

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 17 September 2008

Session 3

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ECONOMY, ENERGY AND TOURISM COMMITTEE

17th Meeting 2008, Session 3

CONVENER

Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothians) (Con)

*Christopher Harvie (Mid Scotland and Fife) (SNP)

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Dave Thompson (Highlands and Islands) (SNP)

*David Whitton (Strathkelvin and Bearsden) (Lab)

COMMITTEE SUBSTITUTES

Nigel Don (North East Scotland) (SNP)

George Foulkes (Lothians) (Lab)

Alex Johnstone (North East Scotland) (Con)

Liam McArthur (Orkney) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Stephen Boyd (Scottish Trades Union Congress)

Professor Russel Griggs (Regulatory Review Group)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 6

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 17 September 2008

[THE DEPUTY CONVENER *opened the meeting at 09:30*]

Regulatory Review Group

The Deputy Convener (Rob Gibson): Good morning and welcome to the meeting, which my briefing says is our 17th in 2008. We have apologies from Iain Smith. I remind everyone that mobile phones and BlackBerry-type devices should be turned off, so that they do not interfere with the sound system.

Agenda item 1 provides the opportunity to question two members of the regulatory review group on its work. The group recently published its annual report, which the Scottish Government received favourably. The report sets out far-reaching recommendations to improve the legislative process.

I welcome our two witnesses, Professor Russel Griggs and Stephen Boyd, and invite them to introduce themselves and make any opening statements, after which we will ask questions. I presume that your report provides a statement, so it is a matter of introducing yourselves.

Professor Russel Griggs (Regulatory Review Group): To start, we simply wish to say good morning. Most of you around the table know us. The regulatory review group has published its first annual report. We produced an interim report in February, just to find out whether we had the right direction of travel, and the Government said that we did.

We are here to answer questions and explore issues that the committee would like to explore. Yesterday afternoon, we had an interesting meeting with the Scottish Cabinet, which again agreed our direction of travel, so we will keep going in the same direction.

We are interested in the committee's views. I guess that today's meeting arose from a conversation that I had with the committee's previous convener just before the recess—he wanted us to speak to the committee after we issued our report. It is for the committee to ask questions.

The Deputy Convener: Indeed. Who wants to kick off the questions?

Gavin Brown (Lothians) (Con): I enjoyed reading the annual report and the interim report. Will you describe where we are on implementation or what needs to happen for implementation to occur? The idea of the business impact assessment is good, but I am keen to know what will happen in practice. Will the BIA definitely be implemented? Do we need to debate its implementation?

Professor Griggs: The business impact assessment will be implemented. Jamie Hume, who looks after the RRG's secretariat, other members of the team and I will work out a process for monitoring its implementation. All civil servants who produce legislation, and perhaps all committees that do so, will be asked to use the BIA. We will monitor who has and has not used it and publish that information every year in our annual report. That will give us a view of where we do and do not have challenges.

There are two critical parts to the BIA. One is ensuring that Government in all its forms considers options before it decides on legislation. Legislation should be last on the list of what it wants to do, so it should consider other options. More important is encouraging continuing dialogue between business and Government about the impact of any legislation, to allow them to understand each other. Many businesses do not understand how the Government puts together legislation, and perhaps the Government does not understand the situation in business.

One great impact of the BIA will come from its use internally. We have worked on fisheries in Richard Lochhead's directorate, where the BIA is being used as an internal checklist of whether things should be done. We are making positive progress, but getting everything in place depends on how quickly we can write all the information and get it out to civil servants.

Those comments were on the BIA specifically. We may come to other matters in later questions. Stephen Boyd may have something to add.

Stephen Boyd (Scottish Trades Union Congress): That is a fair summary. There is a widespread understanding that the predecessor of the BIA, the regulatory impact assessment, did not work particularly well in Scotland or the United Kingdom. From time to time, regulatory impact assessments underestimated or overestimated the impact on business. For example, we argue that the public sector procurement directive was implemented in Scotland in a minimal way to pre-empt accusations about placing extra burdens on business. However, it was not implemented in a particularly effective way, and the regulatory impact assessment process did not assist. With the BIA, we are trying to do something new. We all have aspirations and believe that the BIA potentially is a positive development.

Gavin Brown: I like the idea that legislation should not be the first choice, and that in many cases it should be the last.

I have two follow-up questions for Professor Griggs. First, the regulatory review group's annual report suggests that the BIA should be compulsory, but your answer a moment ago suggested that it might not be and that you will monitor the situation. Should the BIA be made compulsory? How likely is that to happen? Secondly, in the group's view, should the BIA apply to committee-sponsored legislation and member's bills?

Professor Griggs: The answer to both questions is yes, but I have a caveat on the first one. We would like the BIA to be compulsory, but we must work with the Government on that. The important thing is to consider what compulsion means. That is why we are going to have a monitoring system. We can compel people to carry out BIAs, but we need to monitor that.

Since the Hampton review, the best practice advice to civil servants at Westminster has been that they should visit three companies every time they put through a piece of legislation. That has never been monitored, so we have no idea whether any civil servant has ever done that. Our view is that, if we compel people to do something or recommend it as best practice, it must be monitored. We will tell people that they must go through the process, but I cannot instruct every director general in the civil service or John Elvidge to say that, which is why we are putting in place a monitoring system so that we can see who has and has not gone through the process.

You asked whether committees should use the BIA for their legislation. I believe that the BIA will be a useful tool for committees when they examine the impacts on business.

Gavin Brown: You mentioned visits to three companies. Your interim report suggests that the process would involve between six and 12 companies. I presume that they would not be the same ones each time, and that there would be a pool. That is probably a useful number for some types of legislation or regulations, but with major legislation, such as that proposed on a local income tax—I do not want you to comment specifically on that—should far more companies be consulted? A national picture will be built up based on the companies that are spoken to, but if only 12 companies are spoken to about a major piece of legislation, it might be difficult to get a national picture. Will the pool of companies and businesses that are spoken to time and again contain a spread of the Scottish economy, so that we cover all the areas, including social enterprises and the voluntary sector?

Professor Griggs: To answer the second question first, we will have a hub-and-spokes system. We already have relationships with most trade associations in Scotland. When considering proposed legislation that focuses on a specific sector, we will talk to the trade association for that sector to select a group of companies that includes small, medium and large businesses in the sector. We hope that the businesses involved will change over time. We want to involve as many companies as possible.

On, for example, local income tax, I come back to what the regulatory review group is about: we are about testing proposed legislation. I assume that on an issue such as local income tax, there will be lots of consultation with many bodies before the proposal gets to the legislation stage. When it gets to that stage, we are only interested in how the legislation will impact on business. So even for a big issue, such as the local income tax, maybe a dozen businesses will be consulted, if they are picked carefully. It could be slightly more than a dozen, but we would not need to go to large numbers. The issue is how the legislation will impact on business. Many people will be consulted on the more general debate about local income tax. I am just trying to be specific about our role in that.

The Deputy Convener: Taking that a little bit further, I have a supplementary question for Stephen Boyd. Should the workforce be involved in the BIA and, if so, how?

Stephen Boyd: Whether it is involved will, unfortunately, reflect the working relationship within the company. Depending on the legislation, particularly if it could have an impact on the workforce or the communities and environment in which they live, it is only fair that the employer consults the workforce as part of the process. I hope that other avenues in the consultation process for bills will allow that type of input.

I want to be clear that I support the BIA approach, but, as I have said in numerous meetings with the regulatory review group, there are dangers in the approach that could lead to worst-case-scenario contributions from employers. We are trying to do something new here, which is one of the reasons why we have to monitor and review the approach. If we go out to six to 12 companies, they might all overstate the potential impact of the legislation on their business. That would not necessarily be the case, but it is important to monitor and review the process, and perhaps to tinker with it, to encourage companies to give considered responses.

Professor Griggs: It is not about civil servants getting the managing director's views. We will encourage companies to find out whose day job would be most affected by the proposed legislation

and encourage them to discuss it at that level. To be perfectly honest, the managing directors of a lot of companies do not understand the impact that particular legislation will have on their company, so we are going to encourage them to speak to the people in the company that do understand it. We hope that that will take them more widely into the company, if I can put it that way.

The Deputy Convener: Do any of the members who have indicated that they want to speak want to continue on the subject of the business impact assessment?

David Whitton (Strathkelvin and Bearsden) (Lab): I want to pick up on the question that the convener posed. Sometimes you will get the answer that you expect. When the Government introduced the national minimum wage, the Conservative party and elements of the Confederation of British Industry told us that Armageddon was approaching. I dare say that if you had spoken to half a dozen of their major members, they would all have said that the national minimum wage is terrible and it should never be introduced. However, it was introduced by a fantastic piece of legislation, so surely there has to be a point at which you take what you are being told with a pinch of salt.

Stephen Boyd: Absolutely, but we must recognise that the BIA is one element of the wider consultation process. You are right about the national minimum wage—when it was introduced, employment rocketed by 2 million throughout the United Kingdom—but there were counter-arguments to the CBI's objections. I am sure that the approach that is adopted in Scotland will allow counter-arguments to be placed firmly in the public domain and considered as part of the wider debate.

Professor Griggs: David, you have to remember what we are trying to do here. We are not saying, for example, that the national minimum wage is right or wrong. We are asking whether a particular piece of legislation impacts on a business. We expect the BIA to be quite detailed. We do not expect it to be completed in a half-hour conversation. It is about considering the detail of the possible impact of legislation on a company.

Over time, we hope to put in place a group of civil servants who understand enough about business to know when they are having the wool pulled over their eyes. Part of the challenge that we face at the moment is that there is a lack of understanding of Government by business and of business by Government. If we have conversations, over time we will get a better understanding of what is going on with both sides.

09:45

David Whitton: I find it surprising that you say that, because most major companies employ corporate affairs people whose job it is to understand politics—I might even confess to having done a bit of that myself. Equally, plenty of civil servants who work in the Scotland Office and the Executive have been on secondments to major companies. I do not follow the argument that there is a great misunderstanding between the civil service and the business community—they meet each other all the time.

I did not know that it was best practice to visit three companies, and I was surprised to read that nobody had done it. I wonder whether the visits were not made because the civil servants thought that it was not worth while, because they already understood what was going to happen.

Professor Griggs: I do not think that that is the case, although I remember well our sharing time in another period of your life, David. Much of the process is about the detail of the impact. As we get into legislation on the environment and other areas, we are doing things that have not been done before. If we have done something for 20 years, we know a lot more about it than we do about something that we have never done before. There is no doubt that better conversations about environmental legislation can be had between people who work at a more detailed level, rather than between public affairs people.

We have been critical of the way in which Government and trade associations work together, because they do so at official level, with corporate affairs people speaking to officials in the organisations, rather than by getting together the people in the organisations and the Government whose day job is to deal with the matter and who understand the detail.

We spoke to the better regulation executive by videoconference recently, not because it knows what to do, but because it finds it challenging to test what it wants to do to real businesses. We are talking about there being more practical and detailed engagement than there has been between trade associations and Government.

Stephen Boyd: We are trying to move the better regulation debate on to a different level and to implement positive measures that will allow us to produce a more coherent appraisal of new legislation and its impacts. The better regulation and deregulation debates, as well as debates about red tape and business burdens, have been horribly vague over the past few years. A variety of issues relating to employment regulation, environmental protection and utility regulation are conflated and confused. Nobody has a very good idea of what we are talking about.

A number of business organisations have promoted the idea of there being overregulation, but they have been less than specific about the regulation that supposedly is burdening their companies. The whole BIA process, as Russel Griggs described, attempts to cut through that confusion. People moan about the national minimum wage, so we should ask them to explain to us in clear, precise terms what it means to their company and why it is detrimental. As part of that process, the Government should say, "Consider the positive aspects. Consider the positive labour supply effects of the national minimum wage or similar legislation."

As I said, we have concerns about how the BIA might play out in practice in its initial stages, but I am confident that we will work through them. People will develop expertise and confidence in dealing with the process, and it will lead to better public policy decisions.

Professor Griggs: I say to David Whitton that if you speak to some of the civil servants in the BRE, they will say that it is easier to have a debate about legislation with trade association officials than with real businesses, because they get into the detail. Stephen Boyd is right that that is where we want to take the debate.

Lewis Macdonald (Aberdeen Central) (Lab): I was struck by the emphasis on a reluctance to set targets, because you are after better, not necessarily less, regulation. You sounded sceptical about the proposition that there is too much regulation per se and you are sceptical in your report about the proposition that for every new regulation an old one should drop out. Will you explain the reasons for your scepticism about those propositions? Is there a connection with your comment that, although you have to look at existing regulations, that is not in the work plan for the foreseeable future?

Professor Griggs: On the last question, we hope to examine existing regulations this year. I will come back to that.

We approached the report in this way. Everybody complains about tax and regulation, and we all have rules in life that we have to obey but perhaps do not like. Our natural inclination is not to have such rules, and businesses therefore complain about regulation. However, when we ask businesses—across the world, not just in the UK—to specify the regulations that they would take away, they find it hard to do so. Like all better regulation groups in the world, we have struggled to find specific things that business wants to do.

We have therefore tried to look at the situation differently. We have said that, if we ensure that we introduce regulation that is appropriate and formulated co-operatively between business and

Government—accepting that there will always be differences between them, so they will not always agree—we will have regulation that people cannot argue about. It will not matter whether there is more or less than at the moment; the point is that we will have regulation that people are happy with and know the impact of. That is not to say that the Government will not impose legislation that will have a significant impact on business, but if it does, it will at least understand its impact.

Our group is fairly eclectic, with a mix of people and views. I will have to be careful how I say this—and I am interested in Stephen Boyd's view—but nobody has been able to gather evidence about the specific regulations that we could remove or add. The question of one in, one out is simple: the Government could take out one small piece of legislation and replace it with one huge piece of legislation with a greater impact. Our view is that the one in, one out idea adds nothing to the debate. It would also allow the Government to bundle pieces of legislation together—that perhaps has been done elsewhere—which does not really lessen the burden. There might be one regulation rather than six, but the burden is not reduced. One in, one out is a simplistic idea that works on the periphery of the real debate, which is about better regulation.

Stephen Boyd: There is a business and moral case for regulating the workplace, environmental protection and so on. If markets are to work efficiently, they require to be regulated. I do not need to stress that point at the moment, as the financial markets unravel around the world. However, if an overly restrictive, target-based regime is in place, it can make it difficult to implement new regulation.

There is broad consensus that we need far tougher regulation of the markets. Although there is a debate to be had about the level of regulation and the need not to stifle innovation, which is a legitimate debate, there will have to be new regulation. If there is a tough, target-based regime, and the political imperative is to justify those targets and reductions in them, it can make regulation difficult to implement.

We have seen some small-scale examples of that recently. The Scottish whisky industry struggled to have passed new regulations that it was looking for to protect the industry, because the Government was working to its own target-based reduction regime, which made it difficult to introduce the regulations that business was arguing for.

Personally, I think that it is absurd to approach the better regulation agenda by trying to measure and then justify reductions in the unmeasurable. It is a huge waste of a scarce resource—our civil servants. Russel Griggs can tell you better than I

can the number of civil servants who currently are engaged in the agenda in Westminster. I argue that they could be far more productively deployed elsewhere.

Professor Griggs: The number is more than 230.

Lewis Macdonald: That is quite a large number.

You choose not to take a target-driven approach, and you have a coherent argument for that choice. You seek instead to build a partnership between regulators and business. That will deliver a different world if what lies behind the proposal is endorsed, but if there is no such endorsement, is there not a risk of further bureaucratisation and layers of demands?

I notice, for example, that the Government's report contains a reference to

"A requirement for business to dedicate time and resources needed to allow Government to consult meaningfully with them".

If such a requirement were used in the right way, it would be an asset, but if it were used in the wrong way, it would be another burden on business. If it were used in the wrong way, a requirement for engagement between regulators and businesses would compromise the regulation that, for good reasons, businesses need, or it would simply draw businesses into the process of bureaucratic regulation. In making progress on what seem to be admirable objectives, how do you guard against those risks of bureaucratisation and compromising necessary regulation?

Professor Griggs: We do it in two ways. You are right: we must explain to businesses that if they want better regulation, part of that involves giving up some time to ensure that they get regulation that is appropriate to them. We know from talking to businesses and all the associations that are involved in the regulatory review group that they want to do that.

The chemicals industry, for example, will give up time to consider how European legislation is interpreted and put into domestic legislation, because it recognises that, over time, that will save the industry money. It costs some companies in the environmental sector up to £1 million a year to comply with regulations. By getting involved in the process of putting regulation in place, and by spending some money at the outset ensuring that the regulation gives the Government what it wants and is implemented appropriately, businesses can save themselves significant amounts of money. Businesses are beginning to count the cost of that, which is quite easy to do with much of the environmental legislation.

We think that businesses and the regulators have the will to engage. The regulators recognise that that is necessary if they are to produce the desired outcomes. For example, the Scottish Commission for the Regulation of Care wants there to be good care homes throughout Scotland. To help it to achieve that, it would like to have a more flexible way of working that allows it to focus its time on ensuring that the bad care homes get better and the better ones are encouraged. There is a willingness on both sides. I do not think that a partnership approach will encourage more bureaucracy. I hope that, ultimately, it will cost each party less, because everyone will sit down round a table and work out what they are doing rather than put regulation in place first and then try to unwind it retrospectively, which costs them more money. I think that the amount of bureaucracy will decrease.

Lewis Macdonald: Provided that the regulator and the regulated are of like mind and want the process to work. Does that mean that a staged process is necessary to reach that position?

Professor Griggs: We have spoken to all the regulators and, without exception, they want to move to a different world. It takes a lot of their time to deal with complaints, many of which they feel are justified, because the regulation being complained about was not structured in such a way as to produce the desired outcome, with the result that they have to discuss with Government how the regulation can be changed. The regulators would like to move forward.

Stephen Boyd: In taking forward an agenda that is genuinely about better regulation, everyone faces major challenges. More businesspeople must engage with others, as Russel Griggs has done, to improve regulation rather than moan about the generality of regulation.

The problem with the better regulation agenda in the UK is that we do not have a highly developed institutional framework that helps us to deliver it. On labour market issues, we now look towards Europe. When Holland implemented the working time directive, it did so through sectoral industrial agreement between the trade unions and the employers, who were able to keep Government out of the process. That was possible only because Holland has a long-established institutional framework that is widely respected by all stakeholders and which allows such dialogue. It is true not just of the labour market but of the full gamut of public policy in the UK that we tend not to have the working relationships in institutions that would help us to do such work. My aspiration for the regulatory review group is that it tries to build a more consensual approach. We certainly hope that, in the fullness of time, such an approach will, as Russel Griggs has explained,

bring about a decrease rather than an increase in bureaucracy.

10:00

Dave Thompson (Highlands and Islands)

(SNP): I will talk a bit about the regulators themselves. For many years, I was a trading standards officer, so I have a wee bit experience of regulation. As a regulator, I always found it useful to use common sense in applying regulations, which is just what Professor Griggs mentions in his report. We certainly used our common sense to a great extent when we were on the ground going round businesses. We used a lot of discretion day to day and even—if I may say so—ignored some regulations if we felt that they did not quite apply, or should not be applied, in a situation.

The trading standards service has been mentioned. It has a good set-up in the UK as a whole through the co-ordinating body for regulatory standards, the Local Authorities Co-ordinators of Regulatory Services. Is that a model that other regulatory bodies should adopt?

Professor Griggs: Indeed it is. You will be pleased to know that no trade association has made a complaint about a trading standards officer in Scotland over the last number of years—we asked—whereas the service south of the border gets thousands of complaints. That is interesting. Part of the reason for that is that the model is good. Trading standards officers and other regulators in Scotland cannot prosecute in their own right, whereas they can south of the border. We have an interesting interface called the procurator fiscal, who sits between regulators and prosecutions; that does not apply south of the border.

We have been talking to Philip Hampton, who started off the drive for better regulation several years ago with the Hampton report. He is considering whether something like a procurator fiscal or the Crown Prosecution Service could put such a barrier between trading standards and prosecutions in England. The Government has tried to get round that by introducing the Local Better Regulation Office. Interestingly, your colleagues in the Society of Chief Officers of Trading Standards in Scotland were worried about LBRO's impact on Scotland, as were we, because of the different system in England. We have worked with those organisations to ensure that we get the right impact in Scotland and do not harm the relationship with businesses.

The way that trading standards officers have worked together, applied common sense and driven for consistency is important. As you know, one of the constant complaints from businesses is that there can be huge inconsistencies throughout

the country in the policies that are delivered through local authorities. The trading standards service is a good model of regulation.

The challenge that the service faces this year is that, for the first time ever, there are no young people going into trading standards. That is a big problem across all the regulators; there is, oddly enough, a skills shortage in regulation—full stop. There is a problem with getting people to go into the Scottish Environment Protection Agency, trading standards and occupational health. That is a difficulty.

Dave Thompson: Do you have any idea why that is the case? I suspect that the method of training is different from that in many other professions. If somebody wants to be a lawyer, they go to university, get their law degree, then do their year in a law firm and that is them trained. However, with regulators such as the trading standards service, the method is that one trains within the local authority. Therefore, it costs a local authority much more to train a trading standards officer than to train a lawyer, because a lawyer is already trained when they join the local authority. Perhaps we need to examine the funding mechanisms for training. In my many years' experience in a local authority, the training budget was the first to be cut whenever there were efficiencies to be made because it was an easy one to knock down. I am concerned and disappointed that no youngsters are training to be trading standards officers in Scotland just now. That is awful.

Professor Griggs: It is, but, as far as I am aware, it has nothing to do with budgets; it is just the challenge of getting people in. I will give you a personal view. One of the challenges that regulators have in attracting staff is that they have come to be thought of as policemen rather than enablers who use their common sense. Fewer people want to become policemen than want to become helpers, so perhaps the regulation industry has a little task to do to change young peoples' view so that they see it as a helping environment rather than a policing environment. As far as I am aware, the problem has nothing to do with money.

Dave Thompson: That is interesting. Part of the trouble lies with some of the regulatory bodies. For example, Scottish Natural Heritage has no regulators; it has environmentalists who regulate—their primary focus is the environment. When people first come into regulatory jobs, they do not really understand what regulation is all about or the need for a light touch, which you mentioned in your report. In that respect, they are unlike trading standards officers, who are taught in the first instance to be regulators. Many of our regulatory bodies take the opposite approach to that taken in

trading standards. Did you come across that in your deliberations?

Professor Griggs: That is an interesting point; I will have to be careful about how I answer the question. There is no doubt that people can come into those organisations with an agenda—if I can put it that way—that may not be about regulation. There needs to be clarity from the regulator on what it is trying to achieve. If the regulator is trying to create a better environment, the way in which to do that may be open to interpretation—some people may put their own interpretation on that.

Over recent years, one challenge that we have faced is that too many people have concentrated on process and not outcome. Many regulators have moved to a place where they argue about which pump someone is using rather than looking at what comes out of the end of the pump. They should be doing the latter, not the former.

I agree that a job has to be done in that regard. We need to move away from regulation that is based on a process environment to one that is based on an outcome environment. Some of those who work for the regulators will find that challenging.

Dave Thompson: I always took the view, which I imparted to my staff, that our job was not so much to rap people over the knuckles or get them into court as advise businesses on compliance. There are myriad regulations in the trading standards field and in other fields, such as environmental health and VAT regulation. That makes the advisory role of the regulator extremely important.

I liked the recommendation in your report that regulators on the ground should be used to impart experience and advice when regulations are being made. The recommendation is even more important when it comes to implementation. It is often the case—indeed, it is probably always the case—that the full impact of a regulation is seen only after implementation begins.

Over the past week or two, an example of that was brought to my attention: the implementation of new fire regulations and their impact on bed-and-breakfast establishments. I was told that, although there is nothing implicitly wrong with the regulations, the various fire authorities are covering their backs by implementing them absolutely. The regulations that apply to small business premises now apply to small B and Bs that take fewer than six people, which used to be exempt. I was told that massive costs are involved in meeting the new requirements.

The example shows that we need to get in there and ask two questions. The first is, “Is this what the regulations were meant to achieve?” The second is, “Are there any unintended

consequences?” If there are unintended consequences, we need to see how we can quickly change things. Unfortunately, I do not think that we have the mechanisms to act quickly.

Professor Griggs: We do not. We are looking at the case that you just set out, which has also been raised with us—it is a clear case of unintended consequences.

The first case that we ever looked at was on the impact of the care commission on care homes. We found exactly the same situation as the one that you raise: interpretation at the coalface, so to speak, had led to unintended consequences. People had interpreted things in a way that was totally different from that which was intended.

That case raised the issue of communication problems. Many people who work for the regulators do not feel sufficiently empowered to say to their bosses, “I have been doing this for a couple of weeks and this bit is all wrong. We need to talk to Government about changing things.” We need to change the culture to ensure that people feel empowered and that they have the authority to do that.

As you said—again, I will have to be careful how I say this—certain cases should lead people to say, “That is just stupid. We won’t do it.” People are not encouraged to do that, however.

The other issue is that many of the costs that I mentioned earlier are incurred in providing regulators with information that is then put in a filing cabinet and only ever used if both parties end up in court. There must be a more sensible way of tracking and keeping records that does not involve both the company and the regulator holding on to information that costs the company quite a lot of money to put together.

Stephen Boyd: We have had some concerns about SNH over the past few months. I do not have much of a problem with the agency attracting people with an environmental background or who have an environmental perspective on matters; after all, it is there to protect Scotland’s natural heritage. However, if it is to play a proper advisory role, it must be resourced at all levels. I am not convinced that that is the case, and there is a problem with the interaction between the skills that are held locally and those that are held centrally.

I know of some examples of very good practice at SNH. Counter-intuitively, perhaps, it has worked with the open-cast coal industry on various developments in South Lanarkshire and Ayrshire that are, to varying degrees, sited in protected areas. The agency worked with the developer from a very early stage to ensure that the development was as sensitive as it could be to the needs of the protected areas.

However, developers in those areas live in dread of one or two particular individuals moving away, because there might well be no one else to replace them. The skills that they would need to interact with would be held centrally and would therefore be more difficult to access, which would hold up the whole process.

This year, I have had the pleasure of participating in two fascinating conferences on how different European countries and regions have handled the Natura 2000 agenda and the habitats and birds directives. What came across loud and clear was that other countries and regions have more highly developed partnership mechanisms for managing protected areas, which provide more reassurance to developers with regard to what might be possible in such areas as well as reassuring communities and the population at large that protected areas will be protected.

In Scotland, such partnership mechanisms are completely absent, and I have major concerns about what that might mean for the development of the renewable energy sector. Instead of taking an absolutist approach to protected areas or simply giving developers carte blanche, we have to develop mechanisms that reassure both sides. Although SNH should be absolutely pivotal to that process, I am not convinced that it is up for that debate. I have to say that that worries me.

Dave Thompson: The resource issue is certainly crucial. The fact is that it has become difficult to attract people into local authority professions such as trading standards—I should add that there are only a couple of hundred trading standards officers in Scotland. When Scotland had a dozen regional and island local authorities, there was a visible career structure that allowed people to reach a reasonably high level. However, in the current structure of 32 local authorities, some councils have only one trading standards officer. That means that when people become TSOs, they remain TSOs. Even those employed by the bigger authorities are lucky to be able to rise one or two levels above that.

I have always felt that good regulators use their common sense and apply their brains to their task. On the other hand, a poor regulator or officer will simply go by the book, because that is the easy way of covering their back. That is a cultural matter that needs to be tackled.

Professor Griggs: I agree entirely. A couple of companies with which I am associated have good regulators, and it is clear that such regulators tend to say, “I’m here to create a better environment,” and focus on outcomes. Other regulators go into a company and simply say, “I’m here to enforce the legislation.” Those two approaches are distinctly different, and we need more of the former and less of the latter.

Stephen Boyd: Some areas of regulation, such as Mr Thompson’s example of trading standards, lend themselves to a more mature, considered approach. However, other areas—for example, health and safety and certain industrial sectors—probably need a slightly more by-the-book approach. One major concern is that the open-cast coal sector in Scotland, in which there have been three deaths in the past year, is covered by one quarry inspector who is based in the north of England.

This is all an argument against having a target-based culture. The fact is that having national targets leads to people taking a by-the-book approach at the local level.

10:15

Christopher Harvie (Mid Scotland and Fife) (SNP): The problem with coming in late, of course, is that many of the best questions have already been asked. However, reading my sensational literature—the *Financial Times*—on the bus this morning, I noticed a particular headline on a comment piece that queried whether light-touch regulation had had its day. Given the events of the past couple of days, one can understand why the *Financial Times* has such headlines.

Russel Griggs told us that we have a state with Adam Smith principles but no policemen—or at least we are finding it difficult to recruit them. That makes me query whether one can actually talk of a continuum of regulation that applies to very large firms right through to bed and breakfasts. I find that very difficult to understand. I will explain why in a supplementary, but I want to ask that question for a start.

Professor Griggs: I guess what we are saying is that there are some things on which every company in the land should be regulated—Stephen Boyd made that good point. For example, we all need to care for our staff, and whether we have one member of staff or 2,000 does not matter a hoot. We need to care for them; therefore, there are regulations.

However, we must consider the area of proportionality and appropriateness. I will make an interesting statement: I would rather take the HM Revenue and Customs approach. The Inland Revenue has gone a long way with its customers to try to figure out how to do what it does better. We all have one income tax form, but not everybody has to fill in all of it. I think your point is that one of our challenges is to ensure that, as we go through the process, we fill in only the appropriate parts, if I can put it that way. One of the areas that we and others are looking at is how forms have to be filled in for large and small companies. We ask what everybody needs to do and what some perhaps do not need to do.

I would never, ever get into a discussion about financial regulators because that is way beyond Stephen Boyd's and my ken, although we may have our own views on financial regulation—in fact, we discussed them earlier. I was at an interesting debate last week on whether we should have more financial regulation. I guess I am still sitting on the fence on that.

Stephen Boyd: That is the problem with the debate on better regulation. The *FT* is probably correct to speculate that light-touch regulation has had its day, but it is talking about the financial sector. We cannot really jump from discussing the regulation of financial services to discussing the regulation of the workplace or the environment, because they are different issues. The problem up to now is that regulation has been discussed in a general way, which is completely unhelpful.

On the way through on the train this morning, I was reading Larry Elliot's recent book. He describes how banks are highly regulated in terms of what they can and cannot do to their workforce and the environment, although their banking activity is almost completely unregulated. That has led to banks complaining about overregulation because they do not like the minimum wage, for example; in terms of their banking purpose, however, they have a completely free hand. The *FT* is correct to say that those days are coming to an end.

Christopher Harvie: I will lob in my supplementary. Takeovers have meant that much of what looked like common bits of Scottish business furniture have suddenly ended up being owned from far away, by which I mean Europe and the like. For example, Bauer Radio has taken over broadcasting in the shape of Radio Forth and Radio Clyde. A German company with no interest except in profit has taken over a Scottish concern. Our goods are moved on Scottish railways by the state-owned German company Deutsche Bahn. British Energy, which will give evidence in a few minutes, might be owned within months by the state-owned Electricité de France.

That raises an interesting and complex question, because all that business goes round the back into Europe and into a regime with a strong system of commercial law that is independent of common law in the old British sense. To my mind, that could lead to enormous problems because we will find that those companies can exert power in Brussels. Not having a background in commercial law of that sort, we would find it difficult to tackle that. For instance, in the early days of North Sea oil, a small Board of Trade presence found itself confronted by the so-called seven sisters oil companies. The result was that they simply bought over the regulators. We might be in such a situation again, because of the uncharted waters that we are going into.

Professor Griggs: Our report makes some recommendations on Europe, but I am not sure that I want to get into such a discussion. Germany is highly regulated; France is perhaps less so, but in certain areas it is very regulated. Each country in Europe has a different system of regulation. I think that multinationals are quite clever at becoming part of the environment that they go into. I have not seen—I would be interested to hear Stephen Boyd's view—any suggestion that the large international businesses that have come to Scotland over the past 20 or 30 years want a fundamental change in the way that we do things. Once they have got here, they have argued as ordinary businesses.

Stephen Boyd: We have not seen that in Scotland as such. Arguably, the financialisation of the UK economy and the role that has been played by US investment banks in the City of London have led to a particular approach. Clearly, we have concerns about the ownership of Scottish industry—perhaps I can look forward to a future committee inquiry into that—but we are not aware of the specific causes for concern that Christopher Harvie has described.

The Deputy Convener: Following on from that discussion, it would be churlish not to mention the section of the report entitled "Scottish input to the European Commission", which includes the recommendation:

"we would strongly support the 'Team Scotland' approach in Europe as set out in the key messages of the Scottish Government Action Plan on European Engagement."

Do you have anything to add to that just now?

Professor Griggs: Let me say why we took that approach, which is not a political approach at all. If we are encouraging this partnership between Government and business to make the biggest impact possible on regulation, we thought it odd that in Europe—where we know that there are challenges—one of the partners cannot always be at the table. Businesses can go and make their case, but they cannot take Government with them. We felt that that was not correct. Where Westminster, for its own reasons, has a different view from that of the Scottish Government—no matter what shade that Government is; this is nothing to do with politics—at the political level, we go with that different view. Our view is that, if we are encouraging a partnership in which business and Government come together and support each other on key issues that are relevant to Scotland, we should have the opportunity to go jointly to Europe and say, "We in Scotland have our own particular view on this." James Withers would be able to quote one or two examples from farming that would be particularly pertinent. To go back to a previous point, we took the commonsense view

that we could see no reason why Government and business should not sit beside each other going into European situations.

The Deputy Convener: Given that Scotland is a member of Regleg along with other parts of Europe, we already have a level at which Scotland's presence is acceptable. Are you saying that we need to firm up on that and to open the door?

Professor Griggs: I guess that what we are saying—this is where it gets complicated—applies to a number of areas on which we have moved forward. Earlier in the report, we say that Westminster needs to take account of devolution before putting things into legislation rather than afterwards; this issue is to do with the same thing. If we have a process that encourages parts of the UK to take more responsibility for what they do, we need to change the rules and protocols as that goes along. I guess that that is all that we are saying.

The Deputy Convener: That is very helpful. I will allow two quick questions before we finish up.

Lewis Macdonald: On that point, one might argue that the annual fisheries quotas negotiations represent a regulatory process in which Scottish business, Scottish ministers, businesses from south of the border and UK ministers are all present. Is that the model that is being suggested? Connected to that, and further to the deputy convener's reference to Regleg, do devolved Administrations in Spain, Germany and other parts of Europe follow the model that has been described? Are there examples of that from elsewhere in Europe?

Professor Griggs: The answer is that we have not looked at that yet.

The fisheries negotiations is a good example so, yes, I suppose that that is the kind of model that we are suggesting. However, there are exceptions on which the Department for Environment, Food and Rural Affairs might take a different view from the part of the Scottish Government that deals with agriculture. The concern is that on areas such as waste, on which our farming sector takes a different view from that taken by the sector south of the border, we should jointly be able to put that view strongly and coherently.

Lewis Macdonald: The point about the fisheries negotiations, I suppose, is that we attempt to resolve the differing interests of the Scottish and English fishing fleets in the UK negotiation.

Professor Griggs: I guess that I am not really bothered about how that is achieved as long as the case that needs to be made is made. However, we have not looked at that because we got to that point only in the latter part of the year. We perhaps need to go back and have a look at it.

Lewis Macdonald: Finally, again on European issues, I want to ask about Natura 2000, which Stephen Boyd mentioned. I suspect that the issue might arise in our discussion of the prospects for energy under the next agenda item. Can Professor Griggs confirm whether Natura 2000 will be considered by the regulatory review group as part of its consideration of the implementation and interpretation of European legislation in Scotland?

Professor Griggs: The answer—I am looking at Stephen Boyd—is that I suspect so.

David Whitton: We spoke earlier about skill shortages in certain areas, but I did not think that we had a shortage of Scottish lawyers. The report recommends that UK regulators that are based outwith Scotland should have a Scottish lawyer on their staff. I would be interested to find out where the specific example that is quoted in the report comes from. How could that recommendation be enforced?

Professor Griggs: We agreed with the Scottish Cabinet that we could make recommendations on how we think that Westminster should do its job better, but we have no power to enforce those. Therefore, we need to work with the Scottish Government and others to figure out how to do that. We are already talking to the Department for Business, Enterprise and Regulatory Reform, which is quite interested in the matter.

To answer the specific question, the example quoted relates to the Health and Safety Executive. Up until four years ago, the HSE had a Scottish lawyer based in London who could interpret legislation to meet Scots legal standards before it was issued to the guys in Scotland. When that lady retired, she was replaced with an English lawyer. The HSE's Scottish director, who has now retired, confirmed that that caused severe difficulties for a period because legislation coming up from London would arrive in a form that required the organisation to employ, at some cost, a very competent Edinburgh-based legal firm to translate the legislation. The HSE in Scotland had to pay money for something that was previously done in London. In our view, if Westminster produces legislation that it wants to be implemented in a jurisdiction with a different legal system, it should pass that on to the jurisdiction in a form that is fit for purpose, rather than requiring the local office to spend its budget on making it fit for purpose.

David Whitton: Is that not what the Advocate General is supposed to do?

Professor Griggs: You will know more about that than I do. I have no idea. All that I am saying is that that regulator, and another, gave us their view that they need someone at headquarters who can interpret legislation for the Scots legal system.

That is especially important for areas such as health and safety, in which, as Stephen Boyd pointed out, the law is interpreted and implemented in a different way in Scotland. If you are saying that the Scottish Government should do that, that is fine. We suggested what we thought was the only way possible; if there is another way of doing the same thing, I am quite happy to listen to other suggestions.

The Deputy Convener: Gentlemen, thank you very much for that review of work in progress. It is interesting and exciting to see the progress that has been made in a year. We look forward to receiving regular updates on the regulatory review group's activities. Thank you for attending.

We will have a brief break for a couple of minutes to sort ourselves out.

Meeting suspended at 10:28.

10:34

On resuming—

Energy Inquiry

The Deputy Convener: Item 2 is consideration of the evidence that has been received to date in connection with our energy inquiry. Members should have copies of all the written submissions that have been received, including those that were previously missing. As I said last week, a large amount of paper is involved.

The purpose of this item is to ask members to identify key issues for the inquiry. There will be many more detailed investigations of the issues. The clerks will produce an approach paper for our next meeting, on 24 September. Members now have an opportunity to shape the approach that we take.

Lewis Macdonald: I am happy to start with the issue that we addressed last week: ends and means in the Government's policy. From the Government paper that we saw last week, there seems to be what could generously be described as a confusion of ends and means, in that the end of reducing the impact of carbon emissions on the climate that might have been expected to justify the means of promoting renewables has disappeared, and the end has become the removal of nuclear power from the energy mix and the promotion of renewables the means.

The Deputy Convener: The member is entitled to his opinion on that. We are here to tease out such matters.

Lewis Macdonald: Absolutely. I am not so much addressing an opinion as the confusion that exists about ends and means, which seems to me to be a focal issue that we need to zero in on.

Several submissions succinctly describe what the ends of energy policy might be: a reduced impact on the climate, affordable energy, security of supply and economic benefits. To set as an objective the diminution of one energy source seems odd at the least. The Government's paper did not say, for example—as it should not have—that the Government seeks to reduce coal burning, which might have been a more predictable objective if it wants to reduce carbon emissions; rather, it said, bizarrely, that the Government seeks to remove nuclear power from the energy mix. The means and ends in the Government's policy are a fundamental issue that must inevitably be a key part of the inquiry.

The Deputy Convener: We must discuss that. Do you agree that we need much more accurate measurements of the impacts of various forms of electricity production and energy efficiency and

energy saving measures in order to weigh up how the energy policy should ultimately look?

Lewis Macdonald: The objective that the committee set itself was to reach conclusions about such things, and it is clear that to do that we must pay heed to the evidence we receive. Scientific assessment of, for example, the carbon impacts of the various energy sources has already been carried out and is in the public domain. We should certainly seek scientific confirmation of those data, but we should not get too bogged down in technical aspects. We need to get the best scientific advice we can on the whole-life carbon costs of wind, coal and nuclear energy, for example, but it is important that we distinguish between ends and means for the big picture of where we should go with the inquiry. The proposition that was made last week in the Government's paper was very unexpected, and we need to try to bottom it out.

The Deputy Convener: Does any member wish to follow up that issue?

Dave Thompson: We must initially consider Scotland's requirements. Do other committee members agree that a good end for Scotland to aim for would be generating all its electricity through renewables? Should we expand on that and find out how much energy the country could generate for export, so that we could benefit from that? On where we want to go with the inquiry, I do not think that there is any argument about the probability that renewables are far greener than nuclear power or clean coal, for example, although measurements will need to be done in that respect.

David Whitton: That is a point of view.

Dave Thompson: Yes.

The Deputy Convener: Let us continue to discuss points of view for a bit until we can draw conclusions and therefore help the clerks with their paper.

Lewis Macdonald: Dave Thompson's point exemplifies my concern. We might well decide that more renewables would be a good thing—I suspect that we will—but that is not an end, it is a means, which is the distinction that I am keen for us to draw out. The ends are to have reduced carbon emissions, more security of supply, greater affordability and economic benefits. The means are the types of generation or efficiency measures that we choose to get to those ends. Dave Thompson's question reflects the problem with the Government's paper—it confuses means and ends.

Dave Thompson: Generating all our electricity from renewables could be an end, too. If we want to reduce greenhouse gas emissions, we can do

that in Scotland by using renewables, without nuclear. The end could be maximising renewables.

Base-load is another crucial issue. Eigg is just a small island, but it now depends totally for its electricity on renewables. There is a secure and always-on supply of electricity, without any nuclear or coal-fired power to provide a base-load. If that can be done for a small community such as that on Eigg, I would like us to examine exactly how that has been achieved and consider whether it could be translated to the rest of Scotland.

As we tease out the energy debate, many issues will arise. We should not get too hung up on a pro or anti-nuclear argument. We need to look at everything and the answer will come out at the end of the inquiry.

Christopher Harvie: My first point is about the enormous proportion of energy that is used for domestic space heating—it is about 50 per cent of our total energy requirement. That has not been adequately addressed in the submissions that we have received so far. New British housing does not meet grade C in the Common Market scale of energy sustainability, but that area is a crucial part of German policy on reducing energy demand.

Another point that has not been mentioned at all as far as I can see is the global impact of things we import. We import them because they are cheap, but they frequently come from places with a terrible record on carbon emissions, notably China. It would be interesting to see slates of consumer goods that are used in Scotland with a notion of their global carbon imprint. After all, when we are talking about sustainability, we are dealing with global problems.

A third element is the notion of the intangible and the emotional. We had a perfectly well-functioning and fairly egalitarian economy until the 1960s, without mass mobility. When you talk to people about restricting their use of the motor car, you often have the sense that you are proposing a form of slavery. That is an emotional judgment and I would like the costs of it to be quantified.

Marilyn Livingstone (Kirkcaldy) (Lab): I have one comment about the end. We must be realistic and have as the end a secure energy supply that gives people confidence that electricity will be available at a reasonable and affordable price.

I would like the inquiry to consider support to business and the interventions that we can make to help business develop new technologies. I am not sure that we are doing that as well as other countries are. We need to examine other European countries so that we do not reinvent the wheel. We need to find out about examples of good practice. We have talked a lot about them, but I am not too clear what they are. We talk about

other countries doing something better than us, but which countries are they and what are they doing? I would like research to be done on that.

I will not rehearse the points about the need for energy to be clean and environmentally friendly, as they have been well made already.

10:45

An important point that was raised by the Scottish Trades Union Congress was the hope that our inquiry would look at the wider economic and employment impacts of energy policy. That is really important.

Those are the issues for me: the inquiry has to be realistic, and we have to get down to the nitty-gritty and ensure that our country has a secure supply. We have to look at what Government intervention is needed to support business, what is happening in other countries, and at the possible economic and employment impacts. Those are some of the things that I would like the inquiry to cover.

Dave Thompson: We should look at two or three other wee points quite closely, one of which is carbon credits or offsets. We should probably not be encouraging that because it loads the problem onto the poorer countries that are producing less carbon. If we relatively rich countries go too far down that road, we are not accepting responsibility for the carbon that we are producing; we are just saying, "Och well, we are offsetting it somewhere else in the world." We should look into offsetting in some detail and analyse its impact on other parts of the world.

Carbon capture and storage is also a big issue that we should look at very closely, as is energy efficiency and housing standards, as Christopher Harvie said. When we look at the debate on housing standards, it is quite illuminating to see that affordable housing is built to a higher standard than the other housing in a housing development—

David Whitton: Unaffordable housing?

Dave Thompson: Well, it is unaffordable now. The so-called affordable housing is built to a much higher standard, but it is difficult for housing associations to purchase the non-affordable, or more expensive, houses because they do not come up to the same standard. Housing, insulation standards and related issues are very important for the long term.

The other big point that we came across when we talked to some of the energy people last year is planning, not just of big developments but of smaller community energy developments. We need to consider the streamlining of the planning system.

The Deputy Convener: One point that follows from what Dave Thompson said about carbon trading schemes in Europe is that they do not necessarily come out clearly in the submissions that we have had, but they are quite central to the way in European Union policy is built up. It is essential that we understand where we fit into that. The European targets include much of the carbon trading system, which has already started to operate, and it must be captured in our report.

Gavin Brown: Some of the points that I want to make are related to what we have been discussing, and some are not. I have had a chance to read only about a quarter of the submissions so far, so I have not reflected on everything, but I will do so during the next week.

The Deputy Convener: As a punishment?

Gavin Brown: No; there is a lot of good stuff in the ones I have seen so far.

The first thing that jumped out at me was the idea of carbon capture and storage. Effectively, a competition is going on at the moment to see who will get there first. That would be a good thing for us to look at. Perhaps we should even have a visit to the Scottish Power site to show that the Parliament and the committee think that Scottish Power is capable of it and that Scotland would be an excellent place to have the first fully functioning trial. I hope that the committee will support that; it would be a good thing for us to do.

I would like to see more consistency in how politicians of all stripes deal with energy. Different statistics are used in different ways, sometimes to confuse the public—although I am not blaming any one particular politician for that. Sometimes we hear that it is all about installed capacity and we are doing so well with renewables and installed capacity when in fact that is not the most important way of measuring energy because some types of energy might provide only 20 or 25 per cent of the installed capacity.

At other times, when it suits, the debate seems to be about demand, but demand for Scotland only, which ignores the fact that we are a net exporter. At other times, it is about production. We need to determine whether there is a way of comparing statistics properly so that we have a clear picture.

I agree with Dave Thompson that we should not get bogged down in a pro or anti-nuclear debate—you made that point last week, convener. In this inquiry, all four major parties could take their ideological hats off and consider the facts and reality. If it turns out that the whole of Scotland could be powered by renewable energy, as Eigg is, so be it. If that is what the evidence proves, I have no difficulty with it, but we need to consider the evidence.

There are many fine submissions, but I commend in particular the Royal Society of Edinburgh, which gave a presentation to the committee before you were a member of it, convener. That presentation impressed all committee members. We should take evidence from people who genuinely know their stuff and can put it across in simple terms so that we can make decisions and reports based on reality as opposed to what we hope might happen in future.

The global energy debate tends to focus narrowly on electricity generation. As a number of submissions point out, and as people who gave evidence to the committee in a round-table discussion said, we should bear in mind that 20 to 25 per cent of carbon emissions—it depends who one believes—come from electricity generation and the rest comes primarily from heating and transport. It is important that we bear that in mind. If the enemy is carbon and we talk only about electricity, we will talk about only 20 per cent of the problem and not really make a big impact on it.

Those are my initial thoughts.

David Whitton: Like Gavin Brown, I must confess that I have not read all the submissions so far, but I have cherry picked my way through them. I re-emphasise what Lewis Macdonald was getting at: none of the major submissions says that we should rule out nuclear power and consider the rest; they say that Scotland has a mix of energy supplies, and we should consider what contribution each of them makes.

This is the Economy, Energy and Tourism Committee, so I would like to consider the matter from an economic point of view. Although I accept what Dave Thompson says about Scotland's requirements for energy supply, Scotland has always been a net exporter of energy and it is lucky it has the means to do that. I hope that we will examine closely the arguments on transmission costs. They come through strongly in several submissions and are related to the planning issues that have also been raised. Two or three submissions—I cannot recall which—suggest that the way we transmit the electricity supply might need to be reconfigured and that there could be smaller, local, set-ups that would bring in renewables, as is the case in Eigg, and help where wind and wave power come onshore.

We cannot turn our back on the fact that the energy industry in Scotland provides thousands of jobs and makes a big contribution to the country's economy. We cannot just consider what we can do in Scotland and forget about sending power south or across to Europe. That is where the transmission set-up comes in, whether through planning issues with the Beaulieu to Denny transmission line or bootlace interconnector plans

for each coast. All those issues have to be considered carefully.

I agree completely with Gavin Brown on carbon capture and storage. There is a competition going on between a site in Kent and a site in Scotland and, to be frank, I do not understand why. I would go ahead with both of them, because carbon capture will be needed UK-wide anyway.

There is an interesting piece of evidence about coal. Until I read it, I had not realised that it is not necessary to dig deep mines any more because there is a way getting gas out of coal without digging deep shafts. We should certainly consider such an interesting proposal. After all, Scotland is very lucky in the amount of coal that is accessible without deep-shaft mining.

Dave Thompson: I want to make it clear that I was not suggesting that we look only at Scotland's needs; I said that we should look at those needs in the first instance and then consider how we might produce more for export to benefit the economy. I want to develop the industry as much as possible, because the bigger the energy industry becomes, the more our economy will benefit.

The Deputy Convener: Doosan Babcock gave a very compelling presentation on coal at the Scottish Council for Development and Industry's energy future conference. It might be good to encourage some kind of competition involving the different methods that have been proposed but, as members have said, they could all be rolled out. The trouble with carbon capture is that it was moved from Peterhead to the middle east. We need a bit more than that. We should certainly have pilot schemes in different parts of Britain.

Lewis Macdonald: The Isle of Eigg is a good example, and there have been community-level renewable energy schemes on Colonsay and Gigha. We will also want to consider microgeneration in an urban context, as it will make a contribution. Indeed, Parliament might well be considering a bill on that very issue.

We will need to make some big choices if we are fully to consider the

"production, distribution and more efficient use of energy"

that is set out in the inquiry's remit. Although I share Dave Thompson's enthusiasm for such energy, I should point out that the interpretation of the Natura 2000 regulations, which was mentioned in the evidence that was taken this morning, is a major obstacle. In fact, it is probably the single biggest contributor to the stymieing of a number of major wind power developments over the past 15 or 16 months.

In considering the potential for large-scale renewables generation—as well as for community-level generation, which is also important—we

should seek further evidence on the impact of the interpretation of the Natura 2000 regulations. It has certainly had an impact on certain onshore wind power developments, and it runs the risk of stymieing the offshore energy supplies that all parties have said should be developed. We should certainly examine that key issue for the renewables sector.

I agree that we ought to consider carbon capture and storage. The point that has been made about electricity in transport and heat generation is fair, but it should be remembered that a solution to the problem of transport emissions might well lie in electricity generation for hydrogen batteries. The fact that the electricity generated by power stations accounts for a minority of emissions should not take away from the possibility that electricity generation of some sort might provide solutions to heating, transport and power problems.

The Deputy Convener: On certain topics, such as carbon dioxide emissions and climate change, we will have to work carefully with the Transport, Infrastructure and Climate Change Committee, of which I am a member. As Gavin Brown has made a bid for a visit, I think that we should visit the Pentland Firth and speak to the people at the European Marine Energy Centre in Orkney. Moreover, the regeneration conference in Caithness, which will take place in a fortnight's time, will consider major developments in tidal power and their impacts on the natural environment.

In its consideration of the forthcoming marine bill, the Rural Affairs and Environment Committee will probably have to arbitrate on the proposals that might be made by various conflicting interests. It is difficult to forget those matters when we are looking at energy policy, so it would be useful for members to see those developments.

11:00

I brought with me further information that is not in the submissions—Scottish and Southern Energy's plans for the proposed interconnector from the Western Isles and information on the proposed transmission link for the Viking Energy scheme, from Shetland down to Moray. It would be good if the committee saw the transmission systems that are in place in Scotland and England and elsewhere in Europe, and considered the proposals for major additional transmission systems. That would give us a picture of what is in place and where the gaps are. We could contribute to the debate when we talk about the North Sea grid or other matters.

Lewis Macdonald: While we are on the subject of possible visits, I will not suggest that we visit the

Sleipner project in Norway, which is a carbon capture and storage prototype—

The Deputy Convener: Why not?

Lewis Macdonald: Well, I could be persuaded.

We need to pay attention to the North Sea sector as a present source of energy and as a potential additional sector. I wonder whether members might be interested in visiting St Fergus gas terminal, so that we understand the current contribution it makes and the potential for development there.

The Deputy Convener: Those are good suggestions. We will discuss visits further next week.

Christopher Harvie: As an economic historian for much of my life, I have studied the evolution of businesses. Some can produce change rapidly, but in other cases tremendous delays and backlogs can build up. Examples of rapidity are the Ministry of Munitions during the first world war, which got into its stride within about a year, and the Open University, which was set up in about a year. Other changes, for example fuel cells, can take decades to go through. It is important to build in an economic history capacity so that we can work out which innovations will work and which will just get bogged down.

The Deputy Convener: The carbon impact of the Ministry of Munitions during the first world war was probably considerable, but I agree that we must take a longer view.

Marilyn Livingstone: We should not forget the need to consider the skills requirements for the sector. I have not read all the submissions, but a fair number of them raise the need for a comprehensive review. Dave Thompson talked about planning, on which we have taken evidence. If we consider the detrimental effect on projects of a lack of planners, we see the need to consider the skills agenda. I would like us to examine where we are and to have a comprehensive review.

The Deputy Convener: We have given the clerks a fairly good brief to be going on with. We will consider the inquiry in more detail next week.

David Whitton: Can I just confirm that you want us to give suggestions for visits at next week's meeting?

The Deputy Convener: The idea is that suggestions will be made and we will firm up our views next week. Any suggestions to the clerks would be valuable.

David Whitton: I was going to mention, as I did last week, that Scottish Power's main control centre happens to be in Kirkintilloch in my constituency, and that it is well worth a visit. It is fascinating to watch how power stations are doing

at any given point during the day and where the power is coming from and going to. It is also interesting to talk to the guys who deal daily with loads at key points during the day. The great myth about cups of tea being made at the end of "Coronation Street" is not a myth—it is true. The guys there can show you graphs and tell you about that. Tonight, they will probably have the telly on because they know that at half-time in the European cup game they will have to provide extra power when folk go to get a cup of tea. It is amazing to see that.

Dave Thompson: Following the meeting that I had with energy people last year, there is an outstanding invitation to visit Ineos, but we can go into that at next week's meeting.

The Deputy Convener: Members can contact Stephen Imrie about visits after the meeting. There are already some bids in place.

Lewis Macdonald: Next week, will we also consider which witnesses we want to hear from further?

The Deputy Convener: Yes.

I thank members for their comments. The inquiry will be lively and far reaching.

Tourism Inquiry

11:05

The Deputy Convener: Item 3 is the tourism inquiry. Members will recall that the committee published a major report in July—before my time—on the tourism industry. We have now received a response from the Scottish Government to the report. Members will be aware that the report and the Government's response will be debated in the chamber tomorrow afternoon. I invite members to consider the Government's response and agree what follow-up action is needed, if any. We must ensure that the Government and the industry follow up and deliver on the recommendations that were agreed, and we should give some thought to how to do that. Our discussion will be useful for tomorrow's chamber debate on the report and the Government's response to it. We should perhaps come back to the issue after that to consider what the follow-up ought to be.

Gavin Brown: I have a couple of comments on points that the Government may have missed rather than on points to which it responded. Our conclusions begin round about page 55 of the report and some of them are not in bold. However, the Government has responded only to things in bold, which means that we have not had a response to a couple of points. I wonder whether we might request a response to them.

In paragraph 248 on page 58 of the report, the committee suggested that the Government should "organise a review group consisting of leading industry specialists ... chaired by one such figure."

There was no formal response to that paragraph. I wonder whether that is because it was not in bold and has just been missed. Perhaps we should ask the Government whether it has a formal response to what I think was a good suggestion by the committee.

Paragraph 261 on page 60 states:

"The Committee considers that there should be a consideration of the CBI's suggestion ... and the STUC's".

Again, that is not in bold, so the Government has maybe not realised that it was a conclusion. We could ask the Government to respond formally to it.

The final one that jumped out is paragraph 274 on page 62, which states:

"the Committee wishes to see key data"

for

"all major ports of entry, specifically ... Aberdeen airport."

I do not know whether the Government can supply that information, but there has been no formal

response to that paragraph. I wonder whether we can ask the Government to respond formally to those three paragraphs.

The Deputy Convener: We could ask the Government about those points during tomorrow's debate. If we do not get answers, the convener could write to the Government, on behalf of the committee, asking for clarification.

Lewis Macdonald: It would be helpful if the default position were that we would write to get clarification unless there was an explicit response from ministers during the debate.

The Deputy Convener: Yes. That is why I suggested that we would need a review after the debate to consider which points might need to be followed up.

Lewis Macdonald: It is probably easier to take the responses to our recommendations in order. The first that caught my eye was the response on Historic Scotland, which states that ministers were not persuaded by the committee's view that Historic Scotland's role in tourism and marketing should be reviewed. I am disappointed by that because I thought that our recommendation was based on careful consideration of the evidence, including that given by Historic Scotland.

The response refers to the fact that there is

"the Historic Properties Group, which brings together the National Trust for Scotland"

and a number of other bodies. Members will be aware of the difficulties that the National Trust for Scotland has faced recently. In some ways that emphasises the need for a review of how historic properties are used to promote Scotland internationally and of how accessible to visitors they are—once visitors get to them.

Christopher Harvie: One point that I remember raising, to what seemed to be general acclaim at the time, was the fact of poor weekend rail connections with England. I think that we came to a formulation that no train should take longer than, say, five and a half hours to reach Scotland from London at any point during a weekend. The issue does not seem to have been picked up, but it is important, because a journey of seven and a half hours or so is a major deterrent to people who might come to Scotland for a weekend.

The Deputy Convener: The Transport, Infrastructure and Climate Change Committee is undertaking an inquiry into rail services and will consider long-distance routes and faster services, which ties in with what you are talking about. It will be worth raising the issue with the Minister for Enterprise, Energy and Tourism during tomorrow's debate.

Lewis Macdonald: I want us to follow up the response to our recommendation on Historic Scotland. We should use the evidence that we received to press our case.

The Deputy Convener: We will do that.

Gavin Brown: I concur with Lewis Macdonald. The Government misinterpreted our suggestion. As I recall, we did not say that Historic Scotland employees should jet off round the world to promote Scotland; we said, on the basis of evidence that we received, that given that Historic Scotland has a number of honeypot sites that attract millions of visitors, the agency could easily make information available at its sites, so that someone who visited a site in Perthshire or Kirkintilloch, for example, could find out what else they could do in the area. The committee thought that there was a missed opportunity in that regard. I am not sure that the Government addressed that point.

The Deputy Convener: It occurred to me when I read the response that we might consider how such information is co-ordinated in England and Wales and in other countries. We might be able to learn from good practice.

Dave Thompson: In the Government's response to paragraph 268, on transport and better connections, there is no reference to the links between Edinburgh and the central belt and Inverness and the rail line further north. Improvements to the line south of Inverness have been announced, but I expected the issue to come up in the response.

The Deputy Convener: The rail network on this island runs from Thurso to Penzance. It would be good if that were reflected in the response.

David Whitton: On the response to paragraph 270, the evidence that we had about Caledonian MacBrayne's discriminatory pricing structure came from a minibus operator, who cut his operation from two vehicles to one as a result of the charges that Caledonian MacBrayne imposed. The response is ridiculous. The Government says:

"The company classifies mini coaches as commercial vehicles",

but Caledonian MacBrayne is a state-owned operator and should help to promote tourism, not hinder it. As I recall from the evidence, the chief executive did not pay the minibus operator the courtesy of replying to his queries about why his company was being discriminated against. The response is not helpful, although I accept that it goes on to mention the road equivalent tariff. The Government should first and foremost consider how we can help the tourism industry in the islands. We should pursue the issue with the Minister for Transport, Infrastructure and Climate Change.

The Deputy Convener: That is interesting. The Transport, Infrastructure and Climate Change Committee's inquiry on ferry services in Scotland, the report on which is available, came at the issue from the other direction. It was noted that people who are native to or resident in certain places cannot get on ferries because of the number of tourists. People have been left on the quay at Oban, for example. Evidence on the issue was given to the inquiry, but questions about CalMac's booking arrangements have not been satisfactorily answered. That would be a valid point to make in the debate.

David Whitton: We are talking about not a big coach but a minibus. The guy made the point that the minibus was the same size as a motor home, but the difference in ticket price was marked.

11:15

Marilyn Livingstone: In its response, the Government states that the issue raised in paragraph 246 of the committee's report "Requires further investigation". I will explore that and ask for further information, because everyone who gave evidence to the committee said that skills, learning and training were a huge issue.

Lewis Macdonald: Dave Thompson made the point that a reference to improved links between Inverness and the central belt is missing from the Government's response. There is also no mention of the link between Aberdeen and the central belt, which is the east coast main line in Scotland, or of the vital connection between Aberdeen and Inverness. Tourists are much more likely to use the rail network if they can follow a circular route through Scotland. Although it was entirely legitimate for ministers to highlight specifically links in the central belt and one or two of the Highland railways, the connections that will allow people to visit Scotland as a whole were not really addressed in the response. We should raise that issue with ministers. We can have the best possible connections in Kyle and the far north, but they will not do the trick if people cannot get to Inverness in the first place. Both Inverness and Aberdeen need to be part of the picture of transport links for tourism.

Gavin Brown: Paragraph 254 of the report concerns web technology. All members of the committee felt strongly that, for Scotland's tourism industry to compete it needs to be web enabled. We were surprised to learn that only 1,000 out of 8,000 accommodation providers are web enabled via the VisitScotland.com website. We thought that it was important to get the remaining 7,000 providers—and other tourism businesses—online as quickly as possible, using products such as web in a box, so that they can compete.

The Government states:

"In relation to software and training, SE and HIE are currently running a second annual programme of e-business workshops for tourism businesses".

I would like to get more specifics on the programme, as my guess is that a couple of dozen extra businesses may be web enabled in that way. If we are to compete we need an explosion in the web enabling of businesses. I would be interested to know how many businesses will benefit from the workshops and whether there is a way of getting web technology out faster and more widely.

The Deputy Convener: That is a good point. As members know, the roll-out of broadband is still incomplete. Although the percentages show that a large number of people have access to it, large sections of the country do not. If we compare land area to population, we can see that the problem is still in the process of being solved. I am talking about this round of broadband; improvements to it are much further off. From the point of view of business as a whole, we must ask how the roll-out of broadband is progressing. Tourism is just part of the wider business picture.

Marilyn Livingstone: Gavin Brown makes a key point. As well as the issue of capacity, there is the issue of training. In its response to paragraph 273, the Government states:

"SE is currently developing a new tool for businesses for gathering and utilising customer feedback."

I am concerned that we are developing something else when 7,000 out of 8,000 accommodation providers are not using what is already there. It might be better for the Government to concentrate on our recommendation, which was to provide the remaining 7,000 providers with "free software and training", before it tries to introduce something new that will require more time and training. That is why I said that I wanted to ask more questions about the skills, training and capacity agendas.

Lewis Macdonald: Further to Marilyn Livingstone's point about skills, in paragraph 251 we recommended

"that the Scottish Government reconsiders the provision of adult modern apprenticeships in tourism".

The Government's response is "Agreed", but it is clear from the detail of the response that there is no agreement at all to consider apprenticeships as such. There is an agreement that skills needs should be considered, but I am concerned that the Government has not responded specifically to the recommendation on apprenticeships. Clearly, that is the model that industry recognises and—as far as we can tell from the inquiry—it is the model that industry wants to continue to have access to. It is one of the responses that do not meet the committee's requirements, in spite of the word "Agreed", and it is one that we will want to revisit.

Convener, can you or the clerks advise us how we can pursue our concerns about the ministers' responses?

The Deputy Convener: At the beginning, I suggested a three-stage process, of which this is the first stage. The debate is the second stage and the third stage will be to review that. In the meantime, given the concerns that you have raised and the fact that it might not be possible to raise them all in the debate, I suggest that we draft a letter from the convener, asking for clarification from the minister at this stage. If you agree to that approach, it will allow us to return to the matter and pick up anything that has been missed after we have had the debate.

Lewis Macdonald: In that case, can I add one more topic to the list of topics to raise with the minister? In paragraph 260, we asked for the secondment of staff to the London 2012 organising committee. The ministers have said that they have subscribed to a process whereby they hope to learn lessons; however, they specifically refute the suggestion that secondments would help in that. The committee came to a pretty clear view that secondments would be helpful in getting the best possible benefit for the Glasgow Commonwealth games in 2014 and the best possible access to the legacy of 2012. In other words, secondments would help to ensure that the 2012 Olympic games are of tourism benefit not simply for London and Stratford, but Great Britain.

The Deputy Convener: We will have to tease that out. Some of what you suggest may be the case, and it will be interesting to see what answers we receive. Tomorrow, we will have the chance to ask such questions directly.

Dave Thompson: I have another wee point to make, which follows on from what you said, convener. Paragraph 247 deals with hotel schools and so on. There is a slight contradiction in the ministers' response. It talks about

"an industry led and funded hotel school."

However, it then proceeds to say:

"Officials are engaged with those in the industry who are developing this proposal to explore how hotel schools could add value"

and that

"a business plan will be available in late October/early November".

I would like clarification of whether there is to be one school or more than one school. I am also interested to hear that we are so far advanced with a business plan for the scheme.

The Deputy Convener: We will clarify those points by the means that I have suggested. Is that agreed?

Members indicated agreement.

The Deputy Convener: I look forward to a lively debate in the chamber tomorrow. It is a good report and I look forward to summing up on behalf of the committee.

Lewis Macdonald: We will be right behind you.

David Whitton: You will obviously take lots of interventions.

The Deputy Convener: I will be speaking while everybody is piling into the chamber just before decision time. It is not the most auspicious time for that.

Energy Technologies Institute

11:23

The Deputy Convener: Item 4 is the committee's energy technologies institute inquiry, on which the committee published its report in July. We have now received the Scottish Government's response to our report and I invite members to comment on it. I also invite members to consider what follow-up action, if any, is needed. I note the committee's final recommendation on moving on and moving forward.

Lewis Macdonald: I have a specific question at the outset, before we consider the responses. It is clear from the attachments to the Government's response—the correspondence between Sir John Elvidge and the previous convener of the committee—that additional information was supplied after the conclusion of the inquiry. I am not aware that I have seen that additional information and I wonder whether it is available to committee members.

Stephen Imrie (Clerk): At this stage, the information has not been circulated to members, but I am happy to do that. We have added the correspondence for the committee's consideration, and we will be happy to send members all the attachments to Sir John Elvidge's letter to the previous convener.

Lewis Macdonald: Would it help the committee to know broadly the content of those attachments, given that we do not want to postpone consideration of the Government's response? How pertinent and significant are the attachments that we have not yet seen?

Stephen Imrie: That is a difficult question to answer. It would probably be a fair summation to say that the documents reaffirm the views that the then Deputy First Minister and Minister for Enterprise and Lifelong Learning, Nicol Stephen, articulated in some of his evidence to the committee on what he said to policy officials about the location of the ETI. However, the significance of the attachments is really a judgment call for members and, rather than attempting to summarise, I would prefer to send members the information so that they can make their own assessment.

Lewis Macdonald: But it is on the process at that stage rather than any other process at any other stage.

Stephen Imrie: Indeed.

Lewis Macdonald: That is helpful.

The Deputy Convener: Members will be provided with that information soon.

Lewis Macdonald: In that case, and given what the clerk has said, I think that we should consider the material today, rather than await the additional information.

The Deputy Convener: We should consider the responses that have been given.

Lewis Macdonald: Yes.

David Whitton: I am happy—glad is not the right word—to note that Sir John Elvidge has recognised that the Government's response should have been more timeous. Given the serious nature of our inquiry, we were right to expect that we would receive the information that we asked for at the time that we asked for it. It is a pity that we did not, but we accept what he has said. I will be interested to see what the Government comes up with.

The Government also says that it is hopeful that the ETI will announce research contracts soon and that Scotland should be well placed to win some of them. Given that we felt that we should have had the ETI because the best research is based here, I share that enthusiasm and hope that the prediction turns out to be correct.

The Deputy Convener: I suggest that we consider the response paragraph by paragraph. In that way, we can quickly dismiss things that are less important.

Does anyone want to comment on the Government's response to paragraph 125?

Lewis Macdonald: That is an important paragraph for the context. It became clear from the committee's investigation that the Scottish Further and Higher Education Funding Council was keen to promote collaboration among Scottish universities. The judgment that many made after the event, which is reflected in some of the evidence, is that that was not the best approach for achieving a successful outcome.

There is a strong view, which is again reflected in the evidence, that a bid led by Aberdeen—not in collaboration with other Scottish universities but as bid leader—would have had the same attraction as Loughborough. It was successful because of its closeness to the power generator manufacturing sector, while Aberdeen clearly is the main centre of energy industries north of the border. Although there is nothing objectionable in the response, it prompts the question whether it is right that the Scottish Government or Government institutions should direct or encourage in such a robust way a collaboration that may be unproductive in the final analysis.

Christopher Harvie: One particular problem dawned on me when I was interrogating the statistics. It is true that Loughborough lies in that rich area of English engineering, which means that

there are lots of qualified technicians near it. We qualify 2,000 a year in the engineering sector, which is a fifth of the total in Baden-Württemberg despite it having only twice our population. If I wanted to transform university research into mechanisms and sequences of production in those circumstances, I would see the logic of the situation that has emerged. We are strong in oil, but much less so in turbine engineering, for example.

11:30

The Deputy Convener: With that said, we shall move on to the response to paragraph 129. Do members have comments?

David Whitton: The response emphasises what I have said. All committee members were astonished that the final decision related to the need for a new building rather than where the best research took place. I am still astonished.

Dave Thompson: I agree. The important point in the response is that we should look forward. The decision is done; we will not change what happened. We hope that people have learned lessons, but we must now unite to ensure that Scotland wins ETI contracts.

The Deputy Convener: In some ways, the problem of a changeover of Government is at the heart of the matter. I hope that lessons have been learned.

Do members have comments on the response to paragraph 130?

Lewis Macdonald: The comment on paragraph 130 is one of two paragraphs in the response that cause me serious concern. The Government questions the committee's judgment on the lack of detailed paperwork and lax record keeping. It also suggests that we have evidence that we have not published and which the Government has not seen. The Government says that it thinks that

"a satisfactory audit trail exists."

We concluded at paragraph 56 of our report that the apparently unanimous view in the evidence that we heard might have reflected

"a reluctance to be drawn into a public discussion",

which is entirely understandable.

Paragraph 131 concerns the same point. It says that civil servants advised Nicol Stephen that he should not express publicly his view that Aberdeen was the right location for the institute, for fear that that would lead to the disintegration of the project bid's unity. That was clearly his view of the advice that civil servants gave him as the responsible minister at the time. That advice was questionable and might have contributed to the final result.

Ministers or their advisers say that

"a satisfactory audit trail exists",

despite the evidence that the committee gathered that a discernible sequence of cause and effect did not exist, which meant that decisions were taken that affected the final outcome directly. That response from the Government to a parliamentary committee's views is unsatisfactory. We should respond robustly to the suggestion that we reached our conclusion in mysterious ways rather than by reference to the evidence.

The Deputy Convener: After considering the response to each paragraph, we will wrap up and discuss how to approach the next stage by finding out information or satisfying ourselves with more detailed answers.

Do members have comments on the response to paragraph 134?

Lewis Macdonald: That response is the second about which I am concerned. We recommended clearly that the permanent secretary should conduct a lessons-learned review and report its results to the committee, but the response does not say that he intends to do that. A brief note suggests that he has looked at e-mails, which is fine, but that is not a lessons-learned review and it is certainly not a report to the committee. We should follow up our recommendation and require that report to be provided.

The Deputy Convener: Are there any comments on the response to paragraphs 135 to 137?

Christopher Harvie: Those paragraphs really are important, because they are on the area of production-oriented research, and where we are in areas such as wave technology, for example, which is right at the coal face, although that is perhaps not the phrase to use. It is at that particular point that we can recoup on the research. We have to stress the notion of research that examines the adaptivity of breakthroughs to serious production, whether it is in insulation, turbines, or wave chamber technology and that sort of thing. That is an area in which we are indispensable.

David Whitton: I want to reiterate what Christopher Harvie says and what has been said before. We have received several submissions that talk about not missing the boat this time as far as exploitation of marine and wave technology is concerned. I repeat that I hope that we will not miss the boat, and that we get our fair share of the research contracts.

Christopher Harvie: There is a word in Swabian, which is only to be found in that language—the motto of my part of Germany is that we can do everything except speak High German.

The word is tüfteln, which means playing around with an invention until it becomes a saleable innovation. That is the crucial area in which money is made, because you can put it into the first production line techniques.

Lewis Macdonald: So we should stop tootling about and get on with it?

Christopher Harvie: Tüftelning about—with an umlaut.

The Deputy Convener: Serious questions have been raised with regard to the Government's responses. I suggest that the clerks draw up a draft letter, on which we can all agree, and send it to the minister, and we can then take the process forward.

If members agree, we will get a report from the clerks of their suggested wording. We can then formulate that, perhaps at the next meeting if there is time, although it should not take too long, given the points that have been made on the record.

Lewis Macdonald: And the letter will presumably be circulated in advance?

The Deputy Convener: It will indeed. As members seem to be happy with that approach, I bring the discussion, and the meeting, to an end. Thank you very much.

Meeting closed at 11:37.

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