Webber (Lothian) (Con): I will carry on with the theme of electric vehicles. Cabinet secretary, you spoke a lot about confidence in the EV charging network. Before I come on to reliability, I will speak about variability in charging. Often, local authorities determine how much people pay on local chargers, whether it is a 7KW, a 22KW or a 50KW charger. We also have the private companies that are investing in this area. There are a million and one different apps—I

certainly have one on my phone—to figure out charging, and you do not know what you will be paying until you turn up. That does not help with the equity element.

What are you doing to encourage the local authority consortiums to have a much more standard rate, for example, and to allow people to charge for 90 minutes and then return the same day? At the moment in Edinburgh, you cannot go to a 50KW charger and charge for 90 minutes and then come back.

Fiona Hyslop: Clearly, again, it is about working in partnership with local authorities. There are decisions that local authorities can and should take themselves for their local areas. Getting local government to work together on commonality is perhaps an aspect that you might want to encourage COSLA to pick up. Sue Webber will know that that the regulations around EV charging networks are reserved. I think that the previous Conservative UK Government brought in regulations in November 2023 to enforce standards of performance for EV chargers. A lot of chargers are community based or in rural areas. We would not want people to not comply with the new regulations and those charging points to close. We have therefore supported a transition to what is now required, which includes contactless payment. Contactless payment is increasingly popular, and app use is extensive. More of the regulations are becoming enforceable, and with enforcement come penalties for the charging networks that are not complying, in order to raise the standard of delivery.

Sue Webber mentioned variability, and there is a market element to that. More private companies have been involved and they must have their margins and so on—I understand that. I have spoken about the 10-year EV charging point rates relief that we have announced, which will be helpful.

However, the point about commonality of standards is a good one, particularly in relation to local government. People are familiar with the places that they go to, and the standards should be similar. However, companies will have worked out their own finances, their margins and the suppliers. The point about whether we can enforce the same prices for charging, for example, goes back to Douglas Lumsden's point. We are not in charge of electricity pricing, which is, again, a reserved matter.

Sue Webber: West Lothian Council has the same standing charges as the City of Edinburgh Council, but people pay different rates to charge on the public networks. That is where I was going. Someone can sit on a charger in West Lothian for far longer and return more quickly than they can in Edinburgh. That variability in standards is what I was trying to get at.

You mentioned the Convention of Scottish Local Authorities, but I want to move on to the issue of confidence. People turn up at local authority-run public charging networks looking for 50kW chargers, but only one in five of them is working. What can the Scottish Government do to ensure that, when someone taking their £12,000 electric vehicle from Perth to Inverness on the A9—they will not get there in one go; they will need to pull over at Pitlochry—every single charger will be working when they pitch up, or will they have to wait an hour before they can get on?

10:45

Fiona Hyslop: As I said, the UK Government is responsible for the regulations on charging infrastructure. Its new regulations penalise providers, whether they are local authority or private sector, if the chargers are not working at the required delivery level. That should change the performance of UK charging structures and was the right thing to do. Taking a sledgehammer and a cliff-edge approach to that would have meant that a provider would immediately be fined £15,000 a pop—I am not quite sure how much the penalty is for not delivering.

We monitor that through ChargePlace Scotland. Again, there is a transition to other forms of delivery. The performance rates are high, although, as in the past, it only takes one bad experience to knock people's confidence. I understand that, but you should have confidence that the Conservative UK Government's regulations and ChargePlace should help with enforcement.

Sue Webber: I can assure you that, as a second EV owner, I have had many poor charging experiences in Scotland.

The Convener: The draft plan went out for consultation at the beginning of November. My understanding is that the consultation closed on 29 January, or thereby. The committee wrote to ask the Cabinet Secretary for Climate Action and Energy what was going on and whether she could keep the committee updated. Here is your opportunity, cabinet secretary. I am sure that you will have been following the transport issues in the consultation very carefully. Have you seen any key issues coming back from the public consultation that you will want to reflect on as the climate change plan moves from draft to full?

Fiona Hyslop: Nice move, convener, but it is a bit challenging. I did not receive the results of the transport elements of the consultation over the weekend. I will take a keen interest in the responses on transport and come back to the

committee to share them. I would like to be able to do that now, but it is perhaps unfair to ask because, in preparation for this meeting of the committee, I have not been delving into responses that have not yet been presented to me. However, as you are seeing Gillian Martin, the Cabinet Secretary for Climate Action and Energy, next week, you will be able to go through what is next in terms of the process.

The Convener: The point is that, in the same way that you have been rushed since the end of consultation, the committee will be rushed in looking at all the consultation responses. I do not even know how many there are. Maybe Philip Raines knows. Are there lots?

Philip Raines: I do not have the exact number, but we are taken with the enthusiasm of the responses that came in, particularly towards the end of the consultation. Can I suggest that Ms Martin picks that up next week and gives an update on the consultation responses?

The Convener: That would be helpful. It is useful for the committee to know what the responses are so that, in the same way that the Government will consider them, we can consider them when we write our report for the Parliament.

Cabinet secretary, thank you very much for that session, but you are not off the hook yet. There will be a short pause and we will meet back here at 10.55. I suspend the meeting to allow a changeover of witnesses.

10:49

Meeting suspended.

10:56

On resuming—

Budget Scrutiny 2026-27

The Convener: Welcome back to this meeting of the Net Zero, Energy and Transport Committee. We have already had quite a long evidence session on the climate change plan. I am sure that the cabinet secretary is looking forward to this evidence session on the budget.

I will start off with the easy question.

Of course, you would like to make some opening remarks. No doubt they will be short, like my question was going to be, cabinet secretary. I am sorry for cutting you off.

Fiona Hyslop: I will be very brief, convener.

Thank you for the invitation to give evidence on the 2026-27 transport portfolio budget. In 2026-27, we will make a record investment of £2.7 billion in public transport to fund bus and rail services, concessionary travel for more than 2.4 million people and lifeline ferry and air services. Our investment will support new ferries, port upgrades and the replacement of ScotRail's intercity fleet.

We will continue to make public transport more affordable and accessible, building on the success of free bus travel for under-22s. We are piloting a bus fare cap across the majority of the Highlands and Islands, and we have removed ScotRail peak fares for good, saving passengers 17 per cent on average.

We intend to remove peak fares for islanders using northern isles ferry services, making travel more affordable. Those measures support household budgets, encourage greater use of public transport and contribute to our wider goals of protecting our climate.

In 2026-27, we will invest £1.2 billion in maintaining and improving the trunk road network. We will progress major projects, invest in the maintenance of the trunk road network and enhance road safety to reduce injuries and fatalities. Our infrastructure delivery pipeline reaffirms our commitment to completing the A9 dualling programme by 2035, using capital-funded contracts to secure better value for money.

We will also remain in support of full dualling of the A96, and our investment in the trunk road network over the next four years will allow us to make further progress on dualling the A96 between Inverness and Nairn, including the Nairn bypass, along with the adjacent A9/A96 Inshes to Smithton link road.

Tackling climate change, which we have just discussed, remains central to our work. As I set out

in my earlier statement, across the spending review period, we are investing in decarbonising travel, with £1.4 billion for low-carbon and sustainable travel. We are making a further £4.4 billion capital investment in rail, fleet and infrastructure over four years. That will support electrification of key routes in the Borders and Fife and facilitate ScotRail replacing intercity and suburban fleets.

Our spending plans will help to deliver a sustainable, inclusive and accessible transport system that supports Scotland's economies and communities while reducing emissions and adapting to climate impacts. They align resources to priorities and protect front-line services that are critical to the running of the transport network.

I welcome the opportunity to discuss our plans and to take members' questions.

The Convener: Thank you, cabinet secretary. I apologise for not bringing you in straight away, but my lack of manners knows no bounds.

I should also have welcomed, from Transport Scotland, Alison Irvine, chief executive; Catherine Jess-Gibson, director of finance and corporate services; and of course, Lawrence Shackman, director of infrastructure. Forgive me for not welcoming you to the committee.

Now I will get to my question. The Scottish Government is investing nearly half a billion pounds in concessionary fares in 2026-27, which is £55 million more than in the current year. What evidence do you have that that is the most cost-effective way of delivering transport goals and getting more people to use public transport, thereby reducing carbon output?

11:00

Fiona Hyslop: There are a number of different reasons for having the concessionary scheme. It started back in legislation in 2001 that, from what I remember, Sarah Boyack took through Parliament. Obviously, we have expanded it since then, and now 2.4 million people are using it.

Part of it was about supporting particular groups that were facing challenges with the costs of travel, but anybody who knows anyone who uses the concessionary travel scheme, particularly anyone who is older, will know that it gives them the ability to get out and about, to use public services, to get the stimulation that they need and all the rest of it. It is important in tackling those kinds of issues, too.

The key part of your question, though, is whether, strategically, it is helping with modal shift, and we are looking at that in our modelling of where people are using buses. Clearly, bus use is determined by a number of things, including the availability of buses. We are in a deregulated market, which means that the Scottish Government does not control where the buses are and so on. However, we can provide support, and we have done so through the network support grant. The grant was initially put in place to help buses during Covid, but it was subsequently seen as important in keeping bus routes open where they can be kept open and in supporting the industry.

Our monitoring shows that, post-Covid, there were different experiences when it came to people returning to buses. For example, we had a real challenge with older people; I might bring in colleagues to talk about how we monitor these things, but the transport use surveys and our monitoring of concessionary travel showed that older people were particularly slower to come back. That might have been for lots of understandable reasons. Perhaps people felt that, after the Covid experience, they did not want to be in enclosed spaces with other people—there is probably a sociological aspect to it.

The good news, though, is that those older people are now coming back. It is a demand-led budget—in other words, what it costs is led by demand. The more who use buses, or the more who come back to them—I am thinking particularly of older people, and the increasing use of buses by younger people—the more it will affect the funding that is available.

However, understanding whether that, in and of itself, helps with modal shift is quite complex. I do not think that there is a single answer to that, but Alison Irvine might want to give you some perspective on the bus system.

Alison Irvine (Transport Scotland): I just want to add a couple of comments to what the cabinet secretary has said about monitoring and evaluation, and determining whether concessionary travel schemes provide value for money.

We do carry out that work. For example, if you look at our website, you will see that we publish the monthly usage figures for each of the schemes, and that is part of our monitoring process. We also do a periodic evaluation of the older and disabled persons scheme and the younger persons scheme. I cannot quite remember when the next evaluations are due to take place, but they are undertaken. We are talking about quite a significant investment and it is, therefore, beholden on us to be able to demonstrate that it continues to deliver value for money for taxpayers.

We want to be, and are, in continual dialogue with the bus operators to ensure that the rate of payment that is made is fair and appropriate—that

is, they are no better and no worse off as a result. I think that you have heard from Mr Fairlie on the returns in that respect. It is quite a complex web of evaluation and monitoring that goes on across the whole concessionary travel scheme.

The Convener: I should probably declare that I am in that older group when it comes to concessionary travel.

I seem to remember that, in 2016, when I started off in this Parliament, there was an order relating to concessionary travel, and off the top of my head, I think that the figure at the time was around about £193 million, give or take £1 million. The figure has now gone up to nearly £500 million, but the number of bus journeys taken under the concessionary travel scheme has gone down, so the scheme is not achieving what it set out to achieve: securing a modal shift and getting more people on buses. A lot more money is being spent, but fewer bus journeys are being taken. To me, that is what the figures show.

Fiona Hyslop: I think that you are wrong in relation to the statistics. We are talking about 2.4 million people—we should think about Scotland's population—travelling under the concessionary fare scheme. That is a significant figure.

On your point about whether the money could do more than one thing and drive change, the problem is that people's rights under the concessionary travel scheme are set out in statute. The committee has seen amendments to expand the scheme to under-22s. There must then be a negotiation on the amount that is required per journey to ensure that we get value for money for the price of allowing 2.4 million people, which is a considerable number, to access buses under the scheme.

Does that allow us to use the £0.5 billion of public spend on other aspects of transport policy? It does not, because we are hemmed in by the original legislation, despite its good intent and the success that it has led to. It would be open to a new Government or a new Parliament to determine whether it wanted to use that £0.5 billion more strategically.

However, I strongly believe that the concessionary fare scheme is extremely popular. People like it and increasingly use it—2.4 million people is a significant number. On your point about whether the money could be used in a more strategic way, the challenge relates to the underpinning legislation.

The Convener: You must have thought about the answer to that question. What would be a "more strategic way"?

Fiona Hyslop: The fair fares review—in which, I know, the committee took an interest—looked at that. Is there a way of using that funding to be a bit more strategic in our partnership and delivery with bus authorities, or do we use the Transport (Scotland) Act 2019, which the committee has been monitoring closely, to try to get change? Different tools, including franchising, bus partnerships and ownership, can be used.

However—I think that Mr Matheson raised this point previously in the committee—if I had an answer to that question immediately, I would have done that work as part of my responsibilities. We have had to deal with a number of transport issues in lots of areas. For example, rolling out the concessionary travel scheme to under-22s has been a major piece of work.

Mark Ruskell: Are we getting the most value from that investment in young people? Could we not use the concessionary travel scheme to encourage a modal shift? Should the Government not be leading on issues such as workplace travel planning and car use reduction for whole families? The Government could use the availability of the concessionary travel scheme for families to drive that shift. It feels as though the scheme sits in isolation. What the scheme is achieving is great, but I could see it being much more powerful if it were linked to other agendas in the climate change plan, for example.

Fiona Hyslop: That involves working with the private sector and encouraging businesses in relation to their requirement to produce work travel plans. We need to work with businesses to get more people to use public transport when coming into work. That applies to both rail and bus services.

Do we encourage family use of public transport? We do, particularly in relation to rail—we have offers for younger people and families, such as the kids for a quid ticket.

We worked with chambers of commerce and businesses on the removal of peak rail fares. They wanted more people to come in and be present in the workplace, so they promoted the policy, and I encouraged Transport Scotland and ScotRail to be involved in that work.

The South East of Scotland Transport Partnership is doing interesting work on the routes that are required. Sarah Boyack has referred to the need for such work, which involves considering where people need to move to and how they need to move there. We are working with major employers in that regard. Health is a big player, because a lot of people using transport are travelling to hospitals, either for work, given that hospitals are major employment anchors, or as patients. It is important that we try to align all those elements, and the on-going work through our transport to health strategy is an important part of

that. It is about looking strategically about who needs to go where and how. That is also covered in the reissued islands plan, and we have been talking to Western Isles Council about it. Looking at how transport can be used strategically is important.

I am not sure about where the concessionary travel scheme sits within that, unless we were to expand it. Some people might want to do that, but that would then add to the bill that we have just been talking about, and we would have to think about whether we were using resources strategically.

Mark Ruskell: There is a collection of pilot projects and approaches that are happening in some areas, but I am not getting a sense of the overall approach. We are talking about a big amount of money to be invested. I see the benefit that concessionary travel is delivering for young people, but I do not see it building into the need for modal shift and the choices that families are making. I feel that the Government could do more to market it and link it to colleges and universities, and other workplaces, where there is a need to tackle car usage and get modal shift. I am not seeing it as a centrepiece of the Government's programme to drive that modal shift.

The Government has set an ambitious target for a 20 per cent reduction in vehicle mileage; it has walked back from that, but at the same time we have £450 million going into concessionary travel. I am not seeing the strategic foundation for that.

Fiona Hyslop: There are 2.4 million people using the scheme. I think that what you are trying to get at is how we encourage the working-age population to travel more by bus. There is an incentive to travel with their children during weekends and evenings; we know that bus use is going up at weekends and in the evening, and the leisure market is really improving.

Can employers do—and are they doing—things to ensure that there is greater bus patronage? I know that the University of St Andrews is working with a very good bus plan. These things are happening—the issue is whether we make it a top-down Government requirement and visit every single employer to ask why they are not encouraging their working-age population to use the concessionary travel scheme more with their elderly relatives or their children. That becomes more problematic.

Alison Irvine might want to come in to help with that; Mr Ruskell and I may be speaking at cross-purposes.

Alison Irvine: I will pick up on a couple of specific points in relation to the amount of money that we invest in the bus sector. As you know, the concessionary travel scheme provides a benefit to the user, but it is only good enough if there is a service there for them to use. The concessionary scheme is part of the mix of different aspects for which funding is provided to support the bus sector. Could we use the totality of that funding in a more effective way? I would be happy to have a more detailed discussion on the range of options that exist, as the cabinet secretary set out.

The things that encourage people to use bus are service availability and reliability, which relates to the types of things that are associated with bus priority. In my view, we should be—and we are—bringing that back into the overall collective and thinking about how best that investment can be done. The monitoring and evaluation work that is currently under way will help to give us the key signals and steers as to what we should be doing.

The Convener: I go to the deputy convener for a question—very briefly, please.

Michael Matheson: I want to pick up on a point that Alison Irvine just made. We are spending the best part of £1 billion a year on concessionary travel, but an increasing number of our communities do not have access to public transport because of the reduction in bus services. That creates an issue with transport inequality, which, for some communities, is very real and becoming increasingly problematic. Is there a balance between the investment that we put into concessionary travel and the increasing challenge of transport inequality for communities? Have we got the balance right, and does the budget reflect that?

11:15

Fiona Hyslop: It is probably for politicians and this committee to make an assessment about that. The figure is £525 million, not the best part of £1 billion, but that is still a substantial amount of public funding. Could the funding work harder? Yes, but that would require primary legislative changes and an act of this Parliament, and we would need to use the different levers that we have been talking about.

The problem can be seen from monitoring data. My area of West Lothian has one of the lowest uptakes of concessionary travel among under-22s because the bus services go on a lot of east-west routes, many of which are historical routes, but they do not go on many north-south routes.

As Alison Irvine set out, the availability of buses is critical. That is why local authorities can and are pursuing plans to take over bus routes, as we have seen in recent weeks with Highland Council taking over routes that were previously run privately.

In a deregulated market, private companies will operate if they can get a return. Therefore, the support and shift in funding in the budget for local transport authorities and regional transport partnerships to pursue franchising is important. For example, Strathclyde Partnership for Transport is pursuing franchising just now with a view to being more strategic across the regional transport partnership area.

Different places are pursuing different aspects of franchising. Could the funding for concessionary travel be working harder? My view is that it could, but how that can happen will be for the next Parliament to determine.

Kevin Stewart: On the point about creating better bus services, the concessionary fare scheme is scrutinised to the nth degree, and a fare cap is now being piloted in the Highlands and Islands. However, issues about reliability come up all the time. Would it be worth while having a pilot whereby we pick an area and consider bus priority measures and other things that can be done on reliability, so that we can see whether doing those would create the modal shift that we all want to happen?

Fiona Hyslop: Kevin Stewart makes an important point. Through the budget we are investing £60 million in the bus infrastructure fund, because improving service reliability will make a huge difference to bus usage. I recall that, previously, one challenge was that bus service reliability in the Lothians was disrupted by the extensive road works that were required for the tramlines. By the time that buses got out to West Lothian, for example, they could not stick to their timetables because they had already been held up in the city centre.

Having smooth and uninterrupted routes, as well as the real-time technology and data that many bus services already use effectively, will mean that people will know when their bus is going to turn up and they will not be left standing in all weathers. The bus infrastructure fund can also be used—and is being used—to make it more comfortable for people in certain areas, including rural areas, if they do need to wait for a bus. It is worth considering monitoring the areas where there have been improvements to bus infrastructure, but whether that is tied to the fare issue is open to question.

When we consider what has been achieved in the budget, the requirements for transport to deliver with regard to the budget and the negotiations that took place—last year, a bus fare pilot request was put out to see which RTPs would want to take part—I think that something around reliability will be tied to the bus infrastructure fund.

Kevin Stewart: The point that I am trying to get at is that a comprehensive pilot in one area might make the difference. So far, in certain places, there have been piecemeal measures that are unpopular with the public, such as the bus gates in Aberdeen, rather than there being priority measures right across the city. Would it be worth while having a pilot in one specific area to prove to the public that bus priority measures can work for everyone?

Fiona Hyslop: It will be interesting to see what Highlands Council will do in the towns in its area and how it will use the combination of the various tools that are available to it.

It is not for us to do the regional transport partnerships' job for them; they can do that well themselves.

Dundee has some interesting propositions on bus infrastructure fund deployment, which it has been waiting to roll out. That reliability will help the market more generally. Do we need to tie it into a bus fare cap pilot? I think that it will prove itself regardless of such a pilot. The two measures are not mutually exclusive; in the future they could be done either together or separately. The bus infrastructure fund will make a significant difference to reliability and people's ability to use buses.

Thereafter, we will determine whether we need something else on top of that, if we can do it, to reduce fares. That would all come down to public funding—and it would require extensive public funding. Some of the fare pilots could cost as much as £50 million, £100 million or more, depending on what is required. Bearing in mind what we have just discussed, if regional transport partnerships are trying to be strategic and have other tools to use, they need to identify which are the most applicable for them, as well as whether there is anything relevant in their budget or the Scottish Government's budget. That will require additional funding at some point in the future, but it is not in this budget.

Kevin Stewart: Thank you.

Sarah Boyack: The budget documents say that the flat fare pilot will cost £7 million, but the press release announcing it said that it would cost £10 million. Which is the correct figure, and why is there a discrepancy between the two?

Fiona Hyslop: It is a case of both/and rather than either/or. One figure is for this financial year and the other is for the next. There is £3 million for a four-month period in the current financial year and £7 million for a period in the next financial year. That gives a 12-month pilot period that would cost £10 million.

Sarah Boyack: That is helpful—it is £3 million and then £7 million. Can you explain how the scheme will operate, and in particular how the operator reimbursement will be calculated?

Fiona Hyslop: The operator reimbursement, including for the concessionary fare, is one of the most challenging aspects in all this. I am not the lead on bus transport, as you are probably aware. Alison Irvine might want to help by explaining the reimbursement rates. Those are quite complex, because we have to identify how we might work with different operators. There are challenges with the cross-boundary aspects, as there are various fares and systems across different council areas. That is why it has taken some time to work through.

Alison Irvine: I add that reimbursement of operators will be key for us to demonstrate that the money has been allocated appropriately. We are working with all the operators, particularly in the Highland area, to check the types of ticketing machines that they have, to ensure that the systems can be set up in such a way that data can be provided to us. One reason why we were able to start in Shetland is the relative simplicity of bus travel movements in that area.

Sarah Boyack: Does that mean having a smart payment system on individual buses?

Alison Irvine: Effectively, when someone gets on the bus, they tell the driver where they want to go and they press a button. They are charged the £2, but the button records the actual fare and that information then has to come back to us.

Sarah Boyack: What assessment have you made of the resilience of services and the need for services that people can use? It has been mentioned a couple of times that people need a bus to use their free bus pass on, and that is also an issue with the £2 cap.

Alison Irvine: The pilot is giving us the opportunity to see where intervention works and what impact it has on the resilience of services. In the Highland area, there is a broad cross-section of travel journeys. Around the main urban areas, we see what we would typically expect for such areas—short bus journeys. We will be able to see whether intervention has a bigger impact there and what impact it has on longer-distance trips. Those are the things that we want to learn as part of the pilot work that we are undertaking.

Sarah Boyack: What work are you doing to promote the pilot to people rather than just the bus companies, so that people are aware that the pilot is happening, and to encourage them to get on the bus? That links back to the discussion that we had in our previous session about encouraging people not to use cars.

Fiona Hyslop: We are doing that work in a phased way, starting in Shetland, where there has been a lot of publicity. We want to roll that out to different areas once the service is available in them. That will be done in conjunction with regional transport partnerships—for example, with the Highlands and Islands Transport Partnership for the Highland area. Bus companies will also want to promote the service themselves.

On your point about resilience, we would ideally like the pilot to prove—although we do not know if it will do that until we have monitored it—whether the flat fare encourages more people who have not previously been using buses to do so, whether it increases bus patronage, and whether it provides more resilience in what might be more marginal operating areas, particularly in rural areas.

Sarah Boyack: One finding of the cross-party group on sustainable transport was that resilience and accessibility will be absolutely critical if people are to rely more on using buses.

The Convener: I will move to questions from Douglas Lumsden. Mark Ruskell said to me that the clock does not ever stop, and I agree, but I am running out of time. Any help with short questions and short answers will make my life easier, and it will mean that everyone can get an opportunity to ask questions.

Douglas Lumsden: I will try my best to do that, convener.

I turn to rail services. Cabinet secretary, will you clarify how much the subsidy is for ScotRail and the Caledonian sleeper service in the upcoming budget?

Fiona Hyslop: That is in the budget lines, and it will have been done as a total. I will ask my officials whether they have that information. I think that it will be under level 4, under rail services.

I should probably put my glasses on to look at the budget lines. Please bear with me.

The committee will have seen that rail services are listed under level 3 in the transport section of the 2026-27 budget document, at £1,008.6 million. That is the figure that has been provided.

Douglas Lumsden: I will go back a decade, to the 2016-17 budget. If I am looking at that correctly, I see a figure for franchise services of about £266 million. Am I right that in thinking that our subsidy to run what is effectively ScotRail and the Caledonian sleeper service has almost quadrupled in the past decade, or have I got those figures wrong?

Fiona Hyslop: There is a whole load of different things in there. I do not have the figures from 10 years ago to hand, but anybody would know what the increase in costs relates to. I will give you one

reference. Between January 2022 and January 2025, the consumer prices index rose by 17.8 per cent. That figure is from the Office for National Statistics. To give you a comparator—one that is from not 10 years ago but only four years ago, as I think that everybody understands what has happened with inflation and cost increases in the period since then—the 2022-23 subsidy was £694.8 million, which, when adjusted, became £818 million.

We will have an increased spend, because we are improving services and doing work on peak fares, which we manage by looking at patronage levels. We have to have efficiencies within that. However, we should not underestimate the impact of inflation—a basic look at that will show that costs will increase.

I do not know or recognise the figure that you have provided for the costs, because I have not looked at those in particular. However, if you are trying to make an argument that somehow the franchising that we had previously was superior because it was cheaper, you might also want to reflect on what people's experience was, what reliability and functionality were involved, and the circumstances in which the franchise came to an end—let alone the deficits and losses that various franchise companies experienced, which public funding does not account for. Quite apart from inflation, a whole variety of different costs is involved in rail services funding.

I am sorry, convener. That was not a short answer.

The Convener: No, it was not.

Douglas Lumsden: I get that inflation puts costs up for everyone but, if I am looking at the figures correctly, there has been a 400 per cent increase. You mentioned improvements to services, so what have the key improvements to our railway services been over the past decade?

11:30

Fiona Hyslop: The figure for patronage in the financial year 2024–25 was 84.7 million passengers, which was up from 63.7 million passengers in 2022–23. That is a healthy 33 per cent increase over two years.

We have electrified various lines. We have opened the Levenmouth line, which people are now travelling on. Earlier in this session, we heard about the Borders railway, which some people did not want us to deliver, but it was delivered. That provided additional patronage and more rail services. In my constituency, the Bathgate to Airdrie line was opened, which has provided more services for passengers.

Bearing in mind that rail has to be subsidised—the costs represent a considerable public sector investment—the developments on those lines demonstrate that this Government has improved the availability of rail services.

Douglas Lumsden: If passenger numbers are going up, why are subsidies not being reduced? If more and more people were to use the railway, which would be a good thing, would that mean that our subsidies would go up? Surely having more paying passengers would reduce the subsidies required for ScotRail and the Caledonian sleeper service.

Fiona Hyslop: We held down rail fare increases over a period of time. We have now removed peak rail fares, which also requires the application of subsidies.

We want more staff on our trains, because their presence is important for public safety. We also need more drivers, which will cost more money. The more drivers that we have, the more reliable our services can be. We are not currently seeing cancellations due to driver shortages, and we are now seeing record levels of driver recruitment, which improves services. Unlike in England, we do not have driver-only trains, and we want our rail staff to be visible. That means that we have services—

The Convener: We need to have shorter answers, cabinet secretary, although I understand that you want to get things in. I am happy to stay here until 2 o'clock if you want to, but other committee members might not.

Fiona Hyslop: I was answering a very broad question that covered a period of more than 10 years.

Douglas Lumsden: There was a promise of £200 million of rail investment for the north-east of Scotland, to reduce journey times by 20 minutes between Aberdeen and the central belt, which was meant to have taken place by 2026. We are now at the end of that period. Is that project dead in the water, or can people in Aberdeen expect to see journey times reduced by 20 minutes in the near future?

Fiona Hyslop: For brevity, I point out that Douglas Lumsden has asked that question several times when I have attended the committee before, so I refer him to my previous answers in the *Official Report*.

The Convener: You could give a slightly more fulsome answer than that, cabinet secretary, in fairness. My view as convener is that that answer was slightly disrespectful. Whether you choose to follow my view is a completely different matter, but could you answer that briefly?

Fiona Hyslop: The question has been asked before. We are investing in and improving rail services, particularly in Montrose and Arbroath and at the stations in Dundee and Aberdeen. Improvement work on rail is taking place, and we are investing in rail in the north-east.

Regarding what we have said about that, I explained the changes to our approach about 18 months ago. I am happy to write to the member again to reiterate what we are doing, but I stress that we continue to invest in rail in the north-east. The industry has told us that the best way to tackle the issue is to have planned, systematic investment that allows the best use of resources and the least disruption possible. I have been contacted by other MSPs in the area who are concerned about the disruption that takes place when improvements are made, whether on the rail track, to signalling or in various specific areas, but such work has improved journey times.

Some of those aspects of the rail improvements in Aberdeen and the region were agreed to in the regional deal. Improvements are taking place and investment is being made in specific locations. I will be happy to write to the member after the meeting, to give him more detail about where investment has been made. The overall question of what was going to be done and when was addressed some time ago in the committee. I am happy to refer to the *Official Report* of that meeting and to provide additional information to the member and the committee if that is required.

Michael Matheson: You have given a commitment to complete the dualling of the A9 by 2035, which you mentioned in your opening statement. What are the principal risks to achieving the target date?

Fiona Hyslop: In the statement that I gave to the Parliament a few weeks ago, I set out the ordering that we will commence with. The initial ordering has been consistent in the first five sections. We wanted to provide certainty, which is why the budget and the spending review have identified the funding certainty that is required in order to deliver the work and the Government has made commitments on that. I will be opening the compound site for the next stage of road that will have active work, which is the Tay crossing to Ballinluig.

External risk factors exist in any construction contract, but the new model of engineering contract that we are using puts more of the risk on to the Government if there are unforeseen circumstances. I will bring in Lawrence Shackman to talk about some of the risks.

Lawrence Shackman (Transport Scotland): There are a number of risks, such as the weather: if it is bad over the next 10 years, that might have an impact. The cabinet secretary has mentioned external factors, such as inflation, which could affect tendering prices. Contractor appetite for the work could change. We are in the initial stages of putting forward a framework agreement to safeguard contractors for the remaining contracts through to 2035. We need to speak to them to ensure that we have the right set of conditions in the new engineering contract to ensure that there is interest in the tendering opportunities that will exist over the next two years. There is also a risk in that the statutory process is not complete for the remaining section of the road around Dunkeld. We need to take that forward and bottom it out in due course.

Michael Matheson: That is quite a stack of risks, and not all of those are in your control. You mentioned a framework agreement. You might have heard my earlier exchange about capital investment programmes as an economic multiplier and that we should try to maximise local supply chain opportunities. What are you doing through your framework agreements and any tendering exercises to ensure that we maximise the local supply chain opportunities from A9 construction for Scotland-based businesses?

Lawrence Shackman: All our existing contracts, let alone those for the framework agreement, have a raft of community benefit clauses that encourage or entice contractors to invest in local communities and ensure that they take on board local labour and unemployed people in the local vicinity throughout the construction process and site set-up. Contractors also have to advertise their subcontracting opportunities on the Public Contracts Scotland website to ensure that local opportunities are advertised in order to get as much buy-in as possible from local companies and suppliers.

There will be a great emphasis on the workforce being located up and down the A9, so there will be a lot of generated income for Scotland in that respect. The key thing is to make sure that as much emphasis as possible is placed on the community benefits with the contractor. However, contractors are very up to speed on that. It has been part of the equation with all our contracts over a number of years to encourage people to invest in the local communities in a number of ways.

Michael Matheson: Maybe you could provide us with a bit more detail on that. How much of the £3 billion that you are likely to invest in the A9 do you expect to stay in the Scottish economy?

Lawrence Shackman: That is very difficult to say. I could not answer that question off the top of my head.

Michael Matheson: What would your expectation be?

Lawrence Shackman: I cannot answer that question. I would have to look back to other projects in the past to see what the split between local and foreign investment might have been.

Michael Matheson: Do you have a target?

Lawrence Shackman: I do not have a target at the moment.

Michael Matheson: Should you have a target? If not, why not?

Lawrence Shackman: It is a reasonable question.

Alison Irvine: We have to operate within the procurement and subsidy control legislation. I am sure that you will have heard a lot about that in other contexts. The work that Lawrence Shackman described is as much as we think that we are legally able to push that type of thing. Under the current legislation, I do not think that it would be appropriate for us to have such a target for the amount of investment. However, the procurement route that we are moving to is more likely to be attractive to the UK-based construction sector, given the type and size of contracts. I think that that will help in relation to the question that you put to us.

Michael Matheson: I think that you have just increased the social aspects of the Scottish zero-emission bus challenge fund by doubling it. You have a clear social benefit target for the present ScotZEB round. Is that correct?

Alison Irvine: That is within the scoring of that particular round and it is grant funding as opposed to procurement. However, we are all operating under similar guises. When Lawrence Shackman and the team set up the procurement variables that they are looking for in order to ensure that we get best value, they look at the totality of the scoring matrix in the round and ensure that it is aligned as much as possible with Government objectives.

Michael Matheson: Okay. It would be interesting to know what further work you are doing in that space. We are investing in what is the biggest infrastructure project in Scotland at the present time. If we did not maximise the local economic benefit from that, it would be shameful, frankly, given that such capital investment represents a huge economic multiplier. It would be good to get some figures on how we are maximising local content in the projects.

Fiona Hyslop: Convener, we have already written to the committee about that in relation to the impact of the A9 Tomatin to Moy project. Local firms are being used and there are local apprentices, labour and skills. That is the first of the latest sections. We can give you the information on that aspect again. However, on the overall procurement side, we have the Procurement Reform (Scotland) Act 2014, which brings in aspects of community benefit. It is highly competitive, which is why we have tendering to ensure that we get best value from the tenders that are produced.

The new framework agreement and the form of capital funding that we are using will ensure that more Scottish firms and, potentially, wider UK firms will benefit from the A9 projects.

Michael Matheson: Okay. You have ruled out use of the mutual investment model for the A9. Has the MIM been ruled out for any other transport projects, such as the A83 or the A82?

11:45

Fiona Hyslop: I refer you to the infrastructure investment strategy that the Cabinet Secretary for Finance and Local Government produced. A number of different routes of funding will be used for all major infrastructure projects, including the Scottish Government bonds that the First Minister launched. Until we determine the correct procurement route for each and every one of our transport projects, it would be premature to say what will be used for which, apart from for those that have been determined to date.

As regards the business cases that have to be put forward and the value for money aspect, we have considered the mutual investment model, and we are open to using private funding. Indeed, we have done: there is a line of £147 million in the budget for next year, which concerns what has been privately funded. That must be appropriate, but the mutual investment model was costing 16 per cent more than what we had initially determined. That is a risk for the Government in relation to the availability of capital. The cost increased to 28 per cent, and that was one of the main value for money reasons we chose not to use that option for that particular route—although that does not stop future Governments using the mutual investment model across a number of infrastructure propositions at some point in the future. That is what the Cabinet Secretary for Finance and Local Government set out in the documents accompanying the budget.

Mark Ruskell: I would like to get some clarity as to what, specifically, was spent on active travel last year. The draft budget indicated a sum of £159.8 million, I think. Is that a reduction from the previous year?

Fiona Hyslop: I am looking for the figures for active travel and sustainable—

Mark Ruskell: I am interested in the specific active travel component of that budget line, which has incorporated other things in recent years. I am trying to isolate what was spent last year and to establish whether there has been an increase.

Fiona Hyslop: If you are looking at the figures for support for sustainable and active travel, you will see that the outturn for 2024-25 was £122.7 million. In 2025-26 it was £135.9 million. For the coming year, it is up to £226 million. In addition to that, there are low-carbon projects. The increase there would include bus infrastructure. I have had discussions with the committee before about how we have combined those elements. It would make sense for local authorities for bid for some projects for planned-for integrated active travel and bus routes. Looking forward, we understand that some of that funding will be on EV aspects in particular. On active travel, we have tried to spend as much as we can when we can. The biggest frustration has been in not being able to pursue things during the year. Sometimes things have been late in terms of providing the funding through the door.

Is there anything else on active travel and the comparison? I feel reasonably comfortable that we are doing what we are spending money on. There has not somehow been anything reduced from that. The biggest challenge has been in the ability to plan for multiyear funding and the release of funding mid-year.

Mark Ruskell: I am concerned about the transparency around that. You mention the bus infrastructure fund, but I am specifically asking about active travel and the infrastructure projects. Are you saying that you cannot disaggregate the spend on those things? It should be fairly easy to point to a bus lane as compared with a cycle—

Fiona Hyslop: We will do that with final allocations. A lot of active travel has now moved over. I think that it was Patrick Harvie who led the change as to how that area was funded in tier 1 and tier 2, particularly for local government. What does that mean? It means that local government, which is closer to the projects, can determine what is required locally, rather than using Sustrans—now the Walk Wheel Cycle Trust—to do that, as it would have done previously. A great deal of the spend on that comes under tier 1 and tier 2. That goes back down to level 4, probably—and I have not been able to look at the table for that, particularly without my glasses on.

Mark Ruskell: Is there an increase in the active travel budget for the coming year, or not?

Fiona Hyslop: We will certainly be maintaining our active travel allocation, but we are still to finalise how we are distributing that line of funding. We have a lot of plans ahead, as do local authorities, for tier 1 and tier 2. I will be happy to come back to you to give you certainty that the active travel element of that overall budget line is continuing in a positive way.

Do you want to come in on that, Catherine? Have you identified the budget line?

Catherine Jess-Gibson (Transport Scotland): Yes. I just want to come in on the 2025-26 figures, the autumn budget numbers, or even the outturn. What you are not seeing is that, in 2025-26, there was a separate line for cycling, walking and safer routes funding in central Government. That programme has now stopped and that funding is now within the active travel line for 2026-27. So, it is fairly flat across the two years, with the difference being the bus infrastructure funding.

Mark Ruskell: Thanks for that. You are confirming that the bus infrastructure fund is £60 million. The Confederation of Passenger Transport said recently on social media that it was £60 million, but you can confirm that it will be £60 million within the wider budget line.

Fiona Hyslop: Yes. I have said that to you.

Mark Ruskell: Is that enough for the whole of Scotland?

Fiona Hyslop: Well, is it ever enough? We could spend more in all these areas. Part of it is for the planning and delivery. In terms of the disruption, as the spend is being rolled out, there will be challenges in making sure that local authorities or transport authorities are running their systems. The fund is fairly ambitious in terms of spend for delivery, but, once it is delivered, the capital spend will allow passengers to experience the improvements. Therefore, it is incremental: every time you are building a new lane or whatever, it is then on to the next thing.

It is a big boost, and it has been welcomed by local authorities, regional transport partnerships and the bus industry. It is what they really want to help with the reliability that everybody is talking about.

Mark Ruskell: I will go back to Alison Irvine's earlier point. You spoke about the need to balance investment in bus, concessionary travel, investment in infrastructure and the passenger experience and reliability of services. I am just thinking about how the Government makes these choices. You could look at the policy of dualling the A96, and you could say that, if the Government switched its policy to dualling key sections of the A96, the saving that that would make over a number of years could be invested in capital infrastructure for bus for the whole of Scotland as well as for the A96 corridor. The Government has choices that it can make. I am trying to get a sense of where bus sits in that, and whether £60 million

might be enough for this year. If we are looking at a transformation of bus services, surely we need substantially more than that if we are to get the most out of modal shift and investment in public transport and achieve the change that is needed.

Fiona Hyslop: What we need to do for active and sustainable travel, bus infrastructure and bus support will need to continue, as we said in our earlier discussion on climate change. The trajectory of that will need to continue for this comprehensive spending review period and this carbon budget, but also thereafter and onward.

People and politicians can make a choice about whether having the Nairn bypass is more important than having the bus infrastructure fund, and they can play each of those off against each other. That is not our approach. We have to do both.

Mark Ruskell: The point that I was making was about key sections. The Government recently suggested that the policy would be to dual key sections, such as the Nairn bypass, but it would stop short of full dualling.

Fiona Hyslop: No, that is not correct. That is not what we said, and I will be answering a Government-initiated question later today that will help to clarify that.

The Convener: Mark, I am sorry—we are so short of time. You pushed the envelope quite a lot on that. Sarah Boyack, over to you.

Sarah Boyack: I have a single question. A recent Transport Scotland press release highlighted the broad scope of the £85 million low-carbon programme budget line. Can you give us a more detailed breakdown of the budget, particularly the amount that is being invested to support public EV charging, installation and incentives to support EV uptake? We discussed that in the earlier evidence session, but can we have a breakdown right across that budget?

Fiona Hyslop: We are still determining some of that. We can write to you about the EV issues, but to take one example, £10 million of that will be for rural and islands infrastructure for EV. I am getting a signal from the convener that I should come back to him.

The Convener: We are so short of time, and I am trying to help. It would be useful for the member and for the committee if we could get that in writing. Maybe one of your officials could make that happen, cabinet secretary. Now we come back to Mark Ruskell for another straightforward question.

Mark Ruskell: Is there money in the budget for the purchase and upgrade of Ardrossan harbour?

Fiona Hyslop: Yes. We would want and expect to see the purchase completed in the current financial year, so the funding for that is in this year's budget, and thereafter there is on-going funding for our ports and harbours. Upon purchase, Caledonian Maritime Assets Ltd will immediately want to do some work, including on the provision of ferries and then ports infrastructure, and thereafter, in future years, there will be provision.

The Convener: I would like you to clarify something, cabinet secretary. In the past, you have made various announcements on Ardrossan harbour, and I think that you used the word "imminently" about three and a half or four months ago. Can you define "imminently"? Is it going to happen in the next month, two months or three months? What is going on?

Fiona Hyslop: I am keen to use this year's financial provision to secure the purchase. It is complex. One aspect is negotiation: the heads of terms have been agreed, but the detail still has to be worked through. Some of that goes back to the 19th century; there has been no transfer of property for some time, so there is a lot to it. We want to have as clean a title as possible, so I ask members to bear with us. I know that there is a lot of interest in the matter, and I will inform Parliament at the earliest and most appropriate opportunity.

The Convener: Of course, if a property has not been sold for a long period of time—sorry, I am speaking as a surveyor now—it is sometimes much easier, because there is a consolidated title that has not been changed. I think that we are all looking for an immediate answer.

Alison, you will tell me that I am wrong.

Alison Irvine: As the cabinet secretary has already said, the purchase is a complex deal that needs to be worked through. I am under no illusion about how important it is to the cabinet secretary, and I welcome your comments as a surveyor.

The Convener: That is probably as far as we are going to get on that.

Douglas Lumsden has a couple of questions.

Douglas Lumsden: Cabinet secretary, can you provide any more detail on the proposed air departure tax?

Fiona Hyslop: That is being led by the Cabinet Secretary for Finance and Local Government, but we can tell you that the transfer power is now being consulted on, so I encourage everybody to get involved in that. The power will apply from 2027, but for the first year, the level will reflect the UK's air passenger duty level. We will not, therefore, introduce something in the first year. We have an intention to introduce something in relation to

private jet travel, but it would probably be best if that aspect was led by the Exchequer.

Douglas Lumsden: So it is going to be pegged—

Fiona Hyslop: In the first year, yes.

Douglas Lumsden: In the first year, people going on holiday will be no worse off, but no decision has been taken on what happens after that.

Fiona Hyslop: Through the consultation, I have heard from different people that there are opportunities there. We want to ensure that we do the right thing by the people of Scotland and by air passengers, and that we understand the airline market itself.

Douglas Lumsden: In advance of that consultation, have you done any modelling work to see what the impact would be on our tourism sector if the costs on travellers coming to Scotland were put up?

Fiona Hyslop: We will be pegging our levels to the UK Government levels. With regard to the transfer of powers, it was agreed on a cross-party basis to make changes to the Scotland Act 1998 to provide us with those powers.

You are making assumptions that have not been made, so if you have views, I would encourage you, and others, to take part in the consultation that is currently taking place.

Douglas Lumsden: Finally, the change that we are discussing has been made in respect of the proposals for a private jet tax. How much do you expect that that will take into the budget when it is introduced?

Fiona Hyslop: As I said, the policy is being led by the Cabinet Secretary for Finance and Local Government in relation to the Exchequer as a taxation measure. I will ask her to provide the committee with information, if that has been produced.

Douglas Lumsden: Okay, so you have no information on that.

Fiona Hyslop: I am not a lead on that; it is being led by the finance secretary.

The Convener: I think that it would be helpful, cabinet secretary, for the committee to get some feedback on that; I would be grateful for that.

Fiona Hyslop: It will be available. I am just saying that I do not have it, because I have not been a lead on that.

The Convener: The next questions are from Bob Doris.

Bob Doris: Cabinet secretary, the "Scottish Budget 2026 to 2027: climate change taxonomy" document, at the very end under the heading "Next steps", says:

> "the Scottish Government has launched a Net Zero Assessment of new and significant expenditure, which will be mainstreamed … throughout early 2026."

The committee would be interested to know how those net zero assessments work in practice. It would be helpful if you were able to give us an example of the decision-making process that leads to specific budget decisions that are embedded in the draft budget before us.

12:00

Fiona Hyslop: I might bring in Catherine Jess-Gibson on that question, but it is probably most appropriate for Gillian Martin to answer when she comes to committee next week to give evidence on the climate change plan.

It is for early-stage and new projects, so it will, in my understanding, be for projects at the start rather than continuing projects. It will be for new policies that are coming forward. I do not know whether Catherine Jess-Gibson has anything to add on that.

Catherine Jess-Gibson: I have nothing further to add.

Bob Doris: I have a very brief follow-up question, cabinet secretary—again, it might be one for you to consider rather than answering just now.

Clearly, as Cabinet Secretary for Transport, you will have a lot of budget priorities. You have mentioned some of those today, and many are linked to net zero. However, difficult decisions have to be made, and we have another cabinet secretary in charge of the net zero aspect. What is the interaction between those two portfolios in coming to those decisions?

Fiona Hyslop: We have a responsibility ourselves to deliver what we set out in the climate change plan and in respect of considering how we drive forward net zero. I emphasise that reaching net zero through carbon emissions reductions runs across all our policy areas with regard to the choices that are made, so we have to co-ordinate. Some points were made earlier about housing and energy, EV charging and other areas, and that shows us why there has to be alignment across Government in a lot of these areas. We take our responsibilities very seriously to ensure that we deliver on the carbon emissions reductions targets for which we are statutorily responsible.

Bob Doris: I will not come back in on that, but I note that it is an emerging area of scrutiny for

committees, as we go forward, to understand the decisions that Governments are making, and how they are made through that prism.

Fiona Hyslop: Indeed.

The Convener: Sue Webber, do you have any questions?

Sue Webber: It is just a very short question on the bus pilot. Cabinet secretary, you indicated that you have chosen a £2 flat fare. How was that set? Everyone aspires to have a bus service as good as the one that we are fortunate enough to have in the capital. Lothian Buses has had an increase in passenger numbers, but only over weekends, and it has announced an increase in its single fare to £2.40. With regard to the £2 flat fare, therefore, I am trying to figure out how we manage the public's expectations about how viable such a cap may be. We all know that it is a pilot project, but we still need to imagine how that might pan out, should it be successful, and what is actually viable for running a bus service.

Fiona Hyslop: You make an important point about viability and whether £2 is enough to deliver what is required. In parts of the rest of the UK, for example, the cap is £3. I will be up front: it was part of negotiations on the budget, and the Government's requirement was that we looked at a £2 bus fare cap. With regard to whether it works or not, it is potentially very marginal. Part of the lessons from the pilot will be whether £2 is either too low, or low enough that it creates increased patronage. Those are exactly the sort of things that we need to consider as part of the pilot.

Sue Webber: That is fine—I said that it was a short question, convener.

The Convener: Thank you—we like short questions and short answers.

We seem to have caught up on where we had hoped to be, so I thank the cabinet secretary and committee members. We will now move into private session to consider the evidence that we have heard before we get the Cabinet Secretary for Climate Action and Energy in to speak to some Scottish statutory instruments. Thank you, cabinet secretary, and thank you to your officials for their input.

12:03

Meeting continued in private.

12:18

Meeting continued in public.

Subordinate Legislation

Digital Waste Tracking (Scotland) Regulations 2026 [Draft]

The Convener: Welcome back. Cabinet secretary, I am sorry for the slight delay—as you can imagine, the draft climate change plan was quite a lengthy subject, and I am sure that you will experience the same next week. However, I apologise for keeping you waiting.

Agenda item 4 is consideration of the draft Digital Waste Tracking (Scotland) Regulations 2026. The Delegated Powers and Law Reform Committee has drawn the instrument to the Parliament's attention under the general reporting ground in respect of a number of areas, as set out in the clerk's note.

I welcome to the meeting Gillian Martin, the Cabinet Secretary for Climate Action and Energy, and her supporting Scottish Government officials Haydn Thomas, who is the producer responsibility unit head, and Ailsa Heine, who is a solicitor.

The instrument has been laid under the affirmative procedure, which means that it cannot come into force until the Parliament approves it. Following the evidence session, the committee will be invited to consider a motion to recommend that the instrument be approved. I remind everyone that Scottish Government officials can speak under this item but not in the debate that follows.

The Delegated Powers and Law Reform Committee noted that there are five errors in what is, ostensibly, quite a short instrument. That is a huge number, so I would be grateful if you could address that in your opening statement, cabinet secretary.

The Cabinet Secretary for Climate Action and Energy (Gillian Martin): Thank you, convener. I will just find my information about the errors so that I can include that, at your request.

About 9.5 million tonnes of waste are produced in Scotland each year, but there is currently no single or comprehensive system to track that waste. To achieve a more circular economy and to tackle waste crime, we must have current and accurate information about what waste has been produced and where it ends up. To do that, the Digital Waste Tracking (Scotland) Regulations 2026 will introduce the first phase of a new mandatory digital waste tracking system, which is being rolled out in all four nations.

The system will transform existing outdated paper-based systems for recording waste

movements and will address the information gap that hinders the effective regulation and management of waste. That should make it easier for those in the industry who operate within the law and reduce opportunities for waste crime for those who do not. The system will ensure that resources are properly recycled or recovered and fed back into the economy.

The system has been in development for more than five years. There has been significant business input, including through a waste user panel, which included more than 450 operators in Scotland.

The system will support our alignment with developments in the EU, including by meeting the requirements for digital recording of hazardous waste and waste containing persistent organic pollutants.

The first phase of implementation, which will commence on a mandatory basis from 1 January 2027 in Scotland, will apply to facilities that are authorised by the Scottish Environment Protection Agency to carry out a waste activity. Equivalent phase 1 regulations are planned in England, Wales and Northern Ireland, and we will work closely with those Governments and the UK environmental regulators to support alignment and delivery across the four nations.

The errors that you mentioned are very minor. For example, definitions of "end of the quarter" and "quarter" are included in regulation 2, but those terms are not used in the draft regulations. There are some drafting errors, but they have no impact on the meaning of the instrument.

As part of the four-nations approach to the Scottish statutory instruments that the committee considered last week and is considering this week, we fed back that, after the negotiations and the drafting involving all four nations, an additional quality assurance step is needed. We did that as a result of the minor errors that have been brought to our attention.

Given that there will be a phase 2 associated with the new system, we aim to use that process to amend the drafting errors in this instrument, which have no material effect.

I hope that that clarifies the position. I thank the committee for its time and am happy to answer questions.

The Convener: Thank you very much, cabinet secretary. I accept that the errors are drafting errors, but they mean that amendments will be needed to the legislation and, in my opinion, it is always better for committees to get the polished item.

What waste streams are covered by the SSI?

Gillian Martin: It covers waste streams that involve waste activity at permitted facilities—I use the phrase "receiving sites". The instrument excludes local authority household recycling centres, but that does not mean that that waste will not make its way into the digital system, because, after that waste is collected by a local authority, it will be delivered to a receiving site. At that point, the waste will be entered in the new digital system. In future phases, all waste movements, from waste generation to the end state, will be recorded in the system.

The instrument covers waste that is received at permitted facilities. For the moment, local authority household recycling centres will be exempt, but that waste will enter the digital system once it is moved to a receiving site.

The Convener: I assume that recording the waste that goes into the receiving sites will help us to achieve the circular economy that we are looking for in Scotland, by reducing the amount of waste that does not need to be waste, as it were.

Gillian Martin: Yes. I think that it will be instrumental in helping with that, because it will improve the quality and accuracy of the reporting of the waste data—what is actually out there. That will support any future regulations, as we will have a clear picture of what waste streams there are. The system will be digital. It will integrate and simplify the recording of waste and bring together what are currently separate systems into one so that the regulator can gather and interrogate the information as needed. The regulator will start to see trends associated with that, and will start to make recommendations to Government on any future legislation.

The measure will also help to reduce waste crime. It will increase transparency for all parties in the waste chain, because they will all have to input into the digital system. Where people who are handling waste have not put that into the digital system, the regulator will be able to step in.

The Convener: Do you think that the system will reduce the amount of unsold goods that find their way to disposal?

Gillian Martin: Sorry—I need clarification on that, convener. Are you asking whether it will reduce the amount of unsold goods that make their way in?

The Convener: Some unsold goods are put into the waste cycle. I am trying to work out whether, in recording what is going into waste, unsold goods will be picked up. They probably still have some use if they are unsold.

Gillian Martin: We will certainly get a more accurate picture of the types of waste that are going in. Unsold goods that have been put into any

kind of receiver will be recorded, so we will certainly be able to see trends and whether there are issues with a particular waste stream. The actual recording will not in itself diminish the waste at source—it will just record what goes in. However, it will give us data to be able to assess what actions need to be taken.

The Convener: That last point is the key and interesting bit.

Sarah Boyack has some questions.

Sarah Boyack: How will the arrangements for digitally excluded persons work in practice? Will that be at SEPA's discretion? Will there be a database of exclusions? Do you expect a lot of operators to be included in that? In your opening remarks, you said that there are 450 Scottish operators involved in the process. I just want to get a sense of the numbers.

Gillian Martin: It will be a very small number, but digitally excluded persons will be exempted from the use of the tracking system, for obvious reasons. SEPA will have a record of those people, and they will have to produce written records and submit information through a non-digital route to SEPA. It is not as if they are exempted from reporting; they are just exempted from having to use this particular system.

Sarah Boyack: The information will still be added into the system so that we can look at the analysis.

Gillian Martin: Yes.

Mark Ruskell: I want to ask about compatibility with international systems. I know that there is development of similar waste tracking systems in the EU.

Gillian Martin: Do you mean the interface between the actual software?

Mark Ruskell: Well, yes—it is about all aspects of the systems.

Gillian Martin: My understanding is that the systems are for use domestically. They will not have to interface with any other digital systems. However, the regulations will keep us in line with EU developments. More broadly, in terms of the policy, we want to be alongside the EU in having a digital tracking system, but it is not as if the data or the systems that we are using in Scotland will have to interface with any systems outwith the UK.

Mark Ruskell: I assume that there will be transnational shipments between the EU and Scotland at some point.

Gillian Martin: I will need to bring in Haydn Thomas on that.

Mark Ruskell: I am thinking about electronics and other resources that have a bigger supply chain.

12:30

Haydn Thomas (Scottish Government): There are probably three aspects to that. Certain waste streams are required to have digital waste tracking in the EU. We made certain commitments on keeping up with those digital requirements before we left the EU, for things such as hazardous waste. We therefore need to build the system to deal with those commitments anyway—that is the baseline scenario that we talk about.

There is also a broader direction of travel in the EU towards digital reporting of all waste, which is in line with our system.

On specific interactions, certain waste shipments would need to be tracked in the EU. That is not covered by the regulations, but it is something that operators would need to do if they are exporting certain types of waste to the EU. That will be easier if they are already creating those records digitally in Scotland, as they will not have to comply with two sets of requirements: an existing paper-based set of requirements in Scotland and a separate digital set for the EU.

The Convener: The information that is collected when the waste is being tracked will be made available to local authorities for their statutory duties. Part of getting people to change their mind is to give them as much information as possible about what waste they are creating. Will the information be used to try to influence public opinion on correct waste management?

Gillian Martin: That goes back to the initial question that you asked about the analysis. Having a complete set of digital data will allow us to assess trends. Part of that will be about what we do in informing the public on how to reduce their waste. The system is a recording and data collection system for waste, but the lessons from it and the ability to analyse the information digitally will mean that it will inform future campaigns and, indeed, any future regulations or legislation that we want to introduce in this space.

The Convener: When we talk about releasing data, we always have to think about data protection. You have obviously thought about that. Are there any risks?

Gillian Martin: No. No more data will be available publicly than is available now. In effect, we are taking the current paper-based system and turning it into a digital system. Businesses will have to use software to input the information. However, it is not as if commercially sensitive data or granular source data will be available to the

public. It will just be the general reports that we have now. There will be no difference in what is reported.

The Convener: Thank you.

As there are no more questions from committee members, we move to agenda item 5, which is consideration of motion S6M-20458.

Motion moved,

That the Net Zero, Energy and Transport Committee recommends that the Digital Waste Tracking (Scotland) Regulations 2026 [draft] be approved.—[*Gillian Martin*]

Motion agreed to.

The Convener: Does the committee agree to delegate to me, as convener, the authority to approve the draft report for publication?

Members *indicated agreement*.

The Convener: Thank you, cabinet secretary, and thank you to your officials, who I think are going to leave now. I will briefly suspend the meeting to allow a quick shift of officials.

12:33

Meeting suspended.

12:35

On resuming—

Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026 [Draft]

The Convener: Welcome back to this meeting of the Net Zero, Energy and Transport Committee. Item 6 is consideration of a further draft statutory instrument, the draft Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026. The Delegated Powers and Law Reform Committee has made no comment on the instrument in its report.

I welcome the Cabinet Secretary for Climate Action and Energy back to the meeting, together with her supporting officials from the Scottish Government: Kay White, the team lead; Lauchlan Hall, the senior policy adviser; and Julia Burgham Pearson, a lawyer.

The instrument is laid under the affirmative procedure, which means that it cannot come into force unless the Parliament approves it. Following the evidence session, the committee will be invited to consider recommending that the instrument be approved. Officials cannot speak under that item, but they can speak in this one.

Cabinet secretary, would you like to make a short opening statement? I do not mean to bounce you, but we got the information that the impact assessment had been laid on Friday afternoon, which was after the committee papers had gone out. If you would like to bring anything in that assessment to our attention, it would be helpful if you could use your statement to do that.

Gillian Martin: I am pleased to provide evidence supporting the draft Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026. The ETS authority, formed and jointly run by the four nations of the UK, is extending the scope of the scheme to include emissions from domestic maritime activities. That builds on the existing coverage of aviation, power generation and energy-intensive industries within the UK ETS. It incentivises cost-effective maritime decarbonisation and encourages efforts across our society and communities towards net zero goals.

The expansion is focused on emissions related to domestic voyages between UK ports as well as emissions at berth in UK ports, and it will apply to ships of 5,000 gross tonnage or more. In response to extensive stakeholder feedback, there will be exemptions for specific activities, such as search and rescue activities and humanitarian aid, and specific types of ship, including publicly funded research vessels.

Importantly for Scottish interests and for our support for islands and peninsular communities, ferry services in Scotland are also exempt from the scheme, as they maintain essential connectivity to those areas, and fish catching and processing vessels are also exempted. The instrument that is under consideration provides technical detail on the practical aspects of bringing the domestic maritime sector into the UK ETS, including on the regulation of operators, the monitoring and analysis methodology, and annual reporting on maritime emissions.

As in other sectors that are included in the scheme, owners of in-scope vessels or, on their behalf, those to whom the responsibility is delegated will purchase allowances for each tonne of carbon dioxide emitted and surrender them at the end of each scheme year. For maritime emissions, there will be a surrender reduction for voyages between Great Britain and Northern Ireland, in order to avoid a carbon pricing imbalance.

As the expansion to domestic maritime emissions will occur in July this year, arrangements will also be in place to allow double surrender of allowances for both the shorter 2026 and full 2027 scheme years by April 2028.

The instrument adjusts the ETS cap to account for the maritime sector. The scheme will extend to vessels that provide support or services for offshore structures from January 2027. Including those ships at a later date is an alignment approach that is taken in the EU ETS that avoids market distortions ahead of their equivalent inclusion in the EU scheme.

The ETS authority has consulted extensively on the inclusion of domestic maritime in the UK ETS, in order to ensure that it is incentivising emissions reduction in a way that is fair and that accounts for industry best practice. In doing so, it has engaged with businesses across the UK and has held specific workshops with our island communities.

The instrument represents an important step in the on-going development of the UK ETS, recognises the importance of maritime operations to our economy and net zero journey, and lays the groundwork for future expansion to international voyages, which was the subject of a recent authority-wide consultation.

The business and regulatory impact assessment for the instrument was laid on 30 January, after extensive engagement with Scottish businesses.

The Convener: Thank you, cabinet secretary. What are the main impacts on Scottish businesses and individuals of the introduction of the maritime sector to the UK ETS next year?

Gillian Martin: Mainly because of the exemptions, there is a very limited impact on Scotland-based operators. Approximately 96 per cent of the costs are expected to fall on international operators. We did extensive work with island communities and operators, and, as a result, we very quickly decided to exclude fishing and fish processing vessels and lifeline ferry services for island and peninsula communities, for the reasons that I set out in my statement.

The Convener: I see that ferries to Scottish islands will be exempt from the introduction of the ETS and that the exemption will be reviewed in 2028. My brief research suggests that, for example, the MV Hamnavoe would fall comfortably within the weight limit for the ETS if the ferries exemption was not extended. Will the Government continue to push for the ferries exemption from the ETS?

Gillian Martin:I cannot pre-empt what the review will say, but the reasons for having the exemption in the first place are to do with the islands impact assessment and the lifeline nature of the ferry services. I do not think that that will change, but the review will take place.

The Convener: Okay. Do you think that the tonnage limit will ever come down? If it came down too much, the MPV Jura, which is one of our main fisheries protection vessels, might fall within it.

Gillian Martin: A four-nations discussion needs to take place. As you rightly say, a 5,000-tonne threshold applies. The review in 2028 will consider whether the threshold should be lowered in the future, but that discussion will happen between the four nations and it will have to take into account the socioeconomic impacts of the inclusion of smaller ships. In the brief discussion that we have had, we have talked about the lifeline nature of the services and the fact that fishing vessels are important to the socioeconomic aspects of communities around Scotland. We will bring all that intelligence and those arguments to the fore in 2028 as well.

The Convener: I hope that, in 2028, somebody will remember that I have mentioned maritime protection vessels when it comes to the tonnage limit.

The deputy convener has a question.

Michael Matheson: You said that 96 per cent of the vessels that will be captured are internationally based. What are the primary options that are available to them to reduce their emissions?

Gillian Martin: There are two aspects. First, there is the fuel that they use for travelling. There are different types of fuel, and fuel switching might be available. Secondly, there is the fuel that they use when they are berthed. It is going to be an

interesting innovation for Scottish ports to be able to offer different options. When I was at Montrose port a couple of months ago, there was discussion about the fact that ships can get green electric power while they are berthed there, rather than using diesel. There could be good opportunities for ports to offer different types of fuel supply to vessels that are berthed.

Michael Matheson: Are alternative options available for the fuel that vessels use for travelling? It will probably be much more difficult for large vessels to be hybrid or electrified. I do not know whether electric generators would be able to generate the levels of power that they need. I am keen to understand that.

12:45

Gillian Martin: That is not my area of expertise, but the negotiations considered the different types of biofuels that might be available. It is ultimately for the shipping companies and the international operators to decide how they want to decarbonise and to consider the fuel options that are available to them. They could decide that some vessels are not able to decarbonise to a certain extent and that they will pay the fees and additional costs that are associated with not decarbonising. As an example of such decarbonisation, when cruise ships berth in UK ports, I hope that they will be able to take on an electric fuel supply to reduce the use of diesel.

Michael Matheson: Unless diesel is being used to generate the electricity—that is the challenge.

Gillian Martin: I have an example in my mind of a particular port that is using green electricity, but you are absolutely right that, if the electricity is being generated by diesel, there will not be an impact on the level of carbon emissions.

The instrument is meant to incentivise a reduction in emissions. Given that wind energy is being constrained in Scotland, as we all know, there is a big opportunity for ports to make arrangements with generators to utilise green electricity that would otherwise be constrained.

Michael Matheson: Okay. Thanks.

Douglas Lumsden: How many ports in Scotland presently have the capability for cruise ships to connect and use electricity?

Gillian Martin: I do not have that data in front of me—I would need to speak to my transport colleagues about that.

Douglas Lumsden: Would it be a good idea to have an audit, so that people can see exactly what is planned at the ports?

Gillian Martin: It is very possible that the information already exists and that the Scottish Government already has it; I just do not have it in front of me now.

Douglas Lumsden: Would you be able to send that information to the committee?

Gillian Martin: Yes, I will speak to our colleagues in other departments and get that information.

Douglas Lumsden: Thank you.

What is your plan for furthering the decarbonisation of vessels that are below the 5,000-tonne threshold?

Gillian Martin: You would need to speak to the Cabinet Secretary for Transport about that, because I do not have that information. I do not want to get into something that is not in my particular portfolio. If you are talking about fishing vessels, Ms Gougeon will have information about incentivisation in that regard. However, I can certainly find that out from those portfolio areas.

Douglas Lumsden: I was thinking more about the climate change plan. Is there any mention of how we will decarbonise some of the smaller vessels that are below the 5,000-tonne limit?

Gillian Martin: I will need to look into that, but, if those vessels want to decarbonise and stop using diesel, the most readily available option for them would be to use biofuels.

Douglas Lumsden: Okay. Thanks.

Sarah Boyack: It would be good to get some joined-up thinking. We have talked before about opportunities for biofuels, and it would be interesting to see biofuels or electrification used in different ports when charging cruise ships.

However, my question is about what the estimated reduction in emissions in Scotland will be from bringing in these proposals. The estimate is that domestic shipping makes up 5 per cent of the UK's transport emissions, which is more than our rail and bus networks. What will be the overall reduction in emissions by agreeing to this piece of legislation?

Gillian Martin: I do not have an estimate of the particular emissions reduction that will be associated with the instrument. If there is any information on that, it will likely be a UK-wide estimate. However, we can write to the committee. If we have the information, I will get a letter back to the committee on all these detailed questions about specific issues, but I have information only about the instrument with me today.

Mark Ruskell: I am interested in how the decarbonisation that will occur as a result of the instrument will link into the climate change plan, which we have just been scrutinising. I do not think that the plan contains a particular figure for

shipping, unless shipping is listed separately from maritime figures. There is no assumption in the CCP of carbon reduction.

Gillian Martin: I would need to look at the climate change plan. It is a draft plan at the moment. If we have the figures that are associated with this particular instrument and if they are not already in the climate change plan—I do not believe that they are—then we could, as we are finalising the plan, and if the figures are large enough to make a difference to the plan, put them into it.

Mark Ruskell: There are some chunky emissions figures that are associated with domestic shipping, as Sarah Boyack has already alluded to. It would be good to get a sense of the cross-Government programme of engagement that is taking place with the different sectors to consider options. For example, there is a pelagic fishing fleet that is based largely in Shetland, where quite large vessels—up to 4,000 tonnes—are doing what they do. It feels that there is low-hanging fruit that can be drawn into the climate change plan.

Gillian Martin: I will look into whether an exact assessment has been done on that particular issue and get back to the committee.

The Convener: If would be helpful if you could feed that information in before we see you next week, so that we could consider it as part of our evidence session on the climate change plan. I am sure that your officials will love that suggestion.

As there are no further questions, we move to consideration of motion S6M-20456.

Motion moved,

That the Net Zero, Energy and Transport Committee recommends that the Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026 [draft] be approved.—[*Gillian Martin*]

Motion agreed to.

The Convener: I invite the committee to delegate authority to me, as convener, to approve a draft of our report on the instrument for publication. [*Interruption*.] Well, if you are not happy, Mr Matheson, then, as deputy convener, you can write the report. However, I note that you are happy for me to do so.

Do members agree to delegate authority to me?

Members *indicated agreement*.

The Convener: That is all that we will discuss in public. We will now move into private.

12:51

Meeting continued in private until 12:59.

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