

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 5 December 2007

Session 3

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

9th Meeting 2007, Session 3

CONVENER

*Roseanna Cunningham (Perth) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

*Karen Gillon (Clydesdale) (Lab)
*Jamie Hepburn (Central Scotland) (SNP)
*Des McNulty (Clydebank and Milngavie) (Lab)
*Peter Peacock (Highlands and Islands) (Lab)
*Mike Rumbles (West Aberdeenshire and Kincardine) (LD)
*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Bill Kidd (Glasgow) (SNP)
Nanette Milne (North East Scotland) (Con)
John Farquhar Munro (Ross, Skye and Inverness West)
(LD)
David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Sarah Boyack (Edinburgh Central) (Lab)
Robin Harper (Lothians) (Green)
Jan Polley (Adviser)

THE FOLLOWING GAVE EVIDENCE:

Ingrid Clayden (Scottish Government Rural Directorate)
Richard Lochhead (Cabinet Secretary for Rural Affairs and
the Environment)
John Mason (Scottish Government Environmental Quality
Directorate and Climate Change and Water Industry
Directorate)
David Reid (Scottish Government Finance Directorate)
Frank Strang (Scottish Government Marine Directorate)
David Wilson (Scottish Government Marine Directorate)

CLERK TO THE COMMITTEE

Andrew Mylne

SENIOR ASSISTANT CLERK

Mark Roberts

ASSISTANT CLERK

Katherine Wright

LOCATION

Committee Room 6

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 5 December 2007

[THE DEPUTY CONVENER *opened the meeting at 10:03*]

Budget Process 2008-09

The Deputy Convener (John Scott): Good morning and welcome to this meeting of the Rural Affairs and Environment Committee. I am deputising for the convener, Roseanna Cunningham, whose train has been cancelled. She hopes to arrive in due course, but we are not sure when. We look forward to her arrival. I remind everyone to switch off their mobile phones.

I welcome the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, to the meeting. I also welcome his team: John Mason; David Wilson; Andy Robb; David Reid; and Ingrid Clayden. Richard Lochhead will perhaps introduce them.

If the minister would like to make an opening statement of up to five minutes, we would be pleased to hear it. Thereafter, as he would expect, we will ask questions.

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Thank you, deputy convener. Given the circumstances of Roseanna Cunningham's delay, I guess that you would rather have Stewart Stevenson, the transport minister, before the committee today.

It is a pleasure to be at the committee to discuss our budget and our plans for the future. As you suggest, I will introduce the officials who will, I hope, help me out. David Wilson is from the marine directorate; John Mason is from the environmental quality directorate and the climate change and water industry directorate; Ingrid Clayden is from the rural directorate; David Reid is from the finance directorate; and Andy Robb is from the rural payments and inspections directorate.

The strategic spending review brings significant investment for Scotland's natural resources, for our rural communities and for delivery on the greener Scotland objective. In particular, we will invest £154 million to take Scotland closer to becoming a zero waste society. We have allocated £126 million to local authorities for flood defences—I take the opportunity to welcome the committee's decision to undertake a flooding and flood management inquiry. We will also extend

forestry cover and our ability to absorb CO₂ emissions by investing £45 million in new woodlands. We have created a new sustainable development and climate change fund, which is worth more than £30 million. Our priorities are clear. Our spending and actions will reduce our impact on our local and global environments and will protect and enhance Scotland's unique environments.

Our investment for a greener Scotland will be targeted to help us make much greater use of our substantial energy resources to reduce the climate change emissions from transport, housing and business and to improve Scotland's record on waste management and recycling.

Across the Scottish Government, we will ensure high standards of environmental performance and design as we refurbish the public sector estate. We will protect our environment through additional funding for the Scottish Environment Protection Agency's programmes to tackle pollution, and we will promote active care for and enjoyment of our natural heritage through continued support for Scottish Natural Heritage and Scotland's national parks. All that will benefit our rural and coastal communities.

Our land managers will benefit from the opportunities presented by the £1.6 billion rural development programme. Rural development contracts will provide a significant level of resources for farming, forestry, environmental management and rural communities.

I am delighted to take the committee's questions.

The Deputy Convener: The reduction in the rural development budget line of 6 per cent means that rural development will be among the 10 biggest losers in the 2007 to 2011 spending review. The Government's spend on rural development is set to fall by more than 35 per cent in real terms between 2007 and 2011. Will you comment on that reduction in the rural development budget?

Richard Lochhead: Members will all be aware that the budget is about balancing different priorities and demands in a very tight settlement.

We have made decisions on the budget headings in the context of the £1.6 billion rural development programme. You mention a 35 per cent decrease, but if you look across the board at all the budgets within the portfolios that address rural development, we are confident that we will make a substantial difference to rural communities.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Are you confirming that, excluding European Union funding, there is a 35

per cent cut in the rural development budget? Is that correct?

Richard Lochhead: I would like some clarification of how you got that figure.

The Deputy Convener: It is a Scottish Parliament information centre figure.

Richard Lochhead: Is that the same figure as we have? I do not recognise the figure of 35 per cent. We have to balance the funds available between all the different budgets.

The Deputy Convener: I will let Jan Polley speak.

Jan Polley (Adviser): The raw figures are taken from the SPICe material, which in turn comes from the spending review document. The calculation takes out the European Union proportion of the rural development spend and the modulation from that. What is left is the contribution from the Scottish Government, which is given in real terms once the gross domestic product deflator is taken into account.

Richard Lochhead: Okay, I am happy to look into that. Table 24.03, which is in the "Scottish Budget Spending Review 2007" document, shows a modest increase.

Mike Rumbles: But that is including EU funds. We are asking you to confirm that there is a 35 per cent cut.

Richard Lochhead: Unless we have that figure to hand, I will have to come back to you. You are looking at a different figure from the one that I am looking at.

David Reid (Scottish Government Finance Directorate): Planning for the spending is done on the basis of the gross amount, incorporating all the available resources.

Mike Rumbles: All that we are asking you to do is confirm that, not including EU funding, Scottish Government funding will be cut by 35 per cent. Is that right: yes or no?

Richard Lochhead: I cannot confirm the 35 per cent figure for the simple reason that I would have to compare the baselines that you are using with the ones that we are using. As you are aware, the baselines in many areas of the budget have changed. I would have to examine the baselines that you are using to reach the figure of 35 per cent. I am happy to come back to the committee on that.

The Deputy Convener: Thank you, minister. I will bring in Jamie Hepburn at this point.

Jamie Hepburn (Central Scotland) (SNP): Thank you for coming before us today, cabinet secretary. I wonder whether there is a bit of

confusion and whether the 35 per cent figure is a slight exaggeration, given that there has been historical overallocation in a lot of the budgets in question. I understand that there has been an historical overallocation of about £220 million across the entire Scottish budget, which will obviously affect your portfolio, and that the Government is reducing the amount of money that is overallocated so that there is no overallocation by the end of the spending review period. Is that perhaps a source of the confusion?

Richard Lochhead: May I just clarify that question? Are you talking about overallocation in my portfolios or in the overall budget?

Jamie Hepburn: Both.

Richard Lochhead: Yes, there has traditionally been an overallocation in the overall budgets for some good reasons. As members have heard from John Swinney, he has reduced that substantially, but overallocation still takes place to ensure the flexibility that we need in terms of potential underspends in some areas. Overallocation is not done by portfolio—it is done across the whole Scottish budget.

The Deputy Convener: Perhaps overallocation is another word for contingency. Des McNulty is anxious to get in on this point.

Des McNulty (Clydebank and Milngavie) (Lab): Cabinet secretary, I think that Jamie Hepburn might be leading you into difficult territory. I do not think that Mr Swinney would like to hear talk of overallocation in the budget.

Just to concretise the issue, let us turn to page 129 of the spending review document. Table 24.03 gives the detailed spending plans for rural development. The figures at the bottom, on the total budgetary allocations, show a reducing allocation to rural development in cash terms in the next three years, although there is a small increase in relation to the current financial year. Does that not amount to a 6 per cent real-terms reduction?

Richard Lochhead: Well, again—

Des McNulty: Does it not? It must.

Richard Lochhead: Potentially. I will ask David Reid to clarify the exact figure for that table, but are you talking about your calculations from your own baselines?

Des McNulty: No, I am talking about your calculations. You have produced figures that show the amount that is allocated to rural development, and they show a real-terms reduction in the cash that is allocated to rural development. If you look at the line in the table above the totals, you see that the EU income line shows a significant change from the current situation—that is where

the 35 per cent reduction comes from. The actual allocation from the Scottish Government to rural development in the next three years is showing a pretty substantial reduction. Is that not right?

Richard Lochhead: I am not arguing with your interpretation of the figures in table 24.03, but you have to consider the overall budget.

Des McNulty: I am sorry—

Richard Lochhead: I am not arguing with or disputing what you are saying about table 24.03. However, if you are arguing that we are substantially reducing investment in rural Scotland and rural development, I disagree.

10:15

The Deputy Convener: We can provide the minister with a written explanation of how we have arrived at those figures. He and his officials can then comment on them and clear up the point. Does that make sense? I trust that the committee is happy with that.

I welcome Roseanna Cunningham to the meeting. Obviously, her train has come in, so to speak. I will pass over convenership of the meeting to her, but first Bill Wilson wants to ask the minister about Scottish agricultural and biological research institutes and other issues.

Bill Wilson (West of Scotland) (SNP): I have two fairly brief questions, minister. As you will recall, during the fisheries quota debate—and after the debate—I raised with you the issue of investment in scientific research. Can you give me some more details on the budget for scientific institutes and on how that budget aims to achieve the Government's objectives?

Richard Lochhead: You will see in table 24.04 that there is a modest increase in the budget for the research institutes. Scotland is lucky with the amount of scientific expertise that we have, and the Scottish Government sponsors several research institutes that have world-leading reputations. We are keen to step up the efforts of our institutes to input to Scottish Government policy. In the proposals for a national food policy and marine legislation for Scotland, as well as in other areas, the Government recognises the importance of using good science to inform our policy development in the years ahead. We are also keen for the institutes to work closely together on issues such as climate change. We have much expertise in our research institutes in that context.

We are also lucky with the quality of the research institutes that we have in Scotland. We fund them through our budget because we recognise the importance of having a national capability in some areas, so that we are guaranteed access to the appropriate data that we

require on, for example, animal health, for agriculture and livestock policy, and many other areas. We must maintain that national capability in scientific knowledge and expertise in new research areas to ensure that our policy is informed. That is why we use public funding to sponsor the research institutes.

Bill Wilson: I have one more question. I am jumping subject slightly, but I think that there is going to be a lot of that today. You have made a commitment specifically to increase forest cover. I want to be sure that the aim of that policy is not merely to expand commercial forestry, with its emphasis on non-native species. Ecologically, there would be much more benefit in expanding forest cover that included, or was heavily based on, native species. I would like to be reassured that we are committed to expanding forest cover in a way that gives the maximum benefit to our environment.

Richard Lochhead: Clearly, we have to take into account the social, economic and environmental benefits that we get from forestry. Especially because of the climate change debate that is taking place at the moment, we want to maximise the role that forestry in Scotland plays in reducing carbon emissions. We will take those factors into account. Our policy is to expand forest cover in Scotland from 17 to 25 per cent. My colleague, Michael Russell, who is taking the lead on forestry issues, is currently considering the strategy for doing that.

As I said in my opening remarks, within our budget, we want to increase investment in new woodlands by £45 million over the three-year spending review period. We hope that that will make a substantial difference and help us to meet our target.

The Convener (Roseanna Cunningham): Have you finished your questions, Bill?

Bill Wilson: Yes, thanks.

John Scott (Ayr) (Con): I have a question, convener.

The Convener: Is it on the same issue?

John Scott: Yes. I am very aware of the reduction in funding for SABRIs in the budget for next year. I am not sure that Bill Wilson covered that in his first question. I know that the funding will increase in the following year, but why has the funding for SABRIs next year been reduced by so much?

Richard Lochhead: The funding for the research institutes was virtually static throughout the previous Administration, and it will be virtually static throughout our spending review period because of the tight financial settlement that we have received. Nevertheless, given the good work

that is being undertaken in the research institutes to achieve efficiency savings—they are making much progress in doing that—we believe that they will be able to fulfil their roles adequately within their current budgets.

Mike Rumbles: My first question is on the waste strategy. This year, of the £132 million in the strategic waste fund, some £65 million was given to local authorities, with ministers retaining £67 million. I asked your officials about this at the committee's previous meeting. Next year, of that £67 million, £41 million is going to the zero waste fund. Where has the other £26 million gone?

Richard Lochhead: By asking where the £26 million has gone, you have clearly chosen to phrase your question in a certain way. We have distributed all our resources in what we regard as an appropriate way to meet our objectives.

We had baselines when we went into Cabinet discussions. Many baselines changed, including the waste baseline. As you will know from the most recent spending review period, which is just ending, there was a significant underspend in the strategic waste fund. We clearly have to take demand for the waste fund into account and consider what can be spent within the next three years. If memory serves, only 69 per cent of the earmarked strategic waste fund was actually allocated during the period that is just ending. That is a significant underspend.

We have transferred £65 million for each of the next three years to local government as part of our concordat with local authorities, and we have also retained a central fund, in order to help Scotland move towards becoming a zero waste society.

Mike Rumbles: You have just confirmed that the £26 million has been removed from the fund. Ministers retained £67 million, but that is now down to £41 million. You have just said that that is because you consider there to be less demand. However, as recently as 27 September, Audit Scotland said that, over the next few years, funding will have to grow by more than 50 per cent in order to meet EU targets. You are cutting the money from the strategic waste fund—you have just said that there is less demand—so how can you achieve the necessary targets? Audit Scotland is warning you that the present level of funding is insufficient. You say that you want recycling to go up from 25 to 40 per cent within the next three years, but you are cutting the budget. How do you square that circle?

Richard Lochhead: I remind you that Scotland is achieving its 2008 recycling target early, with an underspend in the previous strategic waste fund. Scotland has a really good track record of achieving its targets, and the whole Parliament should take credit for that—especially when we

consider the track record on recycling before 1999.

From your question, I take it that you would not have been happy unless we had given a 50 per cent increase, as outlined in the Audit Scotland report. It was a good report with a lot of good stuff that we can all learn from, but we have to take into account what will be spent. There have been negotiations between the Scottish Government and local authorities on recycling and other ways of moving towards a zero waste society. The history of the strategic waste fund is one of significant underspend. We are therefore confident that our substantial waste funds will help Scotland to move towards becoming a zero waste society.

Mike Rumbles: I would like to move on to my next question.

The Convener: Does Des McNulty want to ask about waste before we move on?

Des McNulty: Yes. I refer Mr Lochhead to the Audit Scotland report, "Sustainable waste management". The bar chart in exhibit 24 on page 36 shows clearly that the cost of recycling increases with the recycling rate. It was estimated in early 2007 that support for council recycling would have to increase from £89 million a year to £289 million a year in 2020. The view from your officials, experts in the field and Audit Scotland is clear, although you are right to say that, historically, expenditure has lagged. We will have to force the expenditure up in order to achieve our own targets and the targets in the landfill directive.

Audit Scotland says, in paragraph 156:

"The cost of increasing recycling rates will rise as Strategic Waste Fund investment moves from funding quick wins to areas where separate collections of recyclables are more expensive."

You have made quite clear commitments on those issues. You are right to say that we have made the targets up to 2008, but on the basis of your proposed funding allocation for next year and the projections for the following years, there is no way that you will be able to achieve your existing targets and EU directive targets on recycling.

Further, you have transferred significant amounts of money that were previously under the Executive's control to local government control. The actual budget that you know will go into dealing with waste is therefore about £41 million—using your figures. As I understand it, you have no control over what local authorities do with the notional allocation that you are transferring to them. I am not clear about how you will distribute that money among local authorities and whether you will take account of where the local authorities are with their waste and recycling arrangements.

Are you not in a complete bind? You have policy targets but the resources that you are putting in place do not relate to reality.

Richard Lochhead: You have raised a number of issues that I am delighted to address.

First, under the spending review that is coming to an end, we anticipate that the waste fund will have spent £284 million. The new Government has allocated £349 million for the next three years. Therefore, we are clear that there will be an increase. It might not be the 50 per cent increase that the Audit Scotland report outlined, but Government has to take into account lots of reports and we cannot meet all the demands made in all the reports that ask for additional investment.

Des McNulty: Can you tell me where in the budget the £349 million is? I would just like to have a concrete idea about that.

Richard Lochhead: I will come back to that.

On recycling costs, I make it clear to the committee that the overall waste strategy has been discussed by the Government and local authorities in recent weeks and months. You have rightly illustrated that it becomes increasingly expensive to rely solely on recycling to tackle the waste issue, and that the higher the target we aim for, the more difficult it becomes to achieve. Clearly, there will be massive challenges to face, which is why we have to consider other solutions for the waste strategy so that we can tackle Scotland's waste mountain. Of course, reducing waste in the first place is at the top of the hierarchy.

It would be an error to direct all our resources and policies at tackling recycling—there are other ways of reducing waste. If we direct everything at tackling recycling, we will encounter the problems that you have outlined in relation to costs and the practical challenges of aiming at higher targets. Of course, there is a case for setting higher targets than those that we have just now. We are keen to discuss that with local authorities; indeed, we are doing so already.

You raised the passing of control over the waste budget by the Scottish Government to local authorities. The first thing to point out is the national outcome agreement between the Scottish Government and the Convention of Scottish Local Authorities. Secondly, single outcome agreements will be agreed with each local authority by the end of March 2008. Within those outcome agreements, the Government's national outcomes will have to be reflected in how local authorities use their resources; the original outcome agreement with COSLA also goes down that road. We will take that approach into account in reaching our single outcome agreements with each local authority in

Scotland, which will cover how they will use the £65 million that is being given over to them.

If you are suggesting that local authorities are about to abandon their commitment to recycling and tackling Scotland's waste, I disagree with you. Many local authorities in Scotland see their waste strategies as a central way for them to fulfil their role in their local communities. I am confident that the resources that have been passed to local authorities will be used for that purpose.

Des McNulty: Excuse me, but you have not told us how the money will be allocated to local authorities. There is a substantial spread among local authorities and how far they have gone with their waste management strategies. That reflects past allocations from the strategic waste fund. You have not told us whether the allocations for waste will be applied according to how far authorities have progressed with their recycling and related waste management arrangements, nor have we heard about a mechanism for doing that.

10:30

Richard Lochhead: Let me elaborate. The £65 million that has been passed to local authorities is to reflect their existing commitments on recycling under their current waste strategies. The outcome agreements that we will sign with each local authority will reflect how that £65 million is used. The whole purpose of the £65 million is to fund the programmes under which local authorities are committed to fulfilling their obligations to meet the targets. I am not sure that I can be any clearer. There will be a local outcome agreement between the Scottish Government and each local authority in Scotland. The £65 million that has been transferred from the Scottish Government to local authorities is to allow them to meet the commitments that they have signed up to on household recycling and so on, so it will have to be reflected in the local outcome agreements. The situation is relatively clear to me; I am not sure how else I can explain it to you.

The Convener: We have probably gone as far as we can with that question.

I welcome Sarah Boyack to the meeting. I appreciate that you have questions to ask about waste, but it is the committee's normal practice to wait until all the committee members have exhausted their questions before we bring in other members. I will try to get you in if there is time before the close of this question session. Jamie Hepburn and Karen Gillon have questions specifically on waste.

Jamie Hepburn: It is opportune that Mike Rumbles mentioned the figure of £26 million again, because it is a prime example of the overallocation—or the underspend, as the cabinet

secretary referred to it—that I was talking about. Contrary to what Des McNulty said, I am quite confident that John Swinney would have no problem with my mentioning overallocation.

Cabinet secretary, you mentioned the concordat that has been signed with COSLA and the single outcome agreements that will have to be signed with local authorities. I imagine that there is no evidence to suggest that local authorities cannot deliver effectively on waste. Will the concordat and the single outcome agreements mean that we will be able to exceed the EU targets that have been laid out?

Richard Lochhead: I like to think so, but I must be realistic and tell the committee that achieving the landfill targets represents a big challenge for Scotland. Many local authorities are struggling to achieve the landfill targets for 2010 onwards. We do not have a great deal of time to address that challenge. Early in the new year, I will make a statement about the next stage of the waste strategy so that, together with local authorities, we can do our best to achieve those targets.

We are talking about a challenge that the new Government inherited. We have been in power for only six months, whereas that challenge has existed for the past year or two; it did not appear only when we came into government. The achievement of the landfill targets for 2010 and 2013, which are laid down in tough European legislation, is a challenge for the whole of Scotland. We will have to find innovative and imaginative ways of achieving the 2013 target, in particular, which is attracting a lot of attention from local authorities. Part of the purpose of the statement that I hope to deliver to Parliament early in 2008 will be about setting out the way forward in that regard. Of course, the £154 million that we have retained for waste policy will play a role in meeting those goals, too.

Karen Gillon (Clydesdale) (Lab): Perhaps you could expand on that. According to Audit Scotland's report, "Sustainable waste management",

"Achieving the Landfill Directive targets will require increasing year-on-year spending on waste management at a time when the increase in public expenditure is likely to slow."

In your answers to Des McNulty, you said that there was no new money for local authorities. The money that they will receive is the money that has already been committed under existing waste projects. If there is no new money for them, how on earth do you expect them to fulfil their obligation to meet the landfill directive targets?

Richard Lochhead: There is new money.

Karen Gillon: You just said that there was no new money.

Richard Lochhead: Let me clarify matters, because you misrepresent what I said to Des McNulty. The £65 million that has been transferred to local authorities as part of the local government settlement is to meet existing commitments. There is new money—£154 million has been retained centrally by the Scottish Government for waste policy.

The Scottish Government must decide how to spend that money—we must decide where it is to go. In October, we had a waste summit with the local authorities at which we discussed the future of waste policy, and I will make a statement to Parliament early in 2008 on the future steps that we will take on our waste policy. We have £154 million at our disposal.

Karen Gillon: Audit Scotland asked you to increase the budget, but you have reduced it. Let us be clear. Based on the figures that we have, you have reduced the budget, although the Audit Scotland report said that resources should be increased.

Richard Lochhead: You are referring to the budget that the previous Administration did not spend. It is clear that you could find a reduction if you compared the baseline now with the previous baseline, but the previous baseline was not spent. I am saying to you that, compared with what the previous Administration spent, a greater amount of resources for the coming three-year spending period is available.

Karen Gillon: If Audit Scotland says that a 25 to 50 per cent increase in resources is needed in comparison with the previous Government's budget and you reduce the baseline by taking out £26 million, you cannot by any stretch of the imagination run that as an increase in the budget. You cannot get away from the fact that the budget has been reduced. Whatever way you want to spin things, less money will be available to local authorities and the Government than there is currently to fund waste management projects, despite Audit Scotland's statement that the amount of money should be increased.

Richard Lochhead: I am trying to be as forthright and honest with you as I can. I am not arguing with what you say about the baselines; I am making a very important point. Under our budget plans, more resources will be spent on the waste strategy in the forthcoming three-year period than were spent in the previous three-year period, because the previous Administration did not spend its baseline. It spent 69 per cent of its baseline. It is clear that our local authorities and the people of Scotland are concerned to see more resources spent on our waste strategy in the forthcoming three-year period than were spent in the previous three-year period. I am not arguing about what you are saying about the baselines.

Karen Gillon: So there has been a cut.

Richard Lochhead: The baselines—

The Convener: Okay. The minister has responded and presented things in one way, and Karen Gillon obviously takes a different view. Mike Rumbles wants to come back in on waste.

Mike Rumbles: I was satisfied with the cabinet secretary's response to my question—he agrees with me. He accepted that the £41 million that is going to the zero waste fund means that there will be £26 million less than what the Scottish Executive has retained of the strategic waste fund.

In response to other questions, the cabinet secretary seemed to say that more money is available for spending. I want to ensure that we all understand the figures, and I would like things to be put simply. Some £132 million has been allocated to the strategic waste fund this year; £65 million has gone to local authorities and £65 million will go again to them. That is what you said, which is clear. The issue is the money that the Scottish Executive, or Government, is retaining, which has gone down from £67 million to £41 million. When you answered my question, you said that that was because there was less demand. Members are saying that the independent report by Audit Scotland states that spending needs to be increased by more than 50 per cent, but you will not do that. Is that right?

Richard Lochhead: We are not increasing our budget in line with what is in Audit Scotland's report: we are not increasing it by 50 per cent. I am sure that the committee accepts that we cannot meet the demands of all the many reports that are published, given that the United Kingdom Government has given us such a tight spending settlement.

I want to make an important point.

Mike Rumbles: We are very clear—

The Convener: Let the minister answer, Mike.

Richard Lochhead: There has been a substantial increase in local government's overall budget. It also has a role to play, which it has accepted, in moving towards a zero waste society. Therefore, not only have we the central budget of £154 million retained to deal with waste over the next three years and the £65 million a year that has been transferred to local government for its existing commitments, but there is also the overall increase in the local government budget to help with implementation of more ambitious waste strategies, should each local council wish to do that. A great deal more resources are available to tackle waste, if local government desires to go down that road. With its increased overall budget, local government has the flexibility to implement as ambitious a waste strategy as it wishes. That is

local democracy in action—giving local authorities the choice to use the resources that are available to them in that way. Some budgets have also been retained centrally.

We could shift our whole budget under the heading of waste and not spend it. The previous Administration tended to have big waste budgets that it did not spend, but instead transferred the moneys to other budgets. That allowed it to talk about having massive baselines without spending the money. Within a much tighter financial settlement, we must be more realistic and set waste budgets that are in line with what we think we will spend. I hope that I have clarified our approach.

The Convener: We should move away from waste and tackle other subjects. If there is time, we can return to the issue at the end of the meeting.

Des McNulty: I would like the minister to give us additional published information.

The Convener: If there is additional information on a variety of issues—not just this issue—that can be forwarded to the committee, I expect such information to be forthcoming. If we have time before the end of the allocated period, we can return to some of the points that have been raised. I am aware that Sarah Boyack, as well as Des McNulty, may want to do that.

Mike Rumbles: I would like to ask my second question, convener.

The Convener: I am sorry for losing track of that. We went so far down the road on waste that I forgot that Mike Rumbles wanted to ask about the new entrants scheme.

Mike Rumbles: I am interested in the new entrants scheme for farmers. I will sum up quickly what has happened. In your manifesto, you promised £10 million annually over the six years of the rural development programme, which works out at £60 million. In your budget, that has been reduced to a total sum of £10 million over six years. In the evidence that we received from your officials, it turns out that the £10 million is not new money but will come out of the money that you have already allocated to schemes such as the agri-environment schemes. The officials made it clear that the money is not ring fenced and that the new entrants scheme must take its chances with every other scheme in the rural development contracts budget line. What guarantee is there that even one penny will be spent on a new scheme to encourage new entrants to farming? It seems to me that there is no such guarantee.

Richard Lochhead: I can give the member the guarantee that he seeks: £10 million is ring fenced for the new entrants scheme in the rural

development budget. I will give the committee the background to that. Members will be aware of the history of the rural development programme and of the fact that, when we came into government, we had to submit our programme to Brussels by mid-June. The decision was taken to allocate £10 million to a new entrants scheme, so that it could be included in the programme before it went to Brussels; we could not have included it at a later date without taking the state aid route. The £10 million is ring fenced within the rural development programme. Initially it will be for interest subsidies for loans that young farmers or new entrants take out. We have an opportunity to amend the rural development programme, so we will be able to amend the scheme once we have the outcome of our consultation on the barriers that new entrants to agriculture face. However, it was of key importance to include the scheme in the rural development programme as soon as possible.

The scheme has been widely welcomed by Scotland's agricultural community. It is the first of its kind in this country and is desperately needed, if we want to protect the lifeblood of one of our most important industries for the future.

Mike Rumbles: I welcome the fact that the minister has confirmed that the funding is ring fenced. However, at last week's meeting his officials submitted a paper from the rural directorate that made the position quite clear. We also asked them about it. I refer to table 24.03 in paper RAE/S3/07/9/1, which is dated 21 November 2007. Can the cabinet secretary explain why his officials emphasised to us that the funding for the scheme is not ring fenced?

Richard Lochhead: I would have to examine the note that officials sent to the committee and your interpretation of it. I cannot give more of a guarantee than I have given. We are committed to the new entrants scheme. A substantial amount of money has been allocated to it in the Scottish rural development programme. We will be able to amend the scheme, but we await the outcome of the consultation on the barriers that face new entrants to agriculture that the tenant farming forum has undertaken at our behest. I understand that more than 800 submissions from across Scotland have been made to the consultation and that public meetings have been held around Scotland.

The lack of support for new entrants into agriculture is an important and popular issue in our agriculture sector, which people in the sector think has been neglected for far too long. There has been a big warm welcome for the fact that the new Scottish Government is doing something about that.

10:45

Mike Rumbles: I seek final clarification. Are you saying that the £10 million is additional money and will not be taken from the money in the agri-environment schemes that are already available to farmers?

Richard Lochhead: As far as I am aware, there is no opportunity to take the money away from the agri-environment scheme.

Mike Rumbles: You said only, "As far as I am aware". Is there an opportunity or is there not? You should know.

Richard Lochhead: It is a stand-alone fund of £10 million for new entrants, which I guarantee will be available for new entrants schemes if there is a demand for it. What else can I say to you?

Mike Rumbles: You can tell me whether the money is new or whether it has come from available money that is already going to farmers under the agri-environment schemes. That is a simple question.

Richard Lochhead: It is new money because we increased the overall rural development budget by £70 million, of which £10 million is for this particular scheme, when we submitted the scheme to Brussels. You might remember that we also contributed £60 million to reduce the level of voluntary modulation. The extra £10 million is for the new entrants scheme. The overall rural development budget increased by £70 million.

The Convener: I advise members that we have outstanding a letter to the tenant farming forum. The minute the TFF has finished its consultation, it will have to respond to us giving detail of how things will work in practice. There will be a second opportunity for the committee to examine this issue with perhaps more useful detail from the forum.

Karen Gillon: Two weeks ago, we discussed at length with the minister's officials funding under the rural development contracts programme. At that point, we were assured that the £10 million was in that budget line. We now have a funding table that shows that on-going payments for 2008-09 are £69.68 million, leaving £29.74 million available next year for new agri-environment schemes or organic aid schemes—everything else that comes under that heading. Are you suggesting that £10 million of that money is ring fenced for the new entrants scheme and that there is £19.74 million available for everything else?

Alternatively, is there another budget line that has not been shown in the papers from your officials? The paper that I have for agenda item 1 has a list of different budget lines. At no point is there shown a £10 million budget line for the new entrants scheme separate from the rural

development contracts budget line. We specifically asked these questions last week. We were told that the money was in the rural development contracts budget. Therefore, only £29.74 million is left after money has been committed. Are you suggesting that, in actual fact, only £19.74 million is left?

Richard Lochhead: I am giving you a guarantee that there is £10 million—

Karen Gillon: That is not the question.

Richard Lochhead: I will ask Ingrid Clayden to explain the figures to which you are referring.

Ingrid Clayden (Scottish Government Rural Directorate): I am not sure that I can explain the figures. I will go back a step and explain the issue around the ring fencing. The budget as set out in the rural development programme document identifies €14.7 million for setting up for young farmers. My finance colleague will perhaps be able to convert that figure quickly to pounds—it is roughly £10 million. The expectation is that that will be spent. The delivery mechanism for that spending is through rural development contracts.

Karen Gillon: So, of the £29.74 million that is available for everything under rural development contracts, including agri-environment schemes and organic aid schemes, there will be only £19.74 million left for everything else. That is based on the figures that we have in front of us.

Richard Lochhead: I will have to look at your figures and get back to you.

Karen Gillon: They are your figures, minister. This is an important issue, which we have been pursuing in Parliament over the past six months; it is about the number of farmers who are about to finish their agri-environment contracts and the level of need to enhance and support developments in organic farming. If the figures that you have given us are correct, we are facing a substantial reduction in the amount of money that will be available for new agri-environment schemes. It is a fundamental question to which the minister would, I imagine, have the answer.

Richard Lochhead: There are additional resources for agri-environment schemes, and I will come back to you once I can—

Karen Gillon: What additional resources?

Richard Lochhead: I want to consider what you are saying here—you are highlighting an important issue. I am undertaking to come back to the committee.

The Convener: I do not know whether you have in front of you the budget briefing note that was provided by your officials.

Richard Lochhead: Yes.

The Convener: The table at the bottom of page 2 shows the rural development contracts budget line, which is broken down into subsidiary lines. However, it is not broken down to the level of the new entrants scheme, for instance, which is part and parcel of this discussion.

Over the page is a heading, “New Entrants Scheme”. It says:

“Provision for the New Entrants Scheme is included within the RDCs (RP) budget line.”

That is what is giving rise to concern and a desire for clarification of what that all means. That note was provided directly to us by your officials.

Richard Lochhead: The point here might be that the figure that you are looking at is a three-year figure and the £10 million figure is for the whole of the rural development programme, which is over seven years. Even though it is under the same budget heading—

Karen Gillon: So it is not £10 million a year.

Richard Lochhead: It is not £10 million a year, no; it is—

Karen Gillon: It is not £10 million a year? But—

Richard Lochhead: I never said that it was £10 million a year.

The Convener: Has there been a misunderstanding here from the start?

Richard Lochhead: I never said that it was £10 million a year. There is £10 million in the rural development programme for new entrants. The rural development programme is a seven-year programme. The figure that you are quoting to me is a three-year figure; the £10 million is for the whole rural development programme. Clearly, we can adjust the £10 million and the extent to which it spreads over the seven years. As it stands, however, it is for a seven-year programme.

Karen Gillon: So it is roughly £1.5 million a year for the new entrants scheme.

Peter Peacock (Highlands and Islands) (Lab): If it is spread evenly.

Karen Gillon: Yes—if we assume an even distribution.

Richard Lochhead: I understand what you are saying now. I am looking at the figures that you are quoting. You are quoting one year’s figure from a three-year programme. The table is for three years, and you are quoting one figure of £29.74 million. The £10 million for new entrants over seven years—

Karen Gillon: That is only £1.5 million each year, roughly.

Richard Lochhead: Right—you can work that out.

Karen Gillon: That is fine.

The Convener: So instead of taking £10 million off the £29 million figure, it is one point something million pounds.

Mike Rumbles: The principle is the same, however. That one point something million pounds over the next three years is coming out of money that has already been allocated to agri-environment schemes. That is what we are trying to get out of the minister.

The Convener: I think that the minister said that that was not the case; he said that it was extra money.

Mike Rumbles: It is new money, is it? That is not what he just said. It is additional to the money that has already been allocated to agri-environment schemes and other schemes, is it?

Richard Lochhead: The £10 million was added into the rural development programme.

Mike Rumbles: Not “added into”—

Richard Lochhead: It is therefore extra money.

Mike Rumbles: Right.

Richard Lochhead: I am not sure how I can answer that in any other way. It is new money.

Mike Rumbles: And other schemes are not being reduced.

Richard Lochhead: No. The £10 million is new money. Therefore, the overall budget has increased.

Mike Rumbles: Fine. That is helpful.

The Convener: There has been some clarification, then, after a misunderstanding.

If we are done with the new entrants scheme, we can go to Jamie Hepburn for some other questions. After that, we will have Peter Peacock—although I notice that he is down to ask questions on subjects that might already have been dealt with. Peter is indicating that they have not yet been dealt with as he wants.

Jamie Hepburn: I had a question about the rural development programme, but the cabinet secretary has already provided a useful answer to Bill Wilson, who raised the subject of forestry. My question was largely the same, although a further question arises from it. Bill Wilson’s question sought to underline the importance of the environmental perspective of the Government’s plans to increase forest cover. We obviously welcome your saying that that is of huge concern and forms a huge part of the plans. I presume that there will also be a commercial imperative. How important will that be as part of your plans to increase forest cover?

Richard Lochhead: The commercial imperative will be central. I am getting feedback from the

industry suggesting that there be greater emphasis on the commercial sector in the future forestry strategy. That is something that we are taking seriously. Forestry, of course, has multiple benefits, including health benefits—next week, the Minister for Environment will lead a debate on forestry and health, which will emphasise the fantastic links between those two areas—environmental benefits and the wider social benefits. However, we would like the economic benefits to be at the centre of our future forestry strategy. We are actively considering that and will bring our plans to Parliament in due course. The commercial aspect is extremely important.

Jamie Hepburn: I presume that the quite large increase that you project will be able to cater for all the environmental, social and commercial benefits.

Richard Lochhead: Certainly, it will. As Jamie Hepburn may know, the Forestry Commission sells land each year and purchases new land on which to grow commercial trees, largely. That is at the heart of their strategy. We have to ensure that the overall forestry strategy takes into account the commercial aspect, given the importance of forestry to the economy.

Jamie Hepburn: I also have a question on investment in the energy sector, particularly in relation to the climate change challenge. How has the energy sector—particularly the parts of it that are involved in renewables—responded to the budget? I am aware of the suggestion about a saltire prize and of the increase in funding for community renewables and microgeneration. What has been the sector’s response to those initiatives?

Richard Lochhead: From what I have seen, the sector has been encouraged. Of course, John Swinney, the Cabinet Secretary for Finance and Sustainable Growth was giving evidence to the Finance Committee yesterday and, no doubt, addressed the subjects that you ask about. The fact that the microgeneration budget has been trebled has been warmly welcomed. As we have seen from developments over the past few years, when budgets have run out and have had to be topped up, there is an increasing demand for microrenewable generation in Scotland. I know that there is cross-party support for it, and that it has a major role to play.

On forestry, which we were just talking about, Michael Russell and the industry have been working on the wood fuel strategy, which has huge potential. Our rural communities can benefit a great deal from renewable energy, particularly from biomass. I hope that we can develop more energy partnerships in our communities. Again, we are considering ways of encouraging that in the future because such partnerships enable communities to take control of their own energy

needs and to accrue economic and fuel benefits. Biomass generation is linked to the forestry strategy. As members know, our approach to government involves an attempt to ensure greater joined-up thinking. Ministers are not in silos—they must work together to achieve their strategic objectives. In terms of forestry, we have to consider not only health policy but also energy policy. We are trying to join up all of our objectives.

Jamie Hepburn: You mentioned that communities will be able to hook in to some of the funding and to develop energy partnerships. Do you have specific information about how communities, energy companies and companies that might establish themselves in the renewables sector will be able to hook in to that funding?

Richard Lochhead: In the rural development programme, there will be various headings under which communities and rural businesses can apply for energy-related projects. Climate change and renewable energy will be themes throughout the rural development programme. Again, there will be regional priorities and regional assessment committees, which will consider the extent to which they want to promote such things in their areas.

The subject is complex, so a lot of work is being done to establish how we can ensure that the regional priorities also take account of central Government's national outcomes. The rural development programme can be used for renewable energy and climate change initiatives, and we have to encourage that.

11:00

Jamie Hepburn: As you know, the committee is holding a flooding inquiry. Last week, we split into two groups and visited various locations. One thing that I learned was how long it can take for flood defence improvements to be put in place. Des McNulty, Mike Rumbles and I were told that Glasgow City Council has been trying for years to put in place SUDS ponds—sustainable urban drainage systems—in East Renfrewshire. The ponds could still be a few years off. Flooding is a huge problem that offers huge challenges. How will the Government rise to those challenges in its budgeting and in its more general plans? What measures will be put in place to hurry along improvements?

Richard Lochhead: The motivation behind our proposed flooding bill is slowness in getting flood alleviation schemes off the ground—the process is notoriously difficult and bureaucratic. I represent a constituency that is severely affected by flooding, so I know how frustrating it can be for local communities and the local authority. The convener

and other committee members also represent areas that are affected by flooding.

As members know, Michael Russell has been working on a flooding bill. It is therefore encouraging and helpful that the committee is holding its inquiry.

Our flooding strategy comprises two or three elements. First, work on the flooding bill will consider the process for getting schemes off the ground. The current process is antiquated: it dates from the early 1960s and we are now in the 21st century. Because of climate change and other situations, we will have to get on top of the timescales and be able to respond quickly to threats of flooding.

Secondly, we will be building in a more sustainable approach to flood management. That will be part of the bill. We need concrete solutions, but they will have to be sustainable, as well.

Thirdly, we have to consider investment. The Scottish Water budget should not be forgotten. It will be important because many problems of urban flooding relate to the drainage systems in our cities and towns. The work comes under our portfolio, with the flooding bill, and it comes into the remit of this committee, with all the good work that you are doing with your inquiry, but Scottish Water issues also come under other portfolios. That is how we are approaching the issue. It is important in the 21st century.

Peter Peacock: I want to ask about flooding and coastal protection, picking up on points that Jamie Hepburn raised. We have received helpful information from your officials, but inevitably that has raised more questions than it has answered.

Jamie Hepburn said, and you and I would agree with him, that flooding is a growing issue; indeed, you had a flooding summit earlier in the year. However, when your officials were here we established that there is no increase in spending on flooding. Perhaps more important, we established that nowhere in the published national indicators or targets is flooding or coastal protection mentioned. Why is that? Is that not a pretty significant omission if flooding is such a growing issue? Will you reconsider, and will you ensure that a national target is set for flooding and coastal protection?

Richard Lochhead: The spending review sets out 45 indicators, some of which have to cover quite a number of issues. I hope that all members agree that preventing flooding is part of keeping communities safe and of tackling climate change. We will continue to review all the targets, and our outcome agreements with local authorities will be important. Our outcome agreement with COSLA is already in the public domain. Outcome agreements with individual local authorities will

also address flooding issues. Members can rest assured that flooding is high on the agenda.

Peter Peacock: I take the point that there is something in the national outcomes about living in safe places, but I am talking about the national indicators and targets that are part of the concordat with local government. There is no mention anywhere in them of flooding. If flooding is such a national priority, why is it not a target or indicator that we can use to measure how local authorities are doing?

Richard Lochhead: Well, you made your point, and I answered it. No one who is looking at the fact that the new Scottish Government is introducing a flooding bill in its first tranche of legislation would say that it is not taking the issue extremely seriously. One of our first acts was to hold a flooding summit, and I assure the committee that the feedback from Scotland's local authorities and communities affected by flooding is that the Government is taking the issue extremely seriously. It is high up the agenda—the proof of the pudding is in the eating.

Peter Peacock: I accept the point about legislation, which I agree needs to change. However, I am talking about how we will measure progress as we move forward.

I will move on to a second point. Given what I have said, what are your national priorities for flooding apart from the legislation? Or, given that in the next three years you are divesting your cash to local authorities through the local government settlement, are we seeing a move from national priorities to local views about flooding schemes? What is the relationship? Given that in three years' time you will not have any of the cash in the budget in your own hands, what levers will you have to influence from a national level what is happening at a local level, where needs may be particularly high?

Richard Lochhead: Many of those issues will be addressed in the flooding bill and, indeed, in the committee's inquiry on flooding. They include the role of and legislative tools available to central Government and flooding policy in general. Funding is one element, but many others are still with central Government. That may change or they may be bolstered in the flooding bill. That will all happen in the next weeks and months, and the views that the committee takes on central Government's role in flooding policy will have a big input.

Peter Peacock: Are you hinting that the policy that you have adopted as part of the concordat with local government and the shift away from ring-fenced funding may be reversed by the flooding bill?

Richard Lochhead: I am not suggesting anything, because the consultation and the

committee's deliberations in the flooding inquiry—to which we will pay extremely close attention—are all still to happen. It would be silly of me to sit here and pre-empt what the flooding bill will say. I do not want to do that, and I am sure that you understand why.

Let me comment on the relationship with local government. Local authorities have warmly welcomed the concordat. The transfer of flooding funding from central to local Government was agreed with them, and we hope that we will have a much more productive relationship. We are giving a lot more respect to local government and we want local democracy to be enhanced. That is why the concordat and the new responsibilities and funding passed to local government have been so warmly welcomed. We are trying to have a better and more productive relationship with local government and we want to give local authorities more of a role in shaping the destinies of their communities.

Peter Peacock: I understand the principles behind that, but if you do not have enough cash to do what you want locally, that will cause a problem. Will your policy not remove from central Government the ability to support local areas to achieve major objectives that are also, arguably, in the national interest? I will come on to how cash will be distributed under the new system, but, considering the principle of the policy, are you not just removing from yourself your ability to have an impact at a local level when it is necessary to help local communities overcome problems?

Richard Lochhead: As things stand, prior to the flooding bill and the committee inquiry, the answer is no. The legislation ensures that a lot still lies at central Government level, including applications for flooding schemes, the planning process and so on. Our influence is still substantial. You are understandably concentrating on the funding, which has been transferred to local government, but nothing else has been transferred as we speak. It is up to the committee's inquiry and the flooding bill consultation to come up with ideas if they think that the system should be changed. As cabinet secretary, I am certainly not going to sit here and pre-empt the consultation and the committee's work on the flooding bill.

Peter Peacock: Let us move on a bit further and discuss the distribution issues. When we had your officials before us a couple of weeks ago, they offered a list of schemes that will no longer be ring fenced, but earmarked. I am not entirely sure what the difference is; however, there will be earmarked funds for the first part of the spending review and your officials listed the local authorities that will be involved. The clerks asked for the same information in a letter last week, but that has not been provided. Can you provide us with

information on the funds that are going to the local authorities that were mentioned at our previous meeting—Glasgow City Council, Falkirk Council, City of Edinburgh Council, North Ayrshire Council, Fife Council, Moray Council and South Lanarkshire Council? Can you give us those figures today?

Richard Lochhead: I will address that in a second. Discussions are taking place and will continue over the next few weeks between the Scottish Government, COSLA and local government. Commitments to the schemes that have already been agreed will be honoured, and there is no reason to suggest that COSLA or local authorities will disagree with that. Why would they do that? I have no doubt whatever that, once the outcome agreements between central and local Government are signed, everyone will agree that the schemes that have already been given the green light will continue and will be funded.

At the moment, the discussions centre around the need to ensure that the flooding resources that are passed to local government are used for flood prevention schemes to meet the demand that exists. As you may be aware, there will be a 29 per cent increase in the flooding funding that is passed to local government over the spending review period. That is a reasonable increase. Indeed, the funds that will be passed to local authorities will be roughly two to two and a half times what was spent in the previous spending review period, as there was an underspend in the previous funding baselines for flooding.

We expect that, under the agreement with local authorities and COSLA, the flooding funding that is passed to local authorities will address those areas that are most at risk from flooding.

Peter Peacock: Can you give me the cash figures for each of the local authorities that is involved? I will then pick up those points, if I can.

Richard Lochhead: I understand that around £40 million has so far been committed for around seven schemes.

Peter Peacock: Can you give us a breakdown of those? That is what I am asking for.

Richard Lochhead: I will come back to you with a detailed breakdown; I do not have it in front of me at the moment.

Peter Peacock: Can you do that today? Can we get that information today, if it is available? Your officials offered it two weeks ago and we asked for it again a week ago. Can we get it today?

Richard Lochhead: We will get it to you as soon as we can. You will understand that we are still discussing the issues with local authorities and COSLA.

Peter Peacock: I am not talking about future plans; I am talking about the decisions that you and your officials said have already been taken.

Richard Lochhead: Yes, I can get information to you on the schemes that have been given the green light, if that is what you are after. I do not have that information in front of me, but I am happy to send it to you.

Peter Peacock: That is absolutely fine.

I would like to pick up on two things that you just said that are contradictory. You said that you will come to an arrangement with COSLA that will ensure that the funding that comes from the flooding budget, which is now passing to local authorities, will be ring fenced for flood prevention measures. You then said that, in the future, you want a distribution mechanism that ensures that the flooding funding goes to those authorities that have the greatest need. Those are not the same thing. Which is it?

Richard Lochhead: I did not say that they were the same thing. Also, I never used the term “ring fenced”.

Peter Peacock: In fairness, I think that you said that the funding will be used only for flooding.

Richard Lochhead: We expect a formula to be agreed between local government, COSLA and central Government for the distribution of the flooding funding that is passed to the local authority budget from central Government.

Mike Rumbles: That is ring fenced, then.

Richard Lochhead: No. That is the formula for the allocation. The Cabinet Secretary for Finance and Sustainable Development will allocate a budget to each local authority in Scotland. The element of the flooding budget that is passed to local authorities will reflect the level of flood risk that each local authority faces. We expect the formula for that allocation to be agreed between local authorities, central Government and COSLA. Once the money is allocated to local authorities, because it is local authority money they can choose to spend it on something else if they so wish. That is why I am not using the phrase “ring fenced”. However, I am sure that Moray Council, for instance, will use its allocation of flooding funding on flood prevention schemes, and I expect that most other local authorities in similar situations will do likewise.

Peter Peacock: I completely agree that that will be the case with Moray Council, but my difficulty is that Moray Council might not have enough to spend on what is a huge need. That is an issue to which I will return.

From what you have said, the distribution formula has not been agreed, yet the Cabinet

Secretary for Finance and Sustainable Growth is due to make a statement to Parliament next week on the distribution of cash to local authorities so that they can decide their budgets. Will the distribution be agreed with local authorities within the next week?

11:15

Richard Lochhead: Clearly, the Cabinet Secretary for Finance and Sustainable Growth is directly involved in those discussions. I am happy to ask him to contact the committee with more details. I do not want to start straying into his negotiations with local authorities on the local government settlement.

Peter Peacock: Your written submission for today's committee meeting suggests that your desired criteria for the distribution to come will include—there are two parts to this—earmarked funds including

“schemes submitted by the SR date”.

Does that refer to the date on which John Swinney made his statement on the outcome of the spending review?

Richard Lochhead: I did not suggest any particular date—

Peter Peacock: I refer to the written submission that we received from your officials following last week's meeting. I refer to the foot of page 9 of paper RAE/S3/07/9/1.

Richard Lochhead: Come back to me if this does not quite answer your question. I am saying that, because a number of schemes have already been given the go-ahead, we recognise that that funding must be honoured. We need to agree that with local authorities and with COSLA.

Peter Peacock: I completely understand that and I agree that that is the sensible thing to do. I am just trying to establish what the spending review date is that is referred to. It is important. Does “the SR date” refer to the date on which John Swinney made the announcement? In other words, will a scheme that was not submitted by that date not qualify for earmarked funding?

Richard Lochhead: I will ask John Mason to clarify, as the letter was drafted by officials.

The Convener: I want us to move on quickly. Another member wants to ask about efficiencies and I am trying to ensure that Sarah Boyack is not crowded out.

Peter Peacock: These are important issues.

The Convener: I remind everyone that we have a flooding inquiry, during which some of this detail can be gone into again.

Peter Peacock: The matter is also important for the budget.

Richard Lochhead: I invite John Mason to clarify the timescale for the schemes that will be taken into account.

John Mason (Scottish Government Environmental Quality Directorate and Climate Change and Water Industry Directorate): We will provide details for the schemes that have already been committed, where they are and what amounts have been allocated to them. We will also provide a list of those schemes that are confirmed and ready for construction—that list is mentioned in the first bullet point in the paper—and a list of those schemes that we expect will be submitted for application by the end of this financial year. Those are the schemes that we expect to fall within the criteria.

Peter Peacock: Will schemes that may still be submitted but were not submitted by the spending review date still be considered for decision by ministers? That would add to the earmarking that has been indicated.

John Mason: As I said at the previous committee meeting, we asked local authorities to give us a list of all flooding schemes that they expect to undertake and we have received that list. As the cabinet secretary mentioned, we are working on how to take all those known schemes forward in terms of the allocations.

Peter Peacock: The point that I am trying to establish is that that means that some decisions might still be made. Therefore, more of that £42 million could be earmarked into the spending review period. It might not be, but it may be.

John Mason: It could be. The £42 million was our best estimate of what we expect to receive.

Peter Peacock: So the door is not yet shut, contrary to the indication in paper RAE/S3/07/9/1.

The Convener: Okay, I think that that is clear.

Peter Peacock: Can I make just one final point?

The Convener: Is it on the same subject? We will run out of time and you will crowd out your colleague Sarah Boyack if we do not move on.

Peter Peacock: The point that I want to put to the cabinet secretary is that it seems to me that our current system in Scotland is pragmatic and tends to work in the sense that local authorities—in particular, those that have a small tax base and low population levels but high levels of need—can undertake major works such as those that were previously undertaken by Perth and Kinross Council, those that Moray Council needs to undertake now and those that Western Isles Council will need to undertake in the Uists in future. The current system is pragmatic and it

works. The cabinet secretary is in the process of changing that policy to divest funds from the centre to the local authorities. Whatever distribution mechanism is arrived at will result in some anomalies, so some local authorities will be very challenged to undertake the schemes that are required. Is this not just a silly policy? Is it not time to reflect on all this and to say to local authorities, "Look, we know that we want to"—

The Convener: Peter, can we get to the point? I am trying to move us on to allow other colleagues—your colleagues—to participate.

Peter Peacock: My point is that it is time to say that this is a silly policy and that we should reverse our thinking. We should retain the funds at the centre so that we can continue nationally to support local areas to undertake major objectives that they will otherwise struggle to achieve under the new arrangements.

Richard Lochhead: I whole-heartedly disagree with that. First, the policy has not been foisted on local government; it was agreed by local government with central Government and has been welcomed by local government. It is important to get that on the record, because you suggest that central Government somehow wanted to get rid of the responsibility and foist it on to local councils.

On the issue of small councils, I know that Moray Council is heartened by the way forward. I do not agree with your point that small councils will lose out—that is a fundamental point. I would like to know what your evidence is to support that claim. I saw the press release that you put out after my officials appeared before the committee. It states:

"the inadequate level of grant funding will be distributed to all councils irrespective of whether they have severe flooding problems".

There is no evidence for that. That has never been the case and, to my knowledge, there has never been any evidence that that has been the case. Moray Council responded to Peter Peacock's press release, which I must say was issued on the day when people were putting sandbags outside their houses because of the threat of flooding.

Peter Peacock: They are the people whom I am concerned about.

Richard Lochhead: That was irresponsible and may have left those people with more anxiety. Moray Council's response to Peter Peacock's press release states:

"The Council received an assurance from COSLA that we would have their support in ensuring that the money for flood defences would be allocated in the same manner as at present, i.e. where councils have been awarded a Flood Protection Order. Effectively, this would leave the council in the same position as before the recent changes."

It misrepresents the situation to say that small councils will lose out under the new arrangements. Small councils welcome the new arrangements.

The Convener: I think that we have had enough on that issue. We still have a few minutes to go. Des McNulty has some specific questions on efficiency savings. If he confines it to about five minutes—that is for the question and answer, Des—Sarah Boyack will be able to get in for a few minutes at the end.

Des McNulty: I simply want to ask where the efficiency savings will be sought in the rural affairs and environment portfolio and what their impact is likely to be. Is the Government seeking lower costs, improved outcomes or some combination of the two? Can you be specific about that?

Richard Lochhead: Thanks for the question, but it is a general one, so I will have to give a general answer. We are seeking 2 per cent efficiency savings throughout Government. The money will be reinvested in services and in meeting the Government's obligations. South of the border, the figure is higher than 2 per cent, but we have gone for 2 per cent because of the tight financial settlement here. If memory serves me correctly, agencies within our portfolios have already exceeded the efficiency savings targets that were set for them last year. It is clear that the public sector is up for making efficiency savings.

Des McNulty: I will avoid generalities and cut across the matter. The Finance Committee in the previous session of Parliament asked the previous Administration for identified efficiency savings, almost project by project. Will you produce for us in writing information on the mechanisms through which you will achieve your efficiency target, project by project, so that we can examine how that will be done?

Richard Lochhead: That is a more detailed question, therefore I am happy to give a more detailed answer. We propose to publish our efficiency delivery plans early next year. The committee will have an opportunity to review the plans then.

John Scott: On a related subject, the budget is expected to contribute to 26 of the 45 national indicators and targets that you hope to meet. How will you measure the success of the budget over one-year and three-year periods?

Richard Lochhead: That is a fair question. The issue is a huge challenge that faces all Governments. The performance framework in the budget document lays down our approach to measuring the success of our policies and how we spend our budget. You mentioned the 45 indicators. To reiterate what I said earlier, it is important to emphasise the Scottish Government's new approach to policies and expenditure. For

instance, the aim is for environmental expenditure to meet not only environmental indicators, but a range of indicators. All our policies and expenditure should meet the Government's five key strategic objectives. For instance, our food policy should address our health, environmental and economic indicators. As many of our policies as possible should address as many of the indicators as possible. Of the 45 indicators, perhaps 26 relate directly to our portfolios, but all our policies and expenditure should address as many of the 45 as possible.

John Scott: I appreciate what you say, but much of the analysis looks as if it will be fairly subjective. Will there be an objective analysis of the outcomes?

Richard Lochhead: Much work is being done with programme boards, which comprise senior civil servants. All boards have delivery boards or committees, whose job is primarily to put meat on the bones of the indicators and how we measure success. We are six months into government and we have an ambitious performance framework. Much work is being done to address the questions that you have asked.

Sarah Boyack (Edinburgh Central) (Lab): One question that has not been asked and which I thought might be asked is about the rural development programme. There is an analysis of the criteria by which regional decisions will be made. Will each region have a pot of money about which it can make decisions?

Richard Lochhead: No—there will not be a pot of money as such. The regime was formulated under the previous Administration, but we agree with the principles that lie behind it and we are doing our best to put it into practice. One tricky exercise is balancing regional priorities with overall budgets. Much work is being done on that.

Sarah Boyack: That is fine—I wanted to know whether regional budgets would exist; you have said that they will not. The budget will be national and decisions will be taken regionally and moderated nationally.

Richard Lochhead: Yes—as much as possible.

Sarah Boyack: You will have guessed from Peter Peacock's questions that some disappointment is felt about your approach to flooding. I will ask about the process of river basin management planning. If a local authority has the potential to undertake a flood prevention scheme, what is the incentive for it to do that when the downstream flooding problem is in a different local authority area?

Richard Lochhead: That is a good question.

Sarah Boyack: From the river basin management work that is taking place, do you

have a take on which authorities will be affected by such issues?

Richard Lochhead: No—I do not have that to hand. We are interested in the subject and we are taking it into account in the work on the flooding bill. We must ensure that all that work is co-ordinated. I do not have a list in front of me, but I am happy to write to the committee with information on the local authorities that are most affected by river basin management plans, if that would help.

Sarah Boyack: That would be useful. Such planning was seen as a regional issue rather than an issue for separate local authorities, because flooding issues do not respect political boundaries.

John Mason: I can make a general statement. One tenet of the new flooding bill will be sustainable flood management, which involves considering the holistic management of the whole river basin. The flooding bill will deal with that and with arrangements that might be sensible for local authorities that are affected by a single river system.

The Convener: It may help Sarah Boyack to know that the approach will be a key issue in our flooding inquiry, because it has been flagged up several times.

Sarah Boyack: Sure—I was trying to tease out the question, because we could be going in the wrong direction with the allocation of money to continuing policy development in the Executive.

Richard Lochhead talked about money that would be reserved to the Scottish Executive for the national waste strategy. How will that money be spent? I presume that plans are quite firm for 2007-08. I am trying to tease out the issue of waste reduction and recycling. Some local authorities have worked together to develop schemes, but you now expect them to work individually. Has the regional approach been abandoned? Given that the Scottish Executive and not local authorities would be fined, how will local authorities be accountable to you for meeting the European landfill directive targets?

Richard Lochhead: The debate is interesting and challenging, given the targets that we must achieve. We addressed some of the issues earlier. As I explained, I will make a statement to Parliament early in the new year that will set out our thoughts on how central Government will use the waste budget. We recognise that we will fund community sector initiatives from the centre. One of the most challenging decisions facing the Government is how Scotland should deal with its residual waste—I am sure that the committee is aware that it is a controversial issue—and the role that generating energy from waste can play is central to that debate.

There will be no shortage of demands on our waste budget at central Government level, but local authorities will have the flexibility to decide how to influence local waste strategies.

11:30

Sarah Boyack: Are you saying that you might still fund projects in the regional strategic waste areas that grouped local authorities together, rather than letting that responsibility go to local authorities? I seek clarity about the division of responsibility.

Richard Lochhead: If the Scottish Government chooses to fund regional projects, it will lay down its criteria for doing that. Central Government will have that influence. I will announce the way forward to Parliament early in 2008, so I am not in a position to do that now.

Sarah Boyack: Are local authorities already working up indicative projects that, as with projects on flooding, were not agreed by the date of the spending review? It might be useful for us to learn about the range of projects that are being worked up by the regional waste management areas and to see whether there will be increased demand for expenditure or whether it is expected to be stable for the next three years.

Richard Lochhead: The most pertinent issue now is the two residual waste projects. Outline cases have been put forward by the consortia of local authorities both in the Lothians and in Lanarkshire. One outline case has just come in and we expect the other to come in shortly.

Sarah Boyack: It would be useful to see those projects' funding expectations and to see, in relation to my first question, the national expenditure on waste reduction. If that is to be a key part of the new Government's priorities, it would be interesting to see how you expect to spend that money over the next three years, given that in the past few years much of the emphasis has been placed on funding organisations such as the Waste and Resources Action Programme or looking at recycleit markets. I presume that all the resources have been allocated for the next financial year, but it would be useful to see that budget line.

Richard Lochhead: I am happy to write back to the committee on that. I would welcome the committee's input to our future waste strategy, if the opportunity arises—I know that it has a lot on its plate. We have to make some big decisions in the months ahead as a society, and any input from the committee would be welcome.

The Convener: Before we wind up the discussion, I ask you to resolve a slight contradiction that has emerged. In your response

to Mike Rumbles's questions, you talked about a lessening of demand on the waste budget, but you have just talked about a huge increase in demand on the waste budget. You may have been talking about slightly different things, but it might be worth clarifying the issue. I do not want to extend the question-and-answer session, but it would be helpful if you could clarify the slight contradiction.

Richard Lochhead: There is a difference between demand for resources to deal with waste and the timescale for when the funds should be allocated and spent. For example, whatever way we look at it, there is a demand for significant expenditure to deal with residual waste in Scotland, but I think that we would all agree that it is unlikely, although we do not quite know yet, that the expenditure for residual waste treatment facilities in Scotland would come out of the three-year spending review. The resources might come out of future spending reviews or whatever. It is a matter of timescale versus demand. I hope that that clarifies the issue.

The Convener: I thank the cabinet secretary and his officials. I am aware that the cabinet secretary has a further evidence session to go.

I ask the committee to agree that consideration at our next meeting of a draft report to the Finance Committee should be taken in private. Is that agreed?

Members indicated agreement.

The Convener: There will be a brief suspension, to give members a break and allow a changeover of witnesses. I ask everyone to be back by 11:39.

11:34

Meeting suspended.

11:40

On resuming—

Fisheries Council

The Convener: Papers have been circulated, including a note from the Scottish Government and a letter from the Scottish Fishermen's Federation. More recently, a copy of the 20-point plan for improving the UK process in relation to fisheries negotiations was circulated. The Cabinet Secretary for Rural Affairs and the Environment is accompanied by his officials David Wilson, Frank Strang and Simon Coote.

I welcome Robin Harper, who is attending for this item. Robin, it is our practice to bring in non-committee members to ask questions only if there is time and all committee members are satisfied that they have asked questions. If you want to ask a question, it will have to be at the end.

Robin Harper (Lothians) (Green): Thank you, convener.

The Convener: I invite the cabinet secretary to introduce his officials in more detail and to make a short opening statement, after which we will move to questions.

Richard Lochhead: You have introduced my officials, convener, so I will proceed with my statement. I am delighted to be here to discuss with the committee the on-going fishing negotiations. I enjoyed the debate in Parliament a fortnight ago and I sense a different, optimistic, tone from the one in the past. I hope that we can discuss the future of the fishing sector in that context.

I should update the committee on one or two developments that have taken place since the debate. The EU-Norway agreement was a satisfactory outcome, especially given the science on some of the key stocks. I will not go through the agreement in detail, but I will highlight the key points.

First, I was pleased with the 11 per cent increase for North Sea cod. We worked hard for that, by persuading the UK, the Commission and then the Norwegians that the increase was justified. The turnaround is significant, given that this is the first increase in cod quota in 10 years, although we recognise that we have a lot more to do to create a sustainable fishery and ensure that that continues in the medium term.

On haddock, we were pleased that we managed to respect the long-term management plan, which has allowed us to make the most of the 1999 year class. We would have preferred to agree this year provisions for banking and borrowing for future years, but the signs are that the Norwegians will

be persuaded of the case for next year, which I hope is a good sign.

On the agreement on whiting, we had a much reduced total allowable catch cut, compared with what was on the cards at one stage, and an undertaking on discards, which is a relatively good outcome and the right way to rebuild the stock.

The herring outcome was disappointing, although the cut of 41 per cent was less than the Norwegian position of 50 per cent, and mackerel is the key earner for the pelagic sector. We achieved a good outcome on blue whiting. However, it is disappointing that on herring the unanimous advice of the regional advisory council was not followed. We agreed with the UK Government that that would be raised with the Commission last week.

The EU-Norway process is far from ideal. We will examine it carefully in the new year. However, I was pleased with what we managed to achieve within the constraints.

I will not read out my whole statement. Of course, the next stage is to agree the fishing opportunities for the stocks that are agreed within the EU as opposed to between the EU and Norway, at the fisheries council in mid to late December. Not only will the fishing opportunities for some stocks be agreed, but the days-at-sea issue will be addressed in terms of the management regime for our waters.

Jamie Hepburn: Welcome to the second leg of your marathon session today. Convener, I have two questions: one is on the process and the other is specifically on improved gear selectivity. Do you want me to ask both?

The Convener: Ask both. The cabinet secretary can answer both. If there is a follow-up question, that is fine, but other members want to ask questions, too.

11:45

Jamie Hepburn: Historically, you have been a keen observer of the fisheries negotiations, but you are a participant this time round. How have you found the process? What are the biggest challenges for you, as a minister of a devolved authority, in participating in a series of negotiations that are led by nations that have full statehood? You mentioned that the outcome was satisfactory, but how close does it come to the best possible outcome of EU-Norway negotiations? Finally, in the previous two evidence sessions we heard a lot about improved gear selectivity and how it works—I think I understand it. How big a role will improved gear selectivity play in future? How can the use of such improved gear be encouraged? Is it being used elsewhere in the EU?

Richard Lochhead: First, the Scottish Government's views are clear and well-known: we do not think that the process is the best way to manage Scotland's fisheries and to decide the fate of thousands of livelihoods in Scotland. For instance, in the December council, over approximately three days a few Commission officials have to reach compromises with member states on scores of stocks across scores of fisheries. The situation is perhaps not as bad as it used to be, because many decisions are now taken, and a lot of the hard work is done, ahead of the December council. However, no rational person on the planet would think that it is the best way to reach decisions on fisheries conservation and on the economic well-being of Scotland's fishing communities. The process is far from ideal, hence our criticisms of the common fisheries policy.

However, the new Scottish Government has taken many steps to try to improve the process. My officials are expert in their areas, and they have spent morning, noon and night in the months in the run-up to the talks—with considerable input from me as cabinet secretary—working extremely hard to ensure that Scotland's voice is heard, both within the UK and in the Commission. Despite the fact that Scotland has 70 per cent of the UK's fishing industry, the Scottish Government has to spend a lot of time and energy lobbying and reaching compromises with the UK Government. After that, the UK Government, with Scotland, has to lobby and reach compromises with the other member states, the European Union and the European Commission.

As you can imagine, that is a challenging process, and we would much prefer it to be different, but we think that the way in which we are handling matters has made a difference. We have had a considerable number of meetings with UK ministers—which have been productive and open most of the time—and with the other devolved Administrations. We have had many meetings involving the other ministers and the industry, which have been helpful in exchanging views and ideas and agreeing a strategy for the way forward. We have had a positive influence on the process, but it remains far from ideal, and it is not in Scotland's interests.

We would much rather that instead of the UK representing Scotland at the top table at the fisheries negotiations, with Malta on one side and Estonia on the other, Scotland was there in its own right. We have the biggest stake in the outcome of the negotiations, therefore we should have a much bigger input to the talks in the first place. It is ironic that the UK sits between Malta and Estonia—countries that are smaller than or the same size as Scotland.

Jamie Hepburn spoke about fisheries management—

The Convener: Could we speed this up a wee bit, cabinet secretary?

Richard Lochhead: Jamie Hepburn spoke about gear selectivity. It is important as a technical conservation measure. We support the trials that are taking place. The industry in Scotland has voluntarily adopted selective gear in recent years, with good success, and we are keen to encourage its use as a fisheries conservation measure, for example to reduce discards. We want to provide the fleet with incentives to add selective gear in the future. I hope that we will be able to build it into this year's negotiations, but we recognise that such gear also has a big role to play in the long-term game plan for fisheries conservation in Scotland.

Jamie Hepburn: I have a quick supplementary.

The Convener: Make it brief; we will try to get a quick answer.

Jamie Hepburn: Cabinet secretary, you mentioned incentives for the use of improved gear. Can you expand briefly on that point?

Richard Lochhead: There are two ways of approaching the issue. The big picture is that I would like fisheries management to move towards incentives, rather than penalties. Too often, fishing organisations and fishermen have felt divorced from fisheries management, because it is all about penalties. If we move towards a system of incentives and rewards, there will be much better co-operation in the future, which will help fisheries conservation.

In the short term, we are seeking ways of building incentives into December's fishing negotiations. However, there is also a longer-term challenge in overall fisheries management. In 2008, we will give a great deal of attention to how we can incentivise better fisheries conservation methods, which will include the use of selective gear.

Bill Wilson: I have three questions, but I suspect that the cabinet secretary will answer the first two of them quickly by saying that he will refer to his scientific advisers. For the sake of brevity, on which the convener is keen, I will combine those two questions.

As you know, there is a great deal of evidence of neoteny—the shrinking of adults under evolutionary pressure from fishing—in Canadian cod stocks. There is some evidence of the same phenomenon in British cod stocks. If it is happening, there is a risk not only that the cod stock may collapse, but that it may never be able to recover. Can you reassure me that there is monitoring of that specific evolutionary issue—the

shrinkage of adults as a result of fishery pressures?

There is also evidence for spatial subdivisions of cod stocks within the 12-mile limit. Can you reassure me that the Government or its advisers are considering the possibility of managing the conservation of cod stocks within that limit in relation to the spatial subdivisions of the population?

Both of my questions are relevant. The Canadian cod stock may not recover, or it may do so only over a geological time span, because of the evolutionary pressure to which I referred in my first question. I would like to be reassured that the issue is being examined.

Richard Lochhead: I assure the member that the important issues that he raises are being examined. In Scotland, we are lucky enough to have Fisheries Research Services, which includes many of the world's leading fisheries scientists, many of whom spend a great deal of time examining cod stocks.

I am encouraged that David Wilson, who is sitting on my left, has said that he can answer the question on spatial subdivisions. I was expecting to have to ask my scientists to get in touch with the committee on the issue, but David may be able to add something.

David Wilson (Scottish Government Marine Directorate): I am not sure that I can address the detail of the science, but FRS and some of the colleagues whom the committee met at its previous meeting are running two specific research programmes on the issues that Bill Wilson raises.

The first programme is analysing evolutionary change in stocks, especially cod stocks, which is critical if we are to understand what level of overall cod stocks we should try to re-attain over time. The point of the cod recovery measures is to allow cod to recover to a stable long-term level. The critical question in the research is, given the change in the nature of cod stocks that is taking place, what can we expect the target population to be?

The second programme, on spatial subdivisions, is asking whether cod in the North Sea consist of separate stocks. That goes to the heart of issues relating to cod recovery and it is important in assessing the impact of climate change on the sea. Many people talk about cod stocks moving north. The emerging evidence is that the fish do not move north, but that their relative abundance in different areas is varying because of the impact of climate change on the sea. I will ask colleagues at FRS to provide the committee with a formal note on that critical research.

Bill Wilson: My third question is nice and simple. Other measures have been suggested for the preservation of cod fosh—

Mike Rumbles: Is that a technical term?

Bill Wilson: No, it was just a mispronunciation; I meant to say cod stock. The suggested measures include the use of temporary area closures to protect spawning fish and the use of real-time closures to protect aggregations of juveniles. Will those measures come up in next year's cod stock negotiations?

Richard Lochhead: That is a fundamental question, which I am not sure I can answer briefly.

December's negotiations will decide on the limitations on effort that will apply to the fishing fleet in our waters—in other words, they will determine the number of days at sea that will be allocated to Scotland's fleet. That is an extremely important decision, because there is no point in giving our fleet fishing opportunities without giving it time at sea to use them. However, given that the number of days at sea that the fleet gets can influence fishing effort, it is a conservation tool in the eyes of the European Commission. Those two demands must be balanced.

To return to my original comments about the need to have incentives and rewards rather than just penalties, our view is that we should look for alternatives to simply cutting the number of days at sea as a way of conserving fish stocks. I cannot overemphasise the fact that Scotland is leading the way in Europe on conservation. Other EU member states tell me that they are extremely impressed with what is happening in Scotland.

We are leading the way through the adoption of real-time closures, whereby if the fleet comes across juvenile cod stocks, the area is closed. There is a formula for achieving that. The success of the measure has been less to do with the areas that have been closed and more to do with a change of behaviour. The fleet now avoids juvenile cod stocks because it knows that if it finds them, the area will close. That approach—of which there is evidence—has been most welcome. Other measures include the presence on board vessels of independent observers, to monitor what happens and to keep records. Other member states are impressed with that.

Measures such as the voluntary closing of areas are being adopted in Scotland and will form part of the case that we make to Europe in negotiations. We will ask for recognition of the fact that we have the co-operation of our fishing fleet, which is leading the way in Europe, and we will argue that that approach should be encouraged as an alternative to the blunt instrument of cutting the number of days at sea.

Frank Strang (Scottish Government Marine Directorate): Part of our negotiating position at the December council will be to seek recognition at council level of what we are doing on real-time closures, but it will also be about seeking provision that encourages other member states to opt in to what we are doing.

The Convener: Are the boats of other countries that use our waters abiding by the Scottish rules?

Richard Lochhead: Not the voluntary measures. However, I have met fisheries ministers from other member states and they are extremely enthusiastic about what is happening in Scottish waters. The important point is that voluntary closures are a measure on which the Scottish fleet is leading. We want to spread out its deployment among other fleets. Although the majority of vessels in most of Scotland's waters are Scottish, you are right that vessels of other nations fish our waters. That is why we are keen to get the European Commission to support the voluntary measures that we have taken and to encourage other member states to adopt them; it is also why we are having bilateral conversations with other member states.

John Scott: The cabinet secretary will forgive me, because I am new to all this fishing stuff. He said that the outcome of the discussions with Norway was satisfactory. Much has been made of the increase in the cod TAC of less than 1,000 tonnes. Looking at the outcome of the Norway negotiations from a distance, it seems to be an unmitigated disaster for commercial fishermen. The haddock TAC has gone down from 32,000 tonnes to 27,000 tonnes—a drop of 15 per cent; the whiting TAC has gone down from 11,000 tonnes to 8,000 tonnes—a drop of 25 per cent; the herring TAC has gone down from 50,000 tonnes to 29,000 tonnes—a drop of 41 per cent; and the blue whiting TAC has gone down from 91,000 tonnes to 61,000 tonnes—a drop of 32 per cent. He said that that was a successful outcome.

As I said in my speech in last month's parliamentary debate on sea fisheries, the cabinet secretary has set the bar extremely high. He said that he would do much better for Scottish fishermen than previous Governments had done. Will he do better in the forthcoming discussions with Europe? Whichever way one cuts it, the discussions with Norway were not a success. At less than 1,000 tonnes, the improvement in the cod TAC is symbolic—my understanding is that it is irrelevant to the commercial fisheries. However, I am sure that if there is a logical explanation, the cabinet secretary doubtless will give it to me.

12:00

Richard Lochhead: The increase in the cod quota that was secured in the EU-Norway

negotiations—with enormous direct input from Scotland, given the importance of the stock here—was the first increase in cod quota in 10 years. That has been warmly welcomed.

John Scott: And I welcome it too, of course.

Richard Lochhead: I could not call that “an unmitigated disaster”. As for my comments about the overall deal being satisfactory, we must take two things into account. First, we must pay heed to what the science is telling us. Stocks fluctuate. In past years, there have been significant increases in some stocks, such as haddock, because of the 1999 year class. We cannot repeat such massive increases. The 1999 year class will last only so long. We must consider the context of the science.

In the EU-Norway discussions, the EU holds most of the cards, and this small country of 5 million people holds most of the cards in negotiations with the rest of the EU. We need to consider the situation in that context. The UK, which is lobbied by Scotland, is one of the many states with an interest in the negotiations. Once the fishing opportunities are agreed between the EU and Norway, we must, in turn, get a fair share for Scotland out of the overall share. We are addressing the issue on two fronts—paying heed to the science and to the need to get the best deal for Scotland out of the fishing opportunities that have been secured. Under those circumstances, the outcome was satisfactory.

The Norwegians pushed for much greater reductions in the quotas for species such as herring. They were looking for a 50 per cent reduction; the final deal was 41 per cent. We felt that that was disappointing, as I said earlier, as the regional advisory council that covers herring felt that a 35 per cent reduction was justified, and there was unanimous agreement among the EU member states that that should have been the cut, in line with the science and the precautionary principle—while ensuring that the reduction was not unreasonable.

The outcome was a mixed bag, but it was satisfactory in terms of the alternatives that were being offered to Scotland. Could it have been better? Yes, it could have been better if, over the past 30 years or so, we had managed our fisheries differently, in which case we would have much bigger stocks today, and perhaps a bigger industry. However, in the context of the negotiations this and last month, the outcome was satisfactory.

John Scott: Thank you for that—although I await with bated breath the outcome of the European negotiations.

You have made quite a lot of the on-board observers. How many on-board observers are actually on board Scottish fishery vessels? Is it one or two?

Richard Lochhead: So far, there have been 10 trips by fishing vessels with observers on board. Those have all been piloted in Scotland. Please bear in mind that this initiative is relatively new. I think that about 20 vessels in the white-fish fleet are signed up to the initiative. It is a big step forward. However, it is one of many initiatives, and the real-time closures affect the whole fleet. The observer scheme is a pilot initiative that applies to some vessels.

John Scott: Do you expect to increase the number of observers? How many observers are actually involved?

Richard Lochhead: Four individuals are contracted from an outside agency, and we financially contribute towards creating new, innovative measures for fisheries management. To summarise, four individuals are contracted, 10 trips have been made so far and about 20 vessels are signed up to the initiative.

Frank Strang: That is in addition to the on-going observed trips that FRS undertakes for data collection anyway. The observer scheme is a new initiative, but observed trips are continuing anyway, as they did in the past.

Karen Gillon: It is interesting to note, cabinet secretary, that the language of government is somewhat different from your language in opposition.

The Convener: And vice versa.

Karen Gillon: I think you will find that it is not.

I understand that the cabinet secretary has demanded that he lead the UK negotiations at the December council. Given that the Scottish Fishermen's Federation has indicated to the committee that its position is broadly in line with that being adopted by the UK Government, can the cabinet secretary indicate what specific policy differences he would advocate at the December council, if he were leading for the UK?

Richard Lochhead: I thought that Karen Gillon was going to start off by saying that the language of the current Government is dramatically different from the language of the previous Government—it certainly is.

On the initial question, if the Scottish Fishermen's Federation is relatively happy with the UK Government's stance, that vindicates the Scottish Government's approach and confirms the difference that the Scottish Government is making to the negotiations. I am sure that the member has a long memory and knows that, in previous years, our fishing organisations took a wildly different view from the UK's view on fishing issues. However, suddenly, with the arrival of a Scottish National Party Government in Scotland, the UK Government appears to have the same agenda as

Scotland's fishermen. If that is the difference that we can make when we are not leading the delegation for the UK, just think of the difference that we could make if we were.

Karen Gillon: That was the question, minister: can you identify the specific policy differences that you would advocate if you led the UK delegation?

Richard Lochhead: First, let me say that we have made a positive impact, influencing—

Karen Gillon: That was not my question.

Richard Lochhead: You cannot ask me, prior to negotiations, to show all my cards and to pre-empt the agreement that we have made with the UK Government over the UK negotiating line. That is the position—

Karen Gillon: So the UK Government is advocating, as a member of the European Union, what you believe is the right position for the Scottish fleet. Is that the case—yes or no?

Richard Lochhead: The Scottish Government has made a positive impression on the UK Government, which, at the instigation of the Scottish Government, has taken on board many of Scotland's needs in the negotiations.

Karen Gillon: So it is—

Richard Lochhead: You cannot ask me, prior to the negotiations in December, where we disagree with the UK Government. I cannot give away our negotiating position.

Karen Gillon: The question is, do you disagree with the position that is being advocated by the UK Government?

Richard Lochhead: I am meeting the UK minister in London on Monday, then going with him to meet Commissioner Borg on Thursday. I also have the December fisheries council in Brussels. Perhaps then would be the best time to ask me that question. You cannot ask me, prior—

Karen Gillon: But minister, it is you, not anyone here—apart from those two guys over there, who are in your party—

Bill Wilson: You are demanding a fight with the UK, not us.

Karen Gillon: Exactly.

Minister, you are demanding to lead the negotiations. I am trying to ascertain whether your position is in line with that of the Scottish Fishermen's Federation, which is to advocate the UK Government's position, as outlined to it and to us by your officials. It is quite a simple question. Is that the case—yes or no?

Richard Lochhead: It is not a simple question, because I will not know exactly what the UK is

going to advocate until the December fisheries council. We are two weeks away from the negotiations and you are asking me whether there is any disagreement with the UK Government over the negotiations. I cannot answer that question.

Karen Gillon: The paper that was given by your officials—

Richard Lochhead: I am saying to you that, so far, we have largely influenced the UK's agenda and negotiating positions. For example, our line to the UK Government at the moment is that avoiding unreasonable or unjustified cuts in days at sea must be a priority. That is the position that I will put to the UK minister on Monday in London and it is the position that I will take to the fisheries council, with the UK delegation, in two weeks' time. I do not know how you can ask me whether, in two weeks' time, I will disagree with the UK's negotiating line.

Karen Gillon: I am trying to clarify what tangible difference—

Richard Lochhead: I am saying to you that, so far—

The Convener: This is now becoming just a political exchange; it is not about seeking information in respect of the fisheries council.

Karen Gillon: He is not answering the question.

The Convener: Karen, do you have a specific question about what is coming up? You are not going to get the answer that you think you want, because it is not really about the detail. Peter Peacock is waiting to ask what I assume are specific questions, and Des McNulty is waiting as well. We do not have much time.

Karen Gillon: Minister, can you clarify your position on proposed European Commission quotas? What would represent the best possible outcome for Scotland?

Richard Lochhead: At the December council, negotiations will take place in relation to a number of species. The EU-Norway negotiations will not impact on that. The second most viable species in Scottish waters is langoustines. The position on them will be a roll-over, but we have an agreement on that, as decisions are made on that only every two years. We would like there to be a roll-over in relation to the northern shelf monkfish, which is an extremely valuable stock, particularly to the west of Scotland and Orkney. We would like the cut in west of Scotland haddock to be minimised to 15 per cent, which we believe represents a better way forward than the 42 per cent cut that is proposed by the International Council for the Exploration of the Sea and the European authorities.

Scientists have proposed a 56 per cent cut in the west of Scotland herring catch. The

Commission may go for a cut of up to 25 per cent, but we believe that a 20 per cent cut is justified. North Sea megrim, on which there has been no advice from ICES, will be a key stock in the negotiations later this month. The Commission has proposed a roll-over, but we believe that there is a good case for a 15 per cent increase in the catch. There has been no advice from the scientists on ling and tusk, but we believe that there should be a roll-over. Currently, the Commission is proposing a 10 to 15 per cent cut. Scientists are advocating a 51 per cent cut in the west of Scotland megrim catch, but we believe that a roll-over is an option to put to the European Commission, which is going for a 15 per cent cut.

Rockall haddock and North Sea megrim are two of the most important species. The ICES advice is that there could be a 55 per cent increase in the Rockall haddock catch, but we think that there is potential for an increase of up to 65 per cent. The Commission has proposed a 15 per cent increase. The final stock that I can mention in the context of the negotiations is west of Scotland cod, of which ICES advises there should be no catch. We advise a roll-over and the Commission has proposed a 25 per cent cut.

That is where we are with our opening negotiation stances. I now revert to Karen Gillon's other question.

The Convener: Briefly.

Richard Lochhead: Karen Gillon asked unreasonable questions ahead of the negotiations. I cannot, for example, tell members about the UK's position on the stocks, therefore I cannot say whether I disagree with it.

Peter Peacock: A few weeks ago at the Scottish National Party conference, you made big play of being gagged during the negotiations but, last week, the First Minister said to Parliament that we would have the best outcome for a decade from them. It seems that he believes that we will get the best outcome while you are gagged. Assuming that the gag comes off before next week or that your skills as a ventriloquist improve, I think that the west coast prawn fisheries and days at sea are particular issues that will have to be dealt with.

I noticed in the media that you appeared to be relatively laid back—perhaps that is the wrong expression; rather, you appeared to be reasonably relaxed—when you commented on the proposals. You appeared to be reasonably relaxed that the Commission had simply taken an opening stance that was likely to shift significantly.

You will recall that, during a parliamentary debate a couple of weeks ago, I referred to an error in the number of days at sea available to west coast prawn fishing boats that was made in

the previous negotiations. Was that error corrected before the reductions were suggested, or are the suggested reductions to be made to the current erroneous level?

In the negotiations, should a relationship be discussed that means that people will get more days at sea if they improve their gear? Should such an incentive be discussed, notwithstanding the fact that you may disagree with the total figures? Is tying days-at-sea improvements to improving gear and conservation measures the right kind of incentive?

Richard Lochhead: I will deal with Peter Peacock's final points first. I agree that such things should be built into the negotiations. That takes us back to what I said initially about giving rewards to fleets that use more technical measures that assist conservation. It would be good to build such things into the negotiations, so we will certainly put together proposals on that. A lot of work has already been done to present alternatives to simply cutting days at sea.

You mentioned the error that was made last year under the previous Administration whereby the west coast fleets lost 28 days at sea. We have an initial agreement from European officials that the error could be reversed. We are not there yet, but the initial signs are that we will get those 28 days for the west of Scotland fleets reinstated.

Peter Peacock: As I understand it, ICES's proposal is for a 25 per cent cut in the number of days at sea after the error is corrected, rather than for a 25 per cent reduction in the incorrect figure.

12:15

Richard Lochhead: It is a very complex issue. Both my officials want to comment on it—who shall I pick?

David Wilson: I will go first, and Frank Strang can correct me if I am wrong. The 28 days "error" has not been adjusted in the numbers—it has still to be taken into account. However, as the minister has said, the Commission has indicated that it will address the error. The key point is that the 25 per cent headline reduction that is being talked about for some of the gear categories does not apply to the one to which you refer. There is, basically, a rollover for that gear category. There was an error, but we do not think that it has had a significant—if any—impact on fishing activity. The 25 per cent reduction is a headline figure, and the 120 or so west coast fishermen in that gear category will not be affected by the headline reduction in numbers.

Peter Peacock: You say that incentives should be built into the negotiations. Will other things such as by-catch quotas, days at sea, real-time closures and observers—the point that John Scott

made—be part of that? Is that what you mean when you talk about building incentives into the negotiations?

Richard Lochhead: Yes, it is. A number of those measures have been piloted in the North Sea and, in the west of Scotland, we are examining the potential for building such measures into alternatives to a straight cut in days at sea. Of course, the cut in days at sea that is proposed for the west coast is 25 per cent, and we will have a big battle to reduce that to a lower level irrespective of whether we propose alternatives. Nevertheless, we think that proposing alternatives is the right way in which to go.

I met the west coast fishing organisations in Glasgow on Monday and we had a very productive session. There were some technical sessions with officials in the morning, as well. A lot of work is going on to see what measures we can build in.

The Convener: I want us to finish this item by 12.30. I ask Des McNulty and Mike Rumbles to keep their questions as tight as possible, so that Robin Harper has the chance to ask a question.

Des McNulty: In the negotiations between the EU and Norway, the Norwegian position seems to be that there should be lower takes—less mortality—of several species. Is the Norwegian science different from ours? Is our science closer to their proposal than to the EU position, or is the EU position in line with the scientific evidence that is available to you? Could you give us that information in a table, once you have given us an oral response?

Richard Lochhead: We will send you a note about the science. The Scottish science largely feeds into the European science, so I am not sure that there will be any major discrepancy between the Scottish and European science on cod.

Des McNulty: A great deal is made of the excellence of the Scottish science, so I am interested in knowing whether it supports the Norwegian position or the EU position.

Richard Lochhead: We must be realistic and acknowledge that the EU-Norway negotiations are not all carried out on the basis of science. It all comes down to raw politics. The Norwegians want the best deal that they can get for Norwegian fishermen, and the EU has to reach a compromise with the Norwegians to ensure that we get fishing opportunities for joint stocks in the EU and, in turn, Scotland.

At the EU-Norway negotiations, the Norwegians linked stocks that had no biological relationship with each other. In other words, they said, "We'll give you more fishing opportunities for that stock if you take less of this stock," although there was no biological relationship between the two stocks that

they were speaking about. That is the atmosphere in which the negotiations take place. The negotiations are essentially led by officials, not politicians, but there is politics among officials and linkages are made between unrelated stocks—it is complicated and science is not always the guiding principle.

David Wilson: Most of the science that is looked at as part of the negotiations, whether it is from Scotland, Denmark, Holland or Norway, has gone through the ICES process and then been drawn together. Therefore, the scientific negotiations are usually informed by a single body of science that has gone through an international process.

As the minister said, the negotiations are about politics and science, but they are also about relative interests and concerns and reflect the importance of vessels and fleets to individual countries. The Norwegians pressed for a reduction in the TAC on cod because cod is relatively less important to them—that might have been part of their tactics. However, they argued for a much smaller reduction in mackerel quotas because they wanted more fishing opportunities for mackerel. That has implications for what you said about Norway being more conservation oriented than us; it varies significantly depending on the science, the country's tactics and the wider context.

Mike Rumbles: The committee has heard evidence that up to 60 per cent of a catch is thrown overboard because of the quota system. Many people feel that that is obscene. How successful have you been and will you be in negotiating for the end of the discard regime?

Richard Lochhead: Thank you for raising an important issue that many people rightly care about. The issue of discards has been around for a long time and previous Administrations failed to get to grip with it.

Mike Rumbles: I am trying not to be party political.

Richard Lochhead: We are trying to find new ways of tackling discards.

I have several things to inform the committee about. The cod quota increase that was secured in negotiations between the EU and Norway was accompanied by a statement that, while not binding in any way, says that we should try to reduce discards to 10 per cent of cod. It is estimated that discards in Scottish waters could be anything up to 40 per cent. The Commission quotes the figure of 60 per cent across Europe. I guess that no one really knows, but we have to estimate such figures; 40 per cent is the estimate for Scottish waters.

We all agree that discards are abhorrent. To a certain extent, they are unavoidable in a mixed fishery such as that in Scotland's waters in the North Sea, so there will always be an element of discards, unless we ban them, which it would be difficult to do in a mixed fishery. The Government has agreed to bring forward a strategy in 2008 to work with the industry to tackle discards. We will have a discards action plan in early 2008 and we will work on that. People have been struggling with the issue of discards for decades. Notwithstanding the measures that we propose to bring forward as quickly as we can as part of the December negotiations, we want to take a discards action plan forward in a much bigger way in 2008 by involving industry, Government and the scientists.

We hope that the measures that have been adopted already will play a role in tackling discards. The increase in our quota will also play a role, because the fishermen will be able to land what they catch. We have discards not just because we have a mixed fishery but because the stocks in the fishing grounds can be out of line with the quota and fishermen are not allowed to land the fish that they catch. Quotas need to be aligned with stocks to a greater degree or discards will continue.

Mike Rumbles: I am glad to hear what you are saying; it is going in the right direction. However, banning discards would not be very useful. I know that the Norwegian fishery is different from ours as we have a more mixed fishery, but we should look at what the Norwegians have been doing. We should adopt the principle of incentivising—to use a horrible word—our fishermen. If the fish are landed, it is simply obscene to tip them over the side. If the fishermen were given some sort of incentive to bring those fish back, even if it were at a reduced value to the fishermen, at least it would be worth it to them not to tip the fish over the side. The scientific information about stocks would be much more accurate and we would end what many people consider an obscene situation.

Richard Lochhead: We can always use the word "reward" instead of "incentivise" if we are uncomfortable with the latter—I agree that we have to change the language. As we put together an action plan on discards in the times ahead, our emphasis will be on avoiding the stocks that we do not want to catch in the first place, such as juvenile cod. The best way forward will be to give incentives or rewards to the fleet for avoiding the areas in which we do not want to catch those fish.

As I said, we have a mixed fishery in Scotland's waters, so the problem is that when a fisherman throws a net over the side, he does not know what will come back up. He has a quota only for certain species and is not allowed to land other species—he might be taken to court if he did so—so he

throws fish back into the water dead, even though they were healthy. Sometimes the quotas are out of line with the science or with the stocks in the grounds and it would have been sustainable to take the fish home. In a mixed fishery such as the North Sea, where we cannot ban discards without great pain, avoiding cod and other stocks that we do not want to catch is perhaps the best way forward.

Mike Rumbles: Do you agree that rewarding rather than penalising people is the way forward?

Richard Lochhead: I fully support the concept of rewards.

Frank Strang: What is new about the outcome of the EU-Norway negotiations is that we are defining outcomes on discards. The minister mentioned the 10 per cent target for cod. For whiting, the target is to reduce discards by 30 per cent. The outcome of 0 per cent, which the Commission is talking about, is unrealistic. However, we will have outcomes to aim for, which will be determined through a fishery-by-fishery analysis.

The Convener: Robin Harper has a very few minutes into which to squeeze his question.

Robin Harper: Thank you—I will try to make my introduction as short as possible.

The Convener: We want a question, please, not an introduction.

Robin Harper: All right, but I would have liked to have presented the argument behind my question.

We have only four observers. I hope that the minister agrees that it is crucial that we observe during the next year, because the policy has many gaps. Does he intend urgently to recruit more observers and persuade fisheries organisations to put more observers on boats? I believe that organisations are now quite well disposed towards having observers on board.

Richard Lochhead: We are not yet in a position in which we can say exactly what our alternative proposals will be on the number of observers. I cannot say whether the number will increase, which it might well do. One option that we are considering, which has pros and cons, is a reference fleet, whereby a certain number of vessels participate in the regimes and measures that we have been talking about. Observers might be involved and if the reference fleet contained so many vessels that we had to increase the number of observers, we would do so. I assure you that we are seriously considering the role of observers. I am optimistic that observers will be part of the package that we offer—that is the right road to go down.

The Convener: I thank the witnesses for attending. Cabinet secretary, thank you for your evidence. You undertook to write to the committee with further information; when you return from Brussels, will you also write to us with an account of the negotiations and your observations on whether the outcome was satisfactory and if not, why not? It would be useful to have that information.

Flooding and Flood Management Inquiry

12:29

The Convener: The purpose of item 3 is to enable members who attended the two visits on flooding last Tuesday to report back to the committee. Members have received written reports. I hope that you noticed that the one from Perth was much livelier than the reports that you normally receive. Those of you who have not read it yet will not know why I said that, but if you flick through the report, you will immediately spot why it is more interesting.

I will make a brief statement on our visit to Perth and the River Devon, on which John Scott and Peter Peacock can add their comments. I will then ask Des McNulty to give a brief overview of the Glasgow and East Kilbride visit, on which Jamie Hepburn and Mike Rumbles can add their comments. Obviously, we do not want this to become a huge session as we already have the written reports.

In Perth, we spent the morning at the offices of the Scottish Environment Protection Agency, where we were able to see a lot of SEPA's work, including the flood warning centre. Basically, the office in Perth seems to have a national as well as a more local role. We had a lot of discussions with SEPA officials about their activities and how they saw things working. They agreed that some issues need to be addressed. It was clear from the tenor of our discussions in the morning that, when a flooding incident occurs, a great deal of uncertainty remains about who exactly is responsible for what. From the perspective of the person on the receiving end of the flooding incident, that is a big issue that desperately needs to be resolved. That came out quite clearly.

Various issues were raised with us about the indicative river and coastal flood maps for Scotland. It would be useful for all members to have a look at those because they give interesting information that enables people to spot where the problems are in their local area. The indicative flood maps flagged up questions about why some planning permissions had been granted given the indicative flood risk. From our flooding inquiry perspective, we can perhaps explore how those issues might be resolved.

We also visited Perth's hard flooding defences. The defences, which are relatively new and were quite expensive, were put in place in the wake of the 1993 floods. They are very hard defences indeed, as those who saw them can testify. We saw how they worked and we were told about when they were brought into play, how often they

have been used in that time and how effective they might be in future. The defences were designed to cope with a one-in-200-year flood, which was understood to be appropriate when they were planned in the 1990s. Since then, the defences proved to be adequate against the one-in-25-year flood that would otherwise have flooded the centre of Perth in 2006. However, a big question mark remains over what could happen in future.

In the afternoon, we visited the River Devon demonstration site, which is a demonstration of soft flood management methods. Such methods do not offer very much to look at. An amusing conclusion that I drew from the visit was that our medieval forebears seemed to handle such issues rather better than we do. Whereas the line of the medieval roadway rose up to skirt round what was understood to be a flood plain, in modern times a road had been driven right through the flood plain. As a result of that work, we have exacerbated a situation that was recognised as an issue even in medieval times.

Do John Scott and Peter Peacock have anything to add?

John Scott: Convener, I have little to add as, not for the first time, you have said it all.

I thank SEPA, Perth and Kinross Council and WWF Scotland for taking the time to show us round those sites. From an engineering perspective, I was particularly interested to see both the hard engineering and the soft engineering solutions. They certainly gave me food for thought. Obviously, hard engineering solutions come at an enormous price, so any other solutions that can be found in mitigation should be pursued.

The visits that were organised by WWF Scotland to the River Devon and Yetts o' Muckhart were hugely beneficial because they showed us that, in some instances, there may be potential for taking the tops off floods by using the methods that are demonstrated there. The trouble is that much of it is a subjective analysis. Notwithstanding the interesting stuff that we were told by the hydrologist—to whom we are very grateful—the engineering that is required to take the tops off floods through sustainable management, and to quantify it in order to make predictions, will not be easy. That does not mean that we should not show willingness to address it. I was very taken with all our visits.

Peter Peacock: I have nothing to add—the convener and John Scott have covered it all.

The Convener: I ask Des McNulty to give a brief overview of the visit that he, Jamie Hepburn and Mike Rumbles undertook.

Des McNulty: We went to East Kilbride and Glasgow. In East Kilbride, we met the people who are responsible for flood monitoring and flood warning, including hydrologists from SEPA and representatives of Scottish Water. We were all impressed with the complexity and sophistication of the computerised programmes; the measurement and monitoring that are available to identify where flood risks are most acute; the extent to which significantly earlier warning is available because of the detail of the information and the quality of the computer modelling; and the predictability that ensues from that.

None of us had appreciated just how much information about rainfall and flood levels is collected from all round Scotland. There is a sophisticated system for the Clyde, which is important given the scale of the population around the Clyde. Work is being done in other parts of Scotland to improve the quality of information, which depends on being able to identify down to smaller and smaller parcels of land. The more monitoring that can be done in local circumstances, the more the flooding risk can be anticipated. That is linked into meteorology—the meteorological models and the monitoring go together to give us the necessary flood warnings.

In the afternoon, in Glasgow, we spoke to the strategic drainage partnership and had a site visit. What came across from that was the firm idea that flooding is not purely a rural matter; to a significant extent, flooding affects urban areas and high concentrations of people. In Glasgow, many of the watercourses have been covered over as a result of previous development, leaving thousands of houses vulnerable to flooding from watercourses that normally do not have much water in them. Particular patterns of rainfall can lead to a significant number of houses being affected. We were taken to parts of Glasgow where the topography is such that flooding can happen quickly. There is run-off from higher areas to areas in the dip, which creates problems in those localities.

Something needs to be done to deal with those problems because the incidence of flooding is increasing. Although we were pointed to areas where such flooding had happened in the relatively recent past, the officials made it clear that in many areas of Glasgow, given the right rainfall, a variety of incidents could affect large numbers of properties and families. Obviously, that needs to be addressed, through flood protection measures and by re-examining the drainage systems. The culverts and the sewers are interrelated. One big issue that was pointed out to us was the need to find ways of separating surface water from sewage. Currently, surface water simply goes into the sewers, which can create huge problems at the treatment plants and

in the sewage pipes. There needs to be considerable focus on the management and segregation of surface water as a means of improving flood management.

Jamie Hepburn: I do not have a tremendous amount to add. The visit was very useful, and offered a lot of insight. It was good to visit SEPA and see how it operates. Des McNulty is right: we were all very impressed by the computers that SEPA has. I was glad that there are boffins there to operate them; I could not quite understand the detail of what was going on but, obviously, they can. Part of our visit involved learning about soft flood management—that appears to be similar to what you learned on your visit, convener.

The main thing that I took from the visit was the collective approach to flooding and drainage management issues. In greater Glasgow, a collective approach is taken by the city council and the surrounding local authorities, in conjunction with SEPA and Scottish Water. That metropolitan approach is interesting, from my perspective. An unofficial entity has been established there—the name of it escapes me, but perhaps Des McNulty or Mike Rumbles could remind me.

Mike Rumbles: It is the metropolitan Glasgow strategic drainage partnership.

Jamie Hepburn: There we go.

Bill Wilson: How could you forget that?

Jamie Hepburn: It is an unofficial body, but it is working and I think that it is making a difference. I hope that when—perhaps we are getting a wee bit ahead of ourselves—

The Convener: Yes.

Jamie Hepburn: When it comes to evidence, we can perhaps involve the partnership.

The Convener: That whole issue will be key in the flooding inquiry.

Mike Rumbles: Representing a very rural constituency, I took the opportunity to visit a very urban environment. I greatly appreciated the briefings that we got from the metropolitan Glasgow strategic drainage partnership. I saw parts of Glasgow that I have never seen before.

The most important point that came out of our visit is the need for the legislation to be updated. That is what everyone was saying to us. Organisations are working together, but they are using old, outdated legislation, which needs to be updated. There are issues about funding and about asset ownership.

The Convener: The sooner that gets done, the better. Until it gets done, we are still doing everything on the old basis. I thank members for their feedback.

Rural Housing

12:43

The Convener: Agenda item 4, on rural housing, is a quick item to agree the name of the member who will be a reporter on rural housing in connection with the Rural Housing Service conference in February. There have still not been any volunteers. Can I have a volunteer?

Right. I agree to go to the conference, but I do not believe that it is appropriate for the convener to be a reporter. I will do it this time as a one-off. I would be very disappointed if individuals were to be landed with certain things purely on the basis of geographical proximity. I ask all members to think about that for the future. I will do it this once, but in the main I do not think that it is a sustainable position for the convener to be a reporter.

Are we agreed?

Members *indicated agreement.*

Subordinate Legislation

**Environmental Protection Act 1990:
Part IIA Contaminated Land
The Radioactive Contaminated Land
(Scotland) Regulations 2007
Draft Statutory Guidance (SE 2007/168)**

**Foot-and-Mouth Disease (Export and
Movement Restrictions) (Scotland)
Regulations 2007 (SSI 2007/518)**

**Seed Potatoes (Fees) (Scotland)
Amendment Regulations 2007
(SSI 2007/520)**

**Zootechnical Standards Amendment
(Scotland) Regulations 2007 (SSI 2007/521)**

**Pesticides (Maximum Residue Levels in
Crops, Food and Feeding Stuffs)
(Scotland) Amendment (No 4) Regulations
2007 (SSI 2007/523)**

12:44

The Convener: Under agenda item 5, there are five items for consideration: one document that is not a statutory instrument, and four Scottish statutory instruments, all of which are subject to the negative procedure. No members have indicated any concerns about the documents.

Bill Wilson: Convener—

The Convener: You should have done this in advance, Bill.

Bill Wilson: I apologise. This relates to—

The Convener: Members get separate e-mails that specifically request them to indicate any concerns in advance.

Bill Wilson: I apologise. I should have done that.

I am referring to the Environmental Protection—

The Convener: Are you looking at SE 2007/168—the draft statutory guidance on the Radioactive Contaminated Land (Scotland) Regulations 2007?

12:45

Bill Wilson: Yes. I would like clarification of a couple of points. Paragraph 9 says:

“For the purposes of the radioactive contaminated land regime”.

My question might be a bit strange, but does that mean only dry land, or does it include coastal areas?

The Convener: Consideration of the document can be carried over to our next meeting. In view of the time, will you raise your questions directly with the clerks?

Bill Wilson: That is fine.

The Convener: Do members have any concerns about the Scottish statutory instruments? No motions to annul have been lodged. Does the committee agree to make no recommendation on SSI 2007/518, SSI 2007/520, SSI 2007/521 and SSI 2007/523?

Members indicated agreement.

The Convener: Our next meeting is on 19 December, when the main business will be consideration of a draft report on the budget. I understand that the Finance Committee wanted our report by 19 December, but it is prepared to wait a few days, because we will have to discuss the draft report and have e-mail discussion immediately after that. At our next meeting, we will also discuss a review of the committee's work programme.

Des McNulty: I was a bit perturbed by the lack of definition and detail from the cabinet secretary. You will want me to be specific about that, so I will try to be as specific as possible.

The Convener: A meeting follows our meeting in this room, so I ask you to be as quick as possible.

Des McNulty: The cabinet secretary appeared unable to answer several significant questions on waste, flooding and rural development money. It will be difficult for us to agree our draft report on 19 December without the relevant information on significant shifts in the budget and with unanswered questions.

I seek your guidance, convener. I think that the best thing to do would be to bring the cabinet secretary back and ask him to respond on those issues and perhaps on one or two other issues that members might want to raise. I am concerned that the committee and our budget adviser might be able to make only general comments in our report, because the cabinet secretary has given only general responses and we do not have the specific detail that we require to make the right level of comments for the Finance Committee.

When we started the budget process, we complained that we did not have level 3 information. The cabinet secretary could not give us information today on the shape and direction of the rural development budget and did not seem to know of the significant reduction in that. He had

inadequate information for us on the interim situation for waste funding—on what will happen to existing specific allocations and how the budget will be allocated. He shifted his position on flooding in the course of the meeting when he was questioned. I suggest that we need to have him back to respond to those issues or that we need specific clarification from him on them.

The Convener: Since you raised the matter with me during the suspension, I discussed the position briefly with Jan Polley. Her view was that we would not gain anything from bringing the cabinet secretary back, because we would not achieve from taking oral evidence more than we achieved today. However, as a result of today's meeting, we can write to ask for further specifics that the committee should receive in time to consider them when we are discussing our draft report. Any discontent about details can be reflected in our report and I expect members to want to reflect that.

Mike Rumbles: I would like the clerks to write to the cabinet secretary about my main concern, which is that he seemed to agree with Jan Polley's figure of a 35 per cent cut in Scottish Government input.

Bill Wilson: No, he did not agree.

Mike Rumbles: I thought that he did. I will have to check the *Official Report* of the meeting.

The Convener: We will maybe check the *Official Report*—

Mike Rumbles: Hang on. Unless we ask about that, there will be no point in our meeting next time to agree a report. If Jan Polley is correct that there is a 35 per cent reduction in the Scottish Government's input to the rural development budget, I and other members need to know which headings the 35 per cent reduction comes under, so that we have some means of commenting on it. Otherwise, the figure does not mean anything. I need figures from the minister on where the 35 per cent decrease will come from.

The Convener: We can do that in the letter that is sent today, which will be about some of the specific questions that arose in the meeting. Unfortunately, we will not get the *Official Report* until next week, which makes things difficult.

Mike Rumbles: That is what I was asking for— for us to write on the issue.

Peter Peacock: Are you looking for specific questions in the course of today, convener?

The Convener: I am asking for questions that arose from this morning's meeting—I do not want members to ask a whole load of extra questions. The letter should be about what we discussed today. We should reflect on this morning's

questions and answers and the specific issues on which members feel that further information could be forthcoming. Please do that, but it needs to be done quickly, because we must get the letter out today or tomorrow, so that we get a response in time for it to be included in our draft report. The timescales are tight.

John Scott: On Mike Rumbles's point, since I raised the subject, I point out that we want to know whether the minister can confirm that there is to be a 35 per cent cut in Government funding after European funding and modulation are taken out of the equation. If so, we want to know why the cut is so large and where the money is allocated to.

Mike Rumbles: We want to know where the money is to come from.

John Scott: Where will the money be taken from and where has it been allocated to?

Jamie Hepburn: I suggest that those questions could be intimated to the clerks in the next day or two. We could sit here—

The Convener: No, we need to have them today, because the letter must be drafted and put in the mail no later than tomorrow.

Peter Peacock: It will need to be fairly late in the day, because I have other commitments.

The Convener: We need to get the letter out tomorrow, given the timescale for drawing up the draft report.

John Scott: The convener is saying, "Speak now, please."

Peter Peacock: I will need to check the *Official Report*, but the policy on flooding has shifted a lot during the past two weeks and a range of issues is still not clear. I have specific questions as a result of the minister's evidence. I will try to write them down in the course of the day, but it might be early evening before I get them to the clerks. There are specific points that seem to be at odds with what we were told the week before last.

John Scott: In that case, will you convey those to the clerks as soon as possible, please?

Karen Gillon: I have a similar issue with the rural development programme funding and whether it is ring fenced. The evidence that we had two weeks ago was that there is no ring fencing, but the evidence that we appeared to get today is that there is ring fencing.

Bill Wilson: My recollection is different.

The Convener: I do not want to go into a big rehash of that now; we can discuss the issue when we consider our draft report. I am inclined to say that the cabinet secretary's answers are the responsible ones, rather than the officials'

answers. In a sense, the buck stops with him. His response is the one that we must rely on.

Des McNulty: I have a point about the timescale. If Jan Polley is being asked to prepare a draft report for us to come out on Thursday or Friday next week, we need to have the information back from the officials by next Wednesday at the very latest.

The Convener: The officials will be told of the timescale that is appropriate for us and asked to respond within it—I expect them to do so. That is why the letter must be sent out now.

Des McNulty: Will the draft report be drafted by Jan Polley?

The Convener: It will be drafted by the clerks with input from Jan Polley. She will be involved in the process.

Des McNulty: Let us be clear: we have a specialist adviser who is preparing the draft report on our behalf.

The Convener: That is an administrative matter. The whole report will not be drafted by Jan Polley, but she will be involved in the drafting of the report that will come before members, which will be in the name of the committee. I assume that she will be available during the discussion on the draft report.

John Scott: Can we get an advance view of it?

The Convener: Given the timescale, an advance view will be difficult, if not almost impossible. We will get the draft report when the papers for the meeting come out.

I thank members for attending. I remind everyone that there is an RSPB Scotland seminar on flooding legislation in committee room 3, which starts in four minutes and which I am meant to host. Members are welcome to attend.

Meeting closed at 12:56.

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