

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 1 October 2008

Session 3

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

17th Meeting 2008, Session 3

CONVENER

*Roseanna Cunningham (Perth) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

Karen Gillon (Clydesdale) (Lab)

*Liam McArthur (Orkney) (LD)

*Des McNulty (Clydebank and Milngavie) (Lab)

*Alasdair Morgan (South of Scotland) (SNP)

*Peter Peacock (Highlands and Islands) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Jamie Hepburn (Central Scotland) (SNP)

Jim Hume (South of Scotland) (LD)

Nanette Milne (North East Scotland) (Con)

David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Maggie Gill (Scottish Government Rural and Environment Research and Analysis Directorate)

John Mason (Scottish Government Environmental Quality Directorate)

Mike Neilson (Scottish Government Marine Directorate)

Peter Russell (Scottish Government Rural Directorate)

Ross Scott (Scottish Government Finance Directorate)

Paul Snaith (Forestry Commission Scotland)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Roz Wheeler

LOCATION

Committee Room 2

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 1 October 2008

[THE CONVENER *opened the meeting at 10:12*]

Decision on Taking Business in Private

The Convener (Roseanna Cunningham): I welcome members, witnesses and members of the public to the meeting. I also welcome Jan Polley, the committee's budget adviser, who is here for a later agenda item. I remind everyone to switch off mobile phones and pagers.

The main purpose of the meeting is to take evidence as part of the 2009-10 budget process. I see that we are still one or two witnesses short—so far, no apologies have been received.

Agenda item 1 is consideration of whether to discuss in private item 7, which is the legal advice on the Crown Estate. Taking that item in private would be in accordance with our standard procedure for dealing with legal advice. After the private discussion takes place, the issue will reappear on the agenda for consideration in public at a future meeting. Do members agree to take item 7 in private?

Members *indicated agreement.*

Subordinate Legislation

**Less Favoured Area Support Scheme
(Scotland) Amendment Regulations 2008
(SSI 2008/294)**

**Action Programme for Nitrate Vulnerable
Zones (Scotland) Regulations 2008
(SSI 2008/298)**

**Potatoes Originating in Poland
(Notification) (Scotland) Amendment Order
2008 (SSI 2008/299)**

**Plant Health (Scotland) Amendment Order
2008 (SSI 2008/300)**

**Dangerous Wild Animals Act 1976
(Modification) (Scotland) Order 2008
(SSI 2008/302)**

10:14

The Convener: We have five negative instruments for consideration under agenda item 2. The Subordinate Legislation Committee has raised comments on all the instruments, and the relevant extracts of its report have been circulated to members. No members of the committee have raised any concerns with regard to the instruments, and no motions to annul have been lodged.

I see that members do not wish to comment on the instruments. Are members agreed that we will not make any recommendations in relation to the instruments?

Members *indicated agreement.*

Budget Process 2009-10

10:15

The Convener: Agenda item 3 is the budget process 2009-10. I welcome the Scottish Government officials and again welcome Jan Polley. Peter Russell is the Scottish Government's rural director; John Mason is the director of environmental quality; Mike Neilson is the marine director; Maggie Gill is the rural and environment research and analysis director; Ross Scott is a Scottish Government finance team leader; and Paul Snaith is head of Forestry Commission Scotland's corporate services. I understand that Andy Robb has had a family bereavement and is therefore unable to be here.

Various items of information have been copied to us. I have already expressed concern about what has happened, but I understand that the late arrival of a considerable portion of that information is not a matter for the officials who are here today.

People will pick up the fact that I have quite a bad cold, which will lead to a bit of coughing and spluttering. I apologise in advance if that disturbs anyone.

I want to move straight to questions. We hope to finish the session by around 11.45. The deputy convener of the committee, John Scott, has several questions.

John Scott (Ayr) (Con): Good morning, everyone.

The first thing that struck me about the draft budget and the Scottish Parliament information centre briefing note on it that we received is that there appears to be no mention—I cannot find any mention, at any rate—of a new entrants scheme, how such a scheme will be funded and future provision for it. Will you please give me information about that?

Peter Russell (Scottish Government Rural Directorate): There is provision for the new entrants scheme in the rural development contracts element of the Scottish rural development programme budget. I understand that the first two new entrants proposals have been approved in the first approval round.

John Scott: What will the funding level be?

Peter Russell: The indicative funding is £10 million over the seven-year period of the SRDP.

John Scott: How much a year does that equate to?

Peter Russell: Around £1.5 million, if the funding is averaged over seven years.

John Scott: Okay.

A reduction of £4.7 million in European Union support and related services is mentioned on page 15 of the SPICe briefing. What will that reduction impact on?

Peter Russell: We know in advance what the European funding will be, but I am not clear what the reduction will be.

John Scott: The SPICe paper says that there will be a reduction of £4.7 million in EU support and related services and that the largest reduction in the rural affairs and the environment budget will occur in that area.

The Convener: The member is referring to the SPICe briefing on the 2009-10 draft budget, which was published on 18 September.

John Scott: I am sorry that I cannot refer to the budget line.

Peter Russell: I may need to come back to the committee on that matter.

John Scott: On a point of information, at what rate was the pound fixed against the euro? Am I correct that that was to be done on 29 September? I declare an interest as a farmer in receipt of the single farm payment.

Peter Russell: It was done on 29 or 30 September, so the rate is fresh. I do not have the figure in my head, but we calculated all the figures on the basis of 1.46. We will find out what the definitive figure is, but it is unlikely to be 1.46. It is likely to increase the value of the European contribution over and above what was estimated earlier.

John Scott: Will the figure be published soon?

Peter Russell: Yes.

John Scott: The paragraph second from the bottom of page 86 of the draft budget document says that it will be

“impossible to establish a full flow of grant applications and awards”

for the SRDP until 2009-10. Why is there a delay? Forgive me for not knowing.

Peter Russell: The European financial period started on 1 January 2007, and the plan was for the European Union to have everything approved and in place for then. However, that did not happen because of a combination of European issues that were partly to do with the European Commission, partly to do with the European Parliament, and partly connected with the voluntary modulation regime. The upshot was that we did not get approval for the Scottish rural development programme until February 2008, but that approval was not for exactly what we had submitted and there was work to do on the information technology system and promoting the

domestic legislation in the Scottish Parliament before we were able to open up for business.

We have now opened up for business and the first proposals are flowing through. When proposals are approved, people go ahead and do the work, and payment will typically follow the next year. If the proposal involves capital investment, the payment is more or less immediate, but if it is for an annual maintenance programme, the payment comes a year in arrears. Therefore, if a new proposal for a five-year maintenance programme is approved this year, the payment will be made next year. That is the sequence that leads to the money flowing out.

John Scott: Are our farmers, crofters and food producers disadvantaged by that lateness in payment?

Peter Russell: Yes.

John Scott: Can anything be done to make the payments available earlier?

Peter Russell: Yes. The funding is expressed as £1.6 billion over seven years. It is not essential that the money be spent in equal tranches in each of the seven years, and our intention is to roll forward the money that has not been spent to date so that it is spent in the programme's later years. The profile will not be one seventh in each of the seven years.

John Scott: Thank you.

Convener, I have a lot more questions, but I had better let somebody else have a shot.

Peter Peacock (Highlands and Islands) (Lab): I will start on marine management, so my questions are probably for Mike Neilson. Last year, the provision in the budget for the marine bill and all that flowed from it was described to the committee as "broad". Is that still its status or has it been firmed up substantially into a precise set of expenditures?

Mike Neilson (Scottish Government Marine Directorate): The committee's report on last year's budget placed a question mark about how much of that money could be spent and what it could be spent on. The report also made some suggestions about how the money might be used elsewhere. We recognise that it will not all be spent on marine management and think that about £1.5 million is likely to be needed in fisheries to address sustainability—which is the issue that the committee raised—and the fuel crisis that has arisen in the fisheries industry since this year's budget was produced. The £1.5 million will help to fund observers to go on fishing boats to examine the impact of gear selectivity and different approaches to avoiding cod and improving catches. It will also go towards this year's costs of the fuel package that has been announced. That covers the bit that is not in the marine budget.

The marine budget is still in development, but a set of core issues is being funded. They include support for five marine planning pilots in areas throughout Scotland, including Shetland and the Clyde. There is the prospect of funding for sea-bed mapping, which is a fundamental building block for any planning regime. This year, we will begin work on the necessary IT and the first surveys, which will become more significant in future. Obviously, money will also be spent on consultation on the marine bill, and on the creation of the new marine management organisation. Building capacity for marine planning into the new organisation is a new skill.

Those are illustrations of some of the things that are going on. It is fair to say that we now have a firmed-up programme covering the three years as a whole. The big build up will be in resources both for sea-bed mapping and for gaining sufficient ecological understanding of what is going on in the sea so that we can produce good plans.

Peter Peacock: Thank you—that was very helpful. You have characterised what is going on this year, and you suggest that, because of flexibility in the budget, you have been able to accommodate some of the committee's aspirations from last year. As we move forward through the coming spending period, things will tighten up as the new organisation comes on stream. What will happen to this year's flexibility as time goes on? For example, will you be able to maintain the same number of observers on the fleet?

Mike Neilson: I think that we will be able to maintain that. Some pieces of expenditure are one-offs: for example, supporting e-log books will be a one-off expenditure. For observers, a three-year programme of £1.6 million will be funded. Most of the rest of the work will come under the fuel package, and the Cabinet Secretary for Rural Affairs and the Environment has announced a three-year £29 million programme.

A big issue is the read-across between, on the one hand, the gear that people need in order to improve the fuel efficiency of their boats, and, on the other hand, the sustainable gear and nets that they need in order to catch the right fish. We are doing work that we hope will show us the optimal solution. That work should come together in January. We expect most of the work to be funded through the fuel package.

Peter Peacock: I want to move on to other questions, but I think that Liam McArthur wants to come in.

Liam McArthur (Orkney) (LD): Some of my questions, especially in relation to fuel, have been anticipated in the responses, but another marine issue that has been grabbing the headlines of late

has been that of discards. Much of the concern has been about the regulatory framework rather than the budgets, but do you expect budgetary implications to result from any moves to change the regime on discards?

Mike Neilson: This relates primarily to fisheries management and to the EU rules on the use of quotas and on what to do when a fisherman runs out of quota. Some issues such as gear selectivity will have modest financial implications, and the way in which we enforce fisheries management may also have financial implications. However, we expect them to be relatively modest in the short term.

Two sets of issues arise. The first relates to fuel, and we have to support the industry as it adjusts in order to remain economically viable. The second will involve co-operating with the industry to find systems that actually work, so that fisheries management and the incentives for fishermen fit together.

Liam McArthur: You are assuming that, if you are successful in making progress on discards, the amount of effort that is required—and, therefore, the amount of fuel that is used—will reduce, and that that will lead to greater fuel efficiency.

Mike Neilson: Both economic and environmental issues arise with discards. A lot of discards are marketable, but they have to be thrown back dead. Systems that allow more of the fish that are caught to be landed and sold will help economically, and systems that allow fishermen not to catch the wrong fish in the first place will help to improve sustainability. Following the discards summit that took place last week, we are working to find systems that cover all such issues.

10:30

Peter Peacock: I will let the witnesses decide who will answer my question about crofting, although it will probably be answered by Peter Russell. There is a reference on page 96 of the draft budget document to the 2008-09 crofting assistance budget of £6.4 million, which declines to £5.6 million in 2009-10, and then increases to £5.8 million in 2010-11. Is there any particular reason for those changes?

Peter Russell: There is an interaction between repayments of croft loans and estimating uptake. We have adjusted the line to what we expect the actual demand to be, netting off the repayments against new business.

Peter Peacock: That relates to croft house grants and loans and, in particular, to the outstanding loans that are being repaid. Is that correct?

Peter Russell: That is right. The scheme works on the basis of receipts from repayments. It is

difficult to estimate in advance what the demand for new assessments will be.

Peter Peacock: So you net off the payments. Do you anticipate a decline in demand, or an increasing repayment rate?

Peter Russell: I might need to write to you about the detail of that. I would not want to get it wrong.

Peter Peacock: That would be useful.

May I move to another area, convener?

The Convener: Liam McArthur may want to come in on the same point.

Liam McArthur: We will hear a statement on the Shucksmith inquiry in the Parliament later today. Does the draft budget factor in the policy direction that the Minister for Environment is likely to set out this afternoon? Will he perhaps have to review things later?

Peter Russell: Not at all. A lot of what has come out of the Shucksmith inquiry requires legislation, and the budget does not anticipate any such decisions.

Peter Peacock: John Mason and I had an interesting exchange last year about flooding. It might be less interesting this year—we will see. In last year's discussions, there was a clear move to put significant funding for flood defences into the local government line, while protecting those schemes within the regime that had previously been committed. That has all happened, and you have maintained a line in your budget of about £1.7 million, as I recollect.

Part of last year's discussion pointed to the importance of the concordat with local government and of single outcome agreements. Now that they have been agreed, how many single outcome agreements refer to or pick up questions around flooding in their provisions?

John Mason (Scottish Government Environmental Quality Directorate): The money that was transferred into the local government settlement covered 16 schemes. I checked yesterday what stage those schemes had reached, so that we could give you some indication that local authorities are actually spending the money where it is meant to be spent. Of the 16 schemes, two had been completed, eight were under construction, one was at tender, one had had a contract awarded, another had been confirmed by us, one was subject to a public local inquiry, and another was likely to go to a PLI; just one was at the investigation stage. All that money is flowing into the schemes—as it should.

We have a list of where outcome agreements have been quoted—if you have not got that yet, we can give it to you. Agreements have been

quoted in local authorities where we would expect those agreements to be, which reflects where we have put the money. The vast majority of the agreements contain references to flooding. Moray, Highland, Glasgow, Edinburgh, Dundee and Falkirk have all set out what they are doing in relation to flooding. Most authorities have put that against national outcome 12, although some of them have put it against national outcome 14. It was their decision which national outcome they thought the measures would help with most. As I say, those local authorities that we would expect to have flooding as a priority seem to have it within their SOAs. We are pursuing the matter with them.

Peter Peacock: I do not have the list in front of me. Have a third or two thirds of local authorities referred to flooding? What is the balance?

John Mason: Eleven.

Peter Peacock: That is about a third of local authorities. Is there sufficient detail in the single outcome agreements to monitor the measures and the expenditure, and to ascertain whether the policy intention is being fulfilled? Are things at a very early stage of development?

John Mason: Most of them have flagged up flooding. According to my list of schemes, 11 of the 12 local authorities involved have put it into their SOAs, and one has simply not mentioned it.

You have to remember that the current approvals system will remain in place until the Flood Risk Management (Scotland) Bill has been passed. As a result, we are still confirming schemes, are actively involved in taking through that list of 16 schemes and are talking to local authorities about what comes next. What comes next is going to be important because, as the committee has identified in one of its reports, very lumpy capital expenditure was allocated specifically to local authorities for certain schemes. In the next spending review—and indeed in subsequent spending reviews—that expenditure will have a different profile and we have agreed with the Convention of Scottish Local Authorities that, in the run-up to the next spending review, we will look at how the issue might be treated within the local government settlement. After all, it makes no sense for Moray to have £70-odd million to complete its schemes and still to have £70 million in its capital budget for something very specific. Although the money was transferred into the local government settlement, there is an understanding with local authorities and COSLA that there will have to be an adjustment to reflect the other schemes that are coming forward.

Peter Peacock: I believe that, last year, we were told that funds would be earmarked for flooding. Will that situation continue this year? Will the negotiations with COSLA within the overall

settlement seek to earmark funds to meet future needs?

John Mason: The concordat is based on joint responsibility and mutual accountability, and both sides have accepted that adjustments must be made for any lumpy capital funding that does not fall neatly into the settlement formula. We will see what local authorities want to do in the next spending review—indeed, some of the schemes will carry on into the next review—and we will discuss with them the adjustments that might be necessary.

Peter Peacock: Implicit within the understandings that you have mentioned is that adjustments will need to be made to the current profile of the capital flowing to individual local authorities for their own use.

John Mason: That is explicit in the agreement. Indeed, Mike Russell has given a commitment to continue to ensure that the settlement reflects local authorities' ability to complete those flooding schemes.

Peter Peacock: With regard to the £1.7 million, which, as is made clear on page 97 of the draft budget under flood prevention and coastal protection, has been flatlined over the current three-year spend, you say that that money will partly be used to develop with the Scottish Environment Protection Agency a flood warning dissemination system. Will that be expensive? How much of the £1.7 million will it take up? What will have to give within the budget line to accommodate that spend?

John Mason: Some of that £1.7 million is for a scheme that is under way. The funding for the new scheme, which relates to the final implementation of SEPA's flood maps, has been built more into the agency's capital expenditure line. The rest of the money has been spent on various research projects to support the Flood Risk Management (Scotland) Bill and on some of the mechanics of getting the bill through.

It is a small operational funding line. As the financial memorandum to the Flood Risk Management (Scotland) Bill makes clear, the money for further flood awareness schemes and the various plans that will need to be put in place will be contained in the capital expenditure that is allocated primarily to SEPA.

Liam McArthur: My question might have been partly answered in your responses to Peter Peacock. There is obviously a bit of variation in what local authorities have put into their single outcome agreements, although I cannot help but notice that Orkney Islands Council has placed flooding under national outcome 9, unlike other councils, which have placed it under outcome 12 or 14. We pride ourselves on our distinctiveness.

It is essential that there is collaboration between local authorities on some of the more natural flood alleviation measures. To what extent has that been factored into the budget lines, the single outcome agreements and your work with COSLA?

John Mason: Orkney probably got it right. That is where we started off having flood schemes to protect communities—well done to Orkney for getting that right.

To have an early discussion of the Flood Risk Management (Scotland) Bill, its premise is to ensure that we work on the basis of catchment areas. We are considering different methods of flood protection, including natural flooding prevention measures as well as hard engineering. The plans that will be drawn up will make linkages between the local authorities. We want the plans to involve collaborative work by local authorities. The funding will follow that.

Liam McArthur: On the earmarked funding to which Peter Peacock referred, are you talking about funding that is earmarked for catchment areas, rather than local authority areas?

John Mason: Absolutely—that is the intention, unless COSLA wants to do otherwise. We are happy to work with COSLA in every spending review to ensure that the settlement reflects the requirements on flooding. Nothing in the Flood Risk Management (Scotland) Bill will impact on that arrangement. It sets out various mechanisms, but it does not affect the funding to deal with flooding. We will still have discussions with COSLA. We hope that a more joined-up approach will be taken for river catchment areas to enable various cross-boundary schemes.

The Convener: I see that Des McNulty has a question. Is it on flooding?

Des McNulty (Clydebank and Milngavie) (Lab): No, it is on other issues to do with environmental protection.

The Convener: Carry on—that issue has already been raised.

Des McNulty: I seek clarity from John Mason on how the budget for tackling climate change is being brought together. I am sure that the money that is identified in table 6.07 is only part of the resource that is linked to tackling climate change. You are gearing up to drive through measures in the forthcoming climate change bill. How much of the climate change funding is in that table and how much comes under other budget heads?

John Mason: That question is not easy to answer because many of the investment lines have implications—positive or negative—for climate change. We are working on carbon accounting and budgeting. Mr Swinney has committed us to putting in place a transparent

view on carbon and where money is being spent on climate change. That system will be in place for the start of the next financial year.

Des McNulty is right that table 6.07 contains only a small amount of the money that could be badged as being spent on tackling climate change. The amounts in Mr Lochhead's budget refer to the climate challenge fund, which was set up last year. Following the budget debate last year, increased resources were put into the fund, which is now about £27.4 million over the three years, with £8.8 million this year and £9.3 million in the subsequent years. The first funding is going out to various projects throughout Scotland.

There is also money for microgeneration, which sits in Mr Swinney's budget and which was also increased in the budget last year. One could argue that the vast majority of the spend on public transport schemes, which approaches £1 billion, is also helping to tackle climate change. Whichever way you want to cut it, we could come up with a big sum that has implications for climate change, or we could point to specific schemes that are tackling climate change, one of which is the climate challenge fund.

Des McNulty: The issue probably lies more firmly within another committee's remit. However, as climate change is a cross-departmental priority, it would be helpful to all the committees to have a budgetary path, as far as possible. I would like that to be done as part of the budget process, in the interests of clarity. You must have a budgetary projection for how the issue will be dealt with in the forthcoming financial year. I presume that that information could be brought together.

10:45

John Mason: We can do that. When the climate change bill is introduced later this year, the financial memorandum will set out some of the assumptions around what will be required as a result of the bill. As the bill goes through, there will inevitably be lengthy discussions about the action that is required, not only in the short term but in the period to 2050. Some of the actions that will be required to get us to the 2050 target will have to start soon—if not during the current spending review period, then certainly during the next one. There will be a big debate in the run-up to the next spending review about where those commitments should be made.

Des McNulty: I would certainly like to see the budgetary proposals for the remainder of the spending review period. Perhaps that information could be drawn together.

I have a couple of other points about table 6.07. There is a significant increase in the draft budget for noise and air quality action, from £2.1 million in

2008-09 to £4.4 million in 2009-10 and £5 million in 2010-11. What proportion of that increase is a consequence of changes in the legal requirements under the Public Health etc (Scotland) Act 2008 and how much of it is due to other factors?

John Mason: I can certainly give you that breakdown. That budget does three things. First, it takes forward the various provisions on nuisance in the 2008 act, including the issuing of guidance to local authorities on how to deal with things such as artificial light pollution. Secondly, some of the money will be used to maintain the Scottish air quality website and database. Thirdly, part of the budget, and the major part of the increase, relates to the requirement under the environmental noise directive to have in place noise action plans. We are well advanced in that work in the key cities, particularly in Glasgow and Edinburgh. The 2008 act therefore accounts for only a minor increase in the budget. The main reason for the increase is the requirement for noise action plans.

Des McNulty: It would be useful to have a breakdown of that. Peter Peacock mentioned the exchange last year on flooding, but probably the most extended exchange last year was on zero waste and the Audit Commission's report on spending on waste. Can you give us a more definitive position on whether the overall budget for waste is going up or down? What are the issues? There was some disagreement about take-up of the existing budget and how it was being taken forward. Can you clarify that?

John Mason: I will give you a run of figures. I hope that they will be taken down, but we will also provide them in writing.

Last year, local authorities managed to spend just over £88 million on various things under the former strategic waste fund. That outturn represents a shortfall against the available budget. A further £56 million was available but was not drawn down by local authorities, so that money was returned to the centre for reallocation. We reached an agreement on the matter with COSLA as part of the concordat and the end of ring fencing. At our previous budget session with the committee, I said that about £65 million was likely to be transferred. The final figure was £68.645 million. As part of the overall increase to local authorities in spending review 2007, it was agreed with COSLA that a further £63.58 million of new money—sorry, these are very precise figures—would be distributed to local authorities on the basis of each authority's share of the rebased 2007-08 waste collection grant expenditure. In effect, just over £131 million was nominally put in to the local government settlement for waste measures.

In addition, we have retained the zero waste fund, which aims to do three things. First, we have

identified some additional costs in some of the schemes in the local government settlement. We have also run food trials with various local authorities, so a further £11.4 million over the spending review will go from the zero waste fund to local authorities. Over the three-year period, about £66 million of the zero waste fund will go to support delivery bodies such as the Waste and Resources Action Programme and Remade Scotland, to work on waste prevention—there will be a new campaign on waste in the new year—and to improve the community recycling sector. That means that £77 million over the three years remains in the zero waste fund.

We have discussed with COSLA how best to allocate the money to help local authorities put in place the infrastructure that is needed to help Scotland to reach its 2013 landfill directive target. COSLA agreed last Friday that that money would be allocated on the basis of the current formulas for waste, but with the requirement for us to sign off business plans for that new infrastructure. An additional £77 million will therefore go to local authorities on top of what was built into the settlement.

Des McNulty: That was a fairly complicated answer, so it would be useful to have that information on paper. It raises two or three questions as a continuation of last year's discussion. One issue that was raised last year was that, under the previous strategic waste fund, some authorities received substantial amounts of money to modernise their waste collection plans while others did not benefit from the process. How do you intend to take account of that uneven position among local authorities in respect of allocation of funds? You referred to a formula: I presume that that is not the conventional distribution formula.

John Mason: I explained the agreement with COSLA on how the money would be allocated to individual local authorities. For COSLA to make that agreement, it has in effect to be agreed by all the council leaders. We will discuss with COSLA in the run-up to the next spending review whether and how it wants changes to be made to the distribution formula to reflect the fact that some authorities may require more than has historically been allocated under the formula.

Des McNulty: Just because something is agreed with local authorities, it does not mean that it is right. When Audit Scotland examined the issue in some depth, it made it clear that a formula allocation would not help us to meet the international standards. We require clarification of how the allocation and application of the resource will help both individual authorities and Scotland as a whole to meet the international standards.

John Mason: It is for local authorities to decide whether and how they use the money for meeting their waste needs. The committee may want to consider inviting someone from COSLA to give its view.

We are more interested in the outcomes and, in particular, in ensuring that Scotland hits its targets for the diversion of waste from landfill. We insisted that every local authority say something in its single outcome agreement about what it is doing on waste. It is possibly the only issue on which you will find that all 32 local authorities have said something.

Our view is that the commitments that have been given by individual local authorities in their SOAs will enable Scotland to meet the target for 2010, which is diversion of 1.32 million tonnes of waste from landfill. The current summation from the SOAs brings us in below that, at about 1.312 million tonnes. We are continuing to monitor that figure and the recycling rates—the latest will be issued next week—to ensure that we have the momentum to get us to the 40 per cent target. We are in constant discussion with COSLA, the Society of Local Authority Chief Executives, and individual local authorities on achievement of the target.

Although we do not have control of the majority of the money, we are still interested in the outcomes. We have put in place arrangements to ensure that, if anything seems to be going wrong at collective level, it can be discussed with COSLA, or at an individual level with a particular local authority, and we are helping them to increase their rates. For example, I had discussions with Glasgow City Council, which has one of the lowest recycling rates, on various things that it could do and how we could help it with advice on best practice.

In terms of the Audit Scotland report, from the information that we continue to collect, I believe that we are on course to achieve the 2010 target. Also, the schemes that are to come out of the zero waste fund should push us well on towards meeting the 2013 target. However, just because the money has gone to the local authorities does not mean that we no longer care and are not taking a close interest in ensuring that the outcomes are achieved and that the national targets that Scotland has to reach are met.

Des McNulty: My understanding is that Scotland has signed up to meeting the 2010 and 2013 targets, so responsibility lies with Parliament for ensuring that the targets are met. There are clear penalties if we do not meet them. Given that local authorities are the prime agencies for doing that, we have to scrutinise the Government's actions and make sure that there is a lock-safe system for meeting the targets effectively. In that

context, saying that you are having discussions with local authorities is probably not sufficient from the committee's point of view. We want to see the outcomes of those discussions and to compare them with what Audit Scotland has identified as problems.

Audit Scotland's report highlighted that, as we moved up the percentages and the targets got tighter, they got significantly more difficult and expensive to achieve, and that different local authorities were at different stages of implementation. I am keen to hear from you not just an assurance that the discussions are taking place with local authorities, and not just statements of good intent in the single outcome agreements, but clear plans of action from each local authority showing the actions that they will use to achieve not just the 2010 target but the more stringent 2013 target, which seems to be more urgent.

Just meeting the 2010 target is insufficient. By 2010, we will require a clear indication that the Government is in a good place to meet the 2013 target. I want you to provide information on how your budget allocations are going to achieve the pragmatic outcomes by 2010 that will leave us in a good place to meet the 2013 target.

John Mason: I fully accept that we want to have that information. We are getting it and will have it.

We asked local authorities to make sure that the targets were covered in the SOAs because there will be formal reporting on all the SOAs, so it will be transparent whether local authorities are delivering on their recycling and diversion of material from landfill targets. The process will be transparent because the reporting on the SOAs will show what has taken place.

11:00

SEPA continues on our behalf to monitor the position constantly. As I have said, part and parcel of the agreement with the local authorities in the concordat is joint responsibility and accountability. It is therefore as much in their interest as it is in ours to sort out any issues—whether on a collective or individual authority basis—to ensure that the targets are met.

As you probably know, there is a system by which Government can fine local authorities for not meeting their targets. That remains in place and we are reviewing it with COSLA. Clearly, in terms of ensuring that local authorities meet the targets that they should be meeting, the system remains available to Government to use if it wants to.

Des McNulty: It would be—

The Convener: I want to bring in Liam McArthur who has been waiting for a wee while. You have had quite a long shot at this, Des.

Des McNulty: I simply wanted to ask for a paper. That is what I am looking for, so that the minister is not embarrassed when he comes to committee next week.

The Convener: Okay. Will you follow up with a written paper before next week so that, when we have the minister before us next week, we can ask questions on the back of it?

John Mason: Yes.

Liam McArthur: On the paper, it would be helpful if you were to set out a forward look to 2010 and 2013. As we are all agreed, the targets will become more difficult and perhaps therefore more costly to achieve. How will each local authority play a role in all of this? Obviously, if bigger councils meet their targets, a significant impact will be achieved as the Government would meet its national targets. However, that might let smaller councils off the hook. It would be helpful to have an explanation of how each council will be expected to pull its weight in order that national targets are achieved.

Bill Wilson (West of Scotland) (SNP): You said that if the local authorities could not meet the waste target, they may be fined, which is fine. Of course, the problem is that, if the local authority has not met its target, you will be taking money away from the local authority that is trying to meet its target. Are there other sanctions or options for a local authority that does not meet the target?

John Mason: We have, as part of the concordat agreement, currently suspended the use of that sanction. We see partnership working as being the best way of achieving what is required on the targets. That said, fines remain in place in statute. That will continue until all sides are confident that the new joint working arrangements are delivering what is required.

Bill Wilson: You will probably not be surprised to learn that I agree absolutely that that is the best way forward. I was simply seeking reassurance that other options were in place should things go completely down the tube, so to speak.

John Mason: We have pointed out to local authorities when they would have been fined had ministers wished to do so but did not.

Peter Peacock: In response to Des McNulty, you said that one reason for wanting every single outcome agreement to include a reference to waste was to allow you to monitor the situation. Is the Government's approach to waste different to that which it is taking to flooding? You neither required every local authority to say something about flooding nor expressed the desire for them to do so. I am aware that different international standards apply.

John Mason: The big difference is that Europe has placed a requirement on the Scottish Government to meet waste targets, but there is no such requirement for flooding. The scenarios for waste and flooding are quite different for the Scottish Government in terms of risk and financial penalty.

The Convener: We move on to a slightly different issue, with Bill Wilson leading our questioning.

Bill Wilson: My question is on the £4 million capital funding that will be loaned from, and returned to, SEPA. How will you ensure that the money is returned? Is there no risk that the £4 million could become part of the 2 per cent efficiency savings, with SEPA saying that the money will help it to meet its 2 per cent target?

John Mason: No. I will ask my finance colleague to explain the matter, which relates to an error in the draft budget document, which we will correct. The committee needs to know the background to why that was incorrectly put into the document.

SEPA is building a new laboratory in Aberdeen, which is why it has a spike in its budget for this year. There have been delays in the project, not least of which has been caused by buoyancy—and continued buoyancy—in the construction market, which led to all tenders coming in above expected cost. Further negotiations have therefore had to be held with the tenderers. The premises will be made available not only to SEPA but to Scottish Natural Heritage, as part of the joining up of bodies under Scotland's environmental and rural services project. We met them last week and agreed to meet the funding requirements at the increased level to make the scheme work. That will require about £8.1 million from the Scottish Government. It is clear that the Government will not spend that money this year, so we have to reprofile that capital spend over the next couple of years.

It has also been necessary to find resources to bring forward the affordable housing measures that the First Minister announced in his Donald Dewar lecture. Where capital is available that will not be spent this year—and could be spent elsewhere—and is the result of a programme being brought forward rather than a substitution for a programme, there is potential for a loan mechanism to be put in place. Unfortunately, the budget document shows the figures for that in the wrong years. My colleague from the finance directorate will explain how we will rectify that.

Ross Scott (Scottish Government Finance Directorate): As part of the normal resource process, as John Mason pointed out, the portfolio was asked to provide £4 million for the affordable

housing project. There was a £4 million potential underspend in SEPA's capital this year, because of the delay in the project, but unfortunately the £4 million has been taken off next year's budget rather than this year's. That will be corrected in the spring budget revision for the current year. The £4 million will be reinstated next year, and will come out of this year's spending.

Bill Wilson: You said that the problem was that the tendering prices were too high. Have you now retendered? Or is the retender delayed, in which case it is possible that the next tenders will be quite a bit lower because the housing and construction markets are changing rapidly?

John Mason: The Government and SEPA have both taken professional advice on that. The view was that retendering would not only lead to additional delays, but would not result in much of a difference in price. The price of the current tender offer has been negotiated down, and provision has been made that if the project is delivered below that price, the difference will return to SEPA. It is considered that continuing with the current tender offers best value. SEPA will confirm the go-ahead for that this week, following agreement with us on funding.

It is crucial, as the First Minister has made clear, that we keep capital projects going where we can, in order to ensure that there is work. I cannot let you know the name of the company involved in the tender yet, but it is a local provider, so that will be good for the area.

John Scott: I will return to the issue of the £4 million coming in and out of the budget because of the situation with regard to SEPA. Does that explain the difference between the figures in the budget and the figures that were given to the committee's budget adviser? There is a discrepancy between the figures in table 6.01, on page 90 of the budget document, and the figures that I understand you gave the adviser in private discussion. It is a difference of £4 million exactly. Does the issue that you mentioned explain that?

Ross Scott: I do not think so. I thought that the figures had been squared.

John Scott: With regard to the figures for the line "Environmental Protection, Sustainable Development and Climate Change" I understand that in discussions that you had with our adviser, you said that the budget will be £114 million in 2009-10 and £120.8 million in 2010-11. The published figures show exactly £4 million less. Can you explain that apparent discrepancy?

Ross Scott: The figures that I gave to Jan Polley show a total of £110.24 million for that line.

John Scott: Those figures appear to show £114.3 million and £128 million respectively.

Bill Wilson: So in 2009-10, the figure is £114.3 million.

John Scott: Yes, for the "Environmental Protection, Sustainable Development and Climate Change" line. That is an exact difference of £4 million compared with the figures that are published in the table on page 90.

Ross Scott: Sorry, where are you seeing a discrepancy of £4 million?

John Scott: Let me say it again. Table 6.01, entitled "Detailed spending plans", in the published draft budget document gives the figures for the line "Environmental Protection, Sustainable Development and Climate Change" as being £104.3 million for 2008-09, £110.3 million for 2009-10 and £124.8 million for 2010-11. However, in your discussions with our budget adviser, the figure for 2009-10 was given as £114.3 million, instead of £110.3 million, and the figure for 2010-11 was given as £120.8 million instead of £124.8 million.

The Convener: That seems a tad coincidental.

Ross Scott: You are quite correct. Those figures were cut and pasted from an earlier draft of the budget document, not from the final version. My apologies.

John Scott: So our budget adviser was given the wrong advice.

Ross Scott: Well, yes.

The Convener: Is this issue part and parcel of the £4 million correction?

John Mason: Yes, is the answer.

John Scott: Which figures are correct, then?

Ross Scott: The correct figure for 2009-10 is £110.3 million.

The Convener: So the lower figure is correct.

Ross Scott: In the further table that I gave Jan Polley, which breaks down the level 2 figures line by line, the correct figure of £110.3 million is given.

John Scott: So the difference in the figures is because of transfers in and out of SEPA's budget.

Ross Scott: It is my mistake. I copied that table from an earlier draft of the budget before that £4 million adjustment was made.

The Convener: So it is part and parcel of the adjustment that needs to be made.

Ross Scott: Yes. My apologies.

The Convener: As long as we are clear, it does not matter.

I have a question on efficiency savings. Is the department on track to make its 2 per cent

efficiency savings? Is there anything in the budget to which you can point that would help us to understand how the department has made those savings or how it intends to make them in future? Obviously, efficiency savings are not a separate budget heading, but they are of interest to us.

Peter Russell: The detail is published in a bigger bundle, along with information on all the other portfolios, in the Scottish Government's efficiency delivery plans. I think that the various agencies are all on track for their 2 per cent gains.

Over time, the agenda will move from its current focus on opportunities for sharing of corporate services. Within my account, we are looking at whether Scottish Natural Heritage's public-facing services, such as the scrutiny of planning applications, could be managed differently and better. Freeing up resources from routine cases could allow more specialised input to be made earlier in the more complex and difficult cases. An efficiency gain on the high-volume, low-interest cases would free up resource to engage more effectively on the difficult applications.

The Convener: Do members have any other questions on efficiency savings? I noticed that Alasdair Morgan had a very wrinkled brow.

Alasdair Morgan (South of Scotland) (SNP): There is a general target for efficiency savings of 2 per cent, but how is that measured? It is easy to freeze a budget or to cut it by 2 per cent, but how do you measure whether things are being done more efficiently?

Peter Russell: Efficiency savings are not about taking money out of budgets but about requiring people to demonstrate that, whatever their budget, they are getting better value to the tune of 2 per cent. Specific initiatives are being taken and reported on. That is being done in concert with the rest of the Scottish Government as part of the efficiency agenda.

Alasdair Morgan: Can you tell us what some of those initiatives are?

Peter Russell: It would be better to refer members to the published notes, which specify each of the individual savings. There are opportunities to share resources between bodies that previously sought to be efficient only within their own four walls. For instance, Cairngorms National Park Authority now has the opportunity to have some arrangements with SNH. Partly because they are geographically proximate, it makes sense for the two organisations to share services.

The Deer Commission for Scotland, having co-located with SNH, is increasingly looking to share services such as IT support, in which one bigger organisation can provide expertise more readily than a small organisation can.

That is the sort of thing that we are talking about. We have set it all out in quite a lot of detail in the rather voluminous stack of efficiency delivery plans that are published and updated from time to time.

11:15

Alasdair Morgan: It seems to me—and it seemed to me when I read the previous Government's efficiency documents—that it is easy to say such things but, given that you are in a constantly changing environment, it is much more difficult to demonstrate that you have achieved anything at all other than the process of change that goes on in any event.

Peter Russell: That is a challenge. Nothing ever stands still round about the efficiency agenda, so I accept that it is sometimes difficult to unpick the efficiency gain from other changes. However, the main way in which people can respond to a new challenge is to ask whether they can do some part of the business more efficiently and free up resources that they can move to another part of the organisation to tackle the new challenge. That does not show up as a reduction of 2 per cent in the outturn, but that is not the intention.

Alasdair Morgan: That makes it rather easier to hit the target, does it not?

Peter Russell: No. Rigour is provided by Audit Scotland, which scrutinises what we assert about the efficiency gains that have been made. The Parliament has the assurance that Audit Scotland takes a view on the claims that we make.

The Convener: I have a query on the crofting assistance budget line, particularly as we have a statement on crofting this afternoon. I refer you to table 6.4 in a document that SPICe has prepared, based on the draft budget for 2009-10. Do you have it?

Peter Russell: I am not quite sure, but I am happy to field the question.

The Convener: It is a SPICe document that has been circulated to you. The line for crofting assistance shows a decrease of nearly 15 per cent. Why is that?

Peter Russell: That picks up the point that I said earlier I would write about in detail. Part of the issue with crofting assistance is the difficulty of estimating the demand for new housing assistance and the netting off of repayments from earlier loan offers.

The Convener: Is that the loan system that was abandoned in 2004?

Peter Russell: You may be right. To capture the two questions, I should write to you covering everything. The figures are based partly on

estimates of the income from loan repayments and partly on estimates of the demand for new uptake to ensure that we do not overprovide for the assessed demand.

The Convener: So you are giving the same kind of response as previously: the decrease is due to the year-on-year changes that take place.

Peter Russell: Yes, absolutely.

The Convener: With the publication of the Shucksmith report, there is likely to be crofting legislation and it is possible that more money will be required in crofting rather than less.

Peter Russell: That is true. It is worth noting that the Government's housing supply task force is considering the wider question of assistance for rural housing as part of its remit and definitely is not confining its attention to urban housing issues. It is important to bear in mind the point that potential sources of support for housing in the crofting counties are not confined to schemes that are specifically and only for croft housing.

Ross Scott: To clarify a point, Jan Polley and I had a discussion on the SPICe briefing, the draft budget and some of the changes that have arisen because of budget realignment. We realigned the budget to match up with directorates and there was some movement between crofting assistance, animal health and livestock, and veterinary surveillance, although that is not the issue that the convener raised.

The Convener: No, I was just asking about the crofting assistance budget line and why there is apparently a 15 per cent downturn. I do not know whether that budget line was affected by any of the others.

Peter Russell: The best thing would be for us to clarify that in the letter that I have undertaken to send.

The Convener: That would be useful.

John Scott: I have a question about the £15 million in the forestry budget that is to be released and reinvested. Pages 99 and 100 of the budget document suggest that it might be invested more in recreational use than in increasing forestry targets from the published figures of 17 per cent to 25 per cent. Where is the policy direction in that? Is more land to be purchased for recreational use in and around towns, or is the money to be spent on serious forestry, or growing timber?

Paul Snaith (Forestry Commission Scotland): The £15 million is definitely to be reinvested in forestry, initially because of climate change. Its main purpose is to increase forestation in Scotland. We will try to ensure that there are also other opportunities wherever we invest. If parcels of land come up near towns, we will want not only

to plant trees but to increase their recreational and amenity value. We believe that we will get double benefits from increased tree planting.

John Scott: Given that, by and large, towns are located on flat land, the land that you propose to use will be what has hitherto been regarded as good agricultural land. Is that correct? How does that square with the Government's proposals for an integrated land use policy? There is a need for housing and forestry close to towns and for increased agricultural production.

Paul Snaith: We would not see forestry taking over high-quality agricultural land, but that is all to be debated, and there is a new initiative to consider that debate that has already started. We see tree planting being done on the less productive land and, in urban areas, possibly on brownfield sites.

Maggie Gill (Scottish Government Rural and Environment Research and Analysis Directorate): We launched a rural land use study on Friday, and the same data are providing the evidence for the potential of land across Scotland and linking it with different policies. Forestry is very much part of that. The cabinet secretary aims to hold a land use summit in November 2009 that will provide the evidence framework for the potential of Scotland's land and will link that evidence with the different policies, which will answer the question about urban areas and which land can be used for what.

John Scott: Is there any possibility of the SRDP objectives, or the priorities for land use, being changed? You are aware of my strongly held view that we need to concentrate on food security, which would require the setting of new objectives in the SRDP.

Peter Russell: That is quite right. The regional priorities were set at the outset, and they are open to review. If the findings of the exercise that Maggie Gill has just mentioned do not align well—either across Scotland or in some particular regions—we will be able to revisit how the regional priorities are stated.

John Scott: I think that Maggie Gill said that the exercise would not start before November 2009. That is some time away.

Peter Russell: That is when that piece of work will conclude, but when we might review priorities is not constrained by that, or by any other individual piece of work.

The European mechanism for keeping the SRDP under review includes a programme monitoring committee. That is something that we must have, and we do. I chair it, and it includes a wide range of stakeholders. The European Commission attends as well. That is the vehicle for

promoting proposals for changes. We will next meet in January, by which time we will have had the first three rounds of proposal approvals. At that point, people will be able to take a sensible view on the balance of demands and on any shifts in priorities since the balance was first established.

Of course, the balance is across the seven years of the programme, so it is not necessary to align proportionately in each of the seven years. However, if a significant shift of emphasis is required, the programme monitoring committee is the vehicle.

John Scott: Did I hear correctly that the next meeting will be in January?

Peter Russell: Yes. We are constrained in that, in any one year, we can submit to Europe only three minor modifications and one major modification. Therefore, we will have to programme what we want to do—taking into account any changes that flow from the common agricultural policy health check—so that we make the best use of our ration.

John Scott: Will there be sufficient funds within the SRDP to do all the things that you envisage in the next seven years—notwithstanding any changes that you may have to make? [*Laughter.*] I appreciate that that is a fairly open-ended question. Discuss!

The Convener: To be fair, that question is not really one that these officials can answer.

Peter Russell: The funding is as it is. As you may know, 70 per cent of our programme is funded by the Scottish Government, from the departmental expenditure limit. Although it is a European programme, the European share of the funding resource is comparatively small. People will always ask whether the programme could be bigger, but the important thing is to achieve a balance so as to get the best mix of contributions to the rural economy, rural communities and the environment.

John Scott: Am I right in saying that the Scottish Government's share of that funding is falling?

Peter Russell: No. We have expressed the figure as a share across the seven-year programme. In any one year, the balance of funding might vary a little, but the figure is expressed over the seven years. The budget documents have simply shown the seventh share in each year to date. As we said earlier, that will change over time. We have underspent because of the slow start, and that will have to be worked back into later years.

Peter Peacock: I have points to make on two different issues. First, can you explain the changes in the budget for the Royal Botanic Garden

Edinburgh? The figure for this year is £16.7 million but it goes down to £12 million and £12.3 million in the coming two years.

Maggie Gill: The budget for this year includes a capital payment for the new gateway centre that is being built at the gardens.

Peter Peacock: That answer is fine, thank you.

My next question is on a wider point. In its conclusions on the budget process last year, which were submitted to the Parliament's Finance Committee, this committee felt that national targets and indicators were not sufficiently linked to the budget to allow precise and reliable measures to ensure that services actually met national priorities. We also said that the links to the national performance framework might in future include clearer indications of where failure to meet a national indicator or target, or where inadequacies in the process, had prompted adjustments in the particular budget to address the problem.

In the present budget document and supporting paperwork, there is arguably even less connection between the budget figures and the outputs and performance framework. I know that the issue is to do with how the budget document is put together and that you are not solely in charge of that, but is it fair to say that the closer linkage that we sought has not been given particular attention in the past year by your department or other departments? We want the national priorities, indicators and outcomes to be tied to specific budget lines so that we get a closer alignment and know what the expenditure is designed to achieve.

11:30

Peter Russell: You will appreciate that our chapter is framed using the same template and style as the wider Scottish Government uses. Rather a lot of work has been done with the sponsored bodies on getting them to show more clearly how their corporate planning aligns with the national performance framework. The framework was introduced part way through the financial year, so we are still coping with the fact that it was not in place when those bodies set their corporate plans at the beginning of the year. It is a journey and we are still making progress. We have not yet reached a stable state on reporting.

As you know, information on performance against the indicators and targets is updated as new data become available and is available on our website. I am sure that we will listen carefully to any views that the committee has on the express connections in the budget document.

Peter Peacock: Do you expect future budget documents, or reports to the committee that sit

apart from the budget, to make clearer links between lines of expenditure and their impact on the indicators and outcomes that are sought? Is that likely to emerge?

Peter Russell: Some of my colleagues might answer that. I think that we will be able to produce that information, but it will vary across the piece. Some areas have a much closer one-to-one relationship between a spending line and a national outcome but, in other areas, it would be hard to say that such a relationship exists. Therefore, I expect the best picture that we can produce to be patchy. My colleagues might like to contribute—although perhaps not, judging by their looks.

Mike Neilson: I simply add that the Scotland performs website is the external face and contains published information. It is designed to indicate in broad terms what we need to do if we are to hit the indicators and targets. Over time, we will try to articulate better the link between that and the budget. However, the exact form that that will take is up for discussion.

Maggie Gill: My economists are working to try to create some of the links and to consider the numbers. When a piece of work aims to meet more than one target, which happens fairly frequently, there is a difficulty in how to disaggregate that.

John Scott: On the research and development budget, I am not entirely sure that I have the right piece of paper, but the line for research, analysis and other services appears to drop considerably by 2009-10. Will you explain that apparent drop?

Maggie Gill: Two things are going on there. One is that we have aligned some of the budget lines to fit them with programmes of research. That fits more closely with the way in which we now commission research. Since the beginning of 2006, we have sponsored programmes of research, rather than individual institutes. The second underlying issue is that we are transferring the education budget that was held in my directorate to the education and lifelong learning portfolio, because the Scottish Agricultural College is now recognised as a higher education institute and is accountable to the Scottish Further and Higher Education Funding Council, rather than to us. The budget for the SAC has not changed and is not dropping, but it has moved to another portfolio because of the education aspect.

There is also a small change due to a movement of superannuation costs associated with the advisory part of SAC, which have moved to the rural directorate. There has not been a decrease in the budget. It has stayed flat, as was proposed at the start of commissioning the current round of research programmes.

John Scott: So there has been no drop in the research and development rates; there have just been some technical movements from one budget to another. Thank you.

The Convener: I hesitate to say this, but there appear to be no outstanding requests from committee members to ask further questions, which suggests to me that I can now thank all the officials for coming. You have undertaken to provide us with quite a lot of written back-up information from today's meeting. Thank you for your attendance; you are free to leave—or stay if you feel so inclined.

European Union Issues

11:36

The Convener: We move to agenda item 4. A paper was circulated to members, and one key development mentioned is the announcement of the common fisheries policy health check. There is not much more that I can say. If any further information is required, it can be provided by the clerks.

Liam McArthur: The paper touches on most of the main issues, but one of the most conspicuous omissions is the consultation on animal transport restrictions, which I understand began in July or August. I do not know whether the French presidency intends to take it forward to any great extent, but I would certainly welcome an update.

My understanding is that Commissioner Borg has agreed with member states to bring forward the common fisheries policy health check. It would be helpful to know whether that is the case and, if so, by how much he is bringing it forward. Given the battle last time to preserve things such as relative stability, the Shetland box and the 6 to 12-mile limits, and given the end to subsidy for new build, it would be interesting to know the likely negotiating priorities of the Scottish Government and perhaps the United Kingdom Government and—although it might be guesswork—the possible approaches of the other key member states, particularly Spain and France.

The Convener: We will get that information to you.

Pig Industry

11:37

The Convener: We move to agenda item 5. The new members of the committee may be wondering where the item comes from. The issue was raised by an ex-member of the committee, and we took evidence on it. We have received an update from the Cabinet Secretary for Rural Affairs and the Environment, and a paper has been circulated with some possible options for action on the basis of that correspondence. I am aware that a separate briefing has been circulated to members by NFU Scotland.

Do members want to make any comment or undertake any further work on the issue? I caution the committee that our immediate work programme is quite congested, so any further work is not likely to be fitted easily into an agenda. However, that does not preclude our doing something behind the scenes.

Liam McArthur: I take on board the comment about our work programme, which is clearly already congested. However, it appears that there has been a breakdown in the discussions between the industry and the Government about how to move forward. We have had the now ubiquitous task force, but the recommendations appear to have been either totally ignored or sent up a side track. There does not seem to be any clear indication of how and on what basis the vast bulk of the £1 million—the £700,000—will be disbursed.

At the very least, we need to probe the matter further with the cabinet secretary and the industry. Given that, from the NFUS briefing and from conversations that I have had, the industry does not seem to have a great deal of confidence that further discussions with the Government are likely to prove fruitful, the committee might be able to apply what pressure it can on the cabinet secretary to resolve this matter and to follow up as many of his task force's recommendations as he can within the allocated budget.

Peter Peacock: I have a lot of sympathy with those comments. The package that was announced following the task force's report was pretty much greeted with dismay by the industry. Indeed, the NFUS briefing refers to the industry's disappointment at the outcome of the package and points out that it covered none of the task force's proposals. I find it pretty remarkable that after setting up a task force, the cabinet secretary went on not to take up any of its recommendations.

I acknowledge your point about our workload, convener, and part of me is tempted to suggest that we deal with this simply through

correspondence. However, given that we already have the minister's comments and the NFUS's views in writing, I am not sure whether any further correspondence would be of use. I believe that there is an issue that we need to pursue, and I would like to bring the cabinet secretary back to talk about it. Perhaps we could tag it on to another evidence session that he might be involved in.

John Scott: I agree with Liam McArthur and Peter Peacock. The situation has certainly reached an impasse and, notwithstanding our workload, we need to ask the cabinet secretary whether it can be resolved or whether, at any rate, we can find a way forward that reconciles his views and the views of the pig producers. Maybe the positions are irreconcilable, but we certainly need an explanation as to why that should be so.

The Convener: In the first instance, we could ask the cabinet secretary to explain why none of the task force's recommendations has been taken on board. When we get that response, we might be able to find some way of getting the cabinet secretary to speak to the committee on the issue. However, it might be useful to get his direct response to the question why he has not taken any recommendations on board.

Liam McArthur: The cabinet secretary is appearing before the committee next week.

The Convener: I know, but he will be answering questions on the budget. I really do not want to lever in another issue at this stage.

Bill Wilson: I am inclined to agree with the convener's view that we write to the cabinet secretary first, get his response and then decide whether to call him.

The Convener: I am getting the feeling that members want to call him, but we should ask him to put into writing his explanation for failing to take on any of the task force's recommendations.

John Scott: And if we are not happy with his explanation—

The Convener: In that case, we will have the right to call him before us.

Thank you very much. That ends the public part of our meeting. I was going to thank the public for their attendance, because there were a lot of people in here at one point, but I see that they have all gone.

11:43

Meeting suspended until 11:52 and thereafter continued in private until 12:28.

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