

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 4 March 2009

Session 3

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ECONOMY, ENERGY AND TOURISM COMMITTEE

8th Meeting 2009, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Gavin Brown (Lothians) (Con)

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

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

Stuart McMillan (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Nigel Don (North East Scotland) (SNP)

Alex Johnstone (North East Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

David Whitton (Strathkelvin and Bearsden) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Sarah Boyack (Edinburgh Central) (Lab)

THE FOLLOWING GAVE EVIDENCE:

Sarah Hart (Scottish Government Business Enterprise and Energy Directorate)

Gavin Peart (Scottish Government Directorate for the Built Environment)

Stewart Stevenson (Minister for Transport, Infrastructure and Climate Change)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 4

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 4 March 2009

[THE CONVENER opened the meeting in private at 10:04]

10:18

Meeting suspended until 10:33 and continued in public thereafter.

Climate Change (Scotland) Bill: Stage 1

The Convener (Iain Smith): Colleagues, I open the public part of the eighth meeting in 2009—and the second meeting this week—of the Economy, Energy and Tourism Committee. Today's main item of business is evidence on the Climate Change (Scotland) Bill from the Minister for Transport, Infrastructure and Climate Change. I welcome him for what is probably his first appearance before this committee. I ask him to introduce his team and to make any brief opening remarks.

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): Convener, I do not intend to make any opening remarks. I am sure that committee members will be able to fill the time with questions.

Members have a list of the officials who are with me. I intend to do the majority of the speaking, but I will draw on my officials for any technical or legal explanations that are required. I am happy to move straight to questions.

The Convener: As the minister will know from the *Official Report* of our previous meetings, members were concerned about some lack of clarity on the policy direction of the bill. We have asked the minister to come before us today to clarify some of those issues. I ask Wendy Alexander to kick off the questioning.

Ms Wendy Alexander (Paisley North) (Lab): Good morning, minister. As people will be aware, the witnesses who joined us to discuss the energy efficiency provisions in the bill—in chapter 3 of part 5—were concerned that there are no targets on energy efficiency. Chapter 3 contains no provisions on how performance on energy efficiency will be measured, on how progress will be reported or on what contribution energy efficiency might make to the emissions reduction

targets for 2030 and 2050. Why was that deemed to be the right approach?

Stewart Stevenson: Sorry, let me write down all those points—although I will be happy to be reminded if I miss out any of them.

We are in a slightly difficult area in relation to the mix of devolved and retained powers, in that energy efficiency is a shared responsibility for the Scottish Government and the Westminster Administration. I do not think that that sharing of responsibility should cause any great difficulties, as I have no indication that people are unwilling or unable to work closely together.

The member asked why the bill does not identify the contribution of a particular sector to our 2030 and 2050 targets. The important thing to say is that all sectors of our economy and all elements of public, business and private life will need to make appropriate contributions. Given that 2050 is a very long time out, successive Administrations—and, I imagine, successive ministers, as I am targeted to be 104 in 2050—will need to develop responses over the period. Clearly, those responses will be driven by the available scientific advice, which must be the key thing that drives us. The moment that we start to impose political decision making that runs at odds with the scientific advice, we go down a very dangerous route that risks damaging the consensus that I hope we will achieve on the principles. Of course, there will continue to be engagement, debate and challenge on matters of detail.

We are doing a number of things on energy efficiency. As members will be aware, building regulations have recently been introduced that will require from 2010 a 30 per cent carbon reduction for domestic and non-domestic buildings. In that respect, we are setting targets for new builds. However, I am quite prepared to acknowledge that current estimates suggest that about 60 per cent of buildings that will be in use for domestic purposes in 2050 will be buildings that have already been built. We will need to develop strategies for those as well.

Ms Alexander: I ask the minister to remain at the highest level in explaining why the bill contains no targets, performance measurements or reporting requirements on energy efficiency. He seems to have offered the reason that energy efficiency is an area of shared responsibility or competence. Undoubtedly, the European Union has shared competences with national Governments and devolved Governments, but the EU has set a target for improving energy efficiency by 20 per cent by 2020. Let me probe the minister on his implication that the impediment is that energy efficiency is a shared responsibility. Was there any direct discussion with the United Kingdom Government on setting a target, such as

the 20 per cent reduction that the EU has adopted?

Stewart Stevenson: Let me go back just a little bit before responding directly to the member's question.

The bill will require us to produce an energy efficiency action plan, on which we will be required to lay a report before Parliament every year. There is some work there.

I am simply making the rather obvious point that we have some shared responsibilities. Have there been discussions at official level? Yes, of course. Officials work closely with Westminster because approximately—this is a broad-brush figure—one third of activity in Scotland that will matter to the climate change agenda is the responsibility of Westminster and two thirds is the responsibility of the Scottish Government. It is natural and necessary that we should work together, and indeed that we should work with Europe. We have provided input on a number of European initiatives. Thus far, we have found ourselves in agreement with the responses of the Westminster Administration in that regard.

Ms Alexander: The minister mentioned the energy efficiency action plan. He will have noted some anxiety among witnesses about the timetabling of the action plan. I want to press the minister for clarity on that.

As he will be aware, licensing is a topical issue this week. The secondary legislation arising from the Licensing (Scotland) Act 2005 will not be implemented until autumn 2009. Further, the secondary legislation arising from the Planning etc (Scotland) Act 2006 will not be implemented until at least the end of 2009. What are the precise implications of the phrase

“no later than 12 months after the day on which this section”—

section 48—

“comes into force”?

When—roughly—does the minister expect the bill to complete its parliamentary passage? That will be followed by a period before royal assent is granted, then followed by the commencement of provisions, which might be later if the provisions require secondary legislation. Can the minister clarify whether section 48 will come into force following the commencement of secondary legislation, and does he anticipate that that will be at least three years' hence, which has been the case with the Planning etc (Scotland) Act 2006 and the Licensing (Scotland) Act 2005?

Given that the energy efficiency action plan was first envisaged in 2005, it might be helpful if the minister committed to a date rather than tying its

publication to an indeterminate point in the future. Can he offer us any clarity on when we are likely to have the action plan? Is it possible that it could be three years after the discussions in Parliament?

Stewart Stevenson: The member asked me a range of questions. It would be presumptuous of me to anticipate Parliament's meeting a timetable that I might have in mind for the Climate Change (Scotland) Bill. I would certainly like the bill to be passed around the middle of the year, but I am in the hands of Parliament on that. The co-operation and collaboration of the members present and those elsewhere would be welcome.

We plan to publish the energy action plan shortly after the passage of the bill, and to outline some proposals in that regard without waiting for the passage of the bill. The member can therefore take substantial comfort that the period of three years that she suggested is entirely disjoined from what the Government plans.

Ms Alexander: Why cannot the minister simply put a date on it? This is an executive action; why do you not simply name a date now?

Stewart Stevenson: I come back to the fact that the provisions of the bill as passed will to some extent determine the way forward. It would be presumptuous of me, as a minister—and I think that I would attract some criticism—if I took for granted the parliamentary process. If, on the other hand, the members present, perhaps representing the majority of the members of Parliament, can give me an absolute date for when the bill will be passed, I might be able to take action. However, the member will recognise that essentially I have said that action will be taken during this calendar year—sooner rather than later—which is entirely different from the three years that the member suggested.

10:45

Gavin Brown (Lothians) (Con): The time set out for publication of the energy efficiency action plan is 12 months from the date of commencement of section 48. Even in the best-case scenario—if the bill follows your desire and is passed quickly—we could be into the middle or indeed near the end of 2010 before the plan is in place. Given that carbon emissions targets have been set for 2010, I am concerned that if no plan will be in place until the middle or the end of that year, energy efficiency will not make the contribution that it can make to cutting emissions. At our previous meeting, a range of bodies provided good evidence that, because a lot of the work has already been done, 12 months will not be needed to put the plan in place; indeed, it has been suggested that only three months will be required. Is there any way of speeding up the

process to ensure that energy efficiency can make a meaningful contribution to the 2010 target?

Stewart Stevenson: We plan to publish our outline proposal in the next few weeks; I cannot give you an exact day at the moment, because a number of processes still have to be gone through. In any case, the proposals will be published very shortly and, as I have said, the plan will be published after the bill's passage.

That said, we are not sitting on our laurels; we are taking a range of actions to ensure that we continue to make progress. For example, as a result of changes to the planning system, we have already published energy performance and emissions reductions targets for 2010. It is perfectly correct to highlight the ability to take action without legislation, which is something that we are seeking to do.

The Convener: Before we turn to questions on specific sections, I have a general question that is relevant to the three areas that the committee is considering, including energy efficiency and other energy aspects. Is the Parliament being asked to take too much on trust with the bill? Although an awful lot of work will put flesh on some of the bill's bones, most of it will be carried out after the committees complete their stage 1 consideration. For example, you mentioned the outline of the energy efficiency action plan, which officials at a previous meeting said would be produced by March.

With regard to the non-domestic sector, the consultation on energy performance certificates closed in November. However, although the report on the consultation was due to be finalised, the committee has not yet received it. We would be interested in finding out the results of the consultation, as they will presumably affect the direction of policy.

As I made clear at the previous meeting with officials, the scenarios outlined in the financial memorandum are vastly different in their costs to local government, central Government and businesses. The committee will not be able to scrutinise any of that properly simply because we do not know the policy direction that the Government will take. In addition, with regard to renewable heat, the renewables action plan will not be published until June.

We are being asked to pass the bill before we see any of that detail. Is that not too much for the committee and the Parliament to take on trust? Should we not have more detail about the Government's policy direction before we are asked to reach a view at stage 1?

Stewart Stevenson: Let me begin by accepting a pretty obvious point: in every bill, there is a tension between what is contained in primary

legislation and what is drawn forward in secondary legislation. It is quite proper that there is a debate on whether in any particular bill the right balance has been struck in that respect.

Given the 2050 target, the Climate Change (Scotland) Bill probably looks further forward than any other bill that the Scottish Parliament has dealt with. Within that timescale are a number of timetables for targets, which have been driven by the scientific advice. The Parliament has processes for dealing with secondary legislation, and that will be the right time to engage with such matters. It would be useful if the specific concerns of committees and committee members were drawn out at stage 1. To be consensual, we will wish to examine what comes out of stage 1 and consider how we might respond at stage 2.

The draft renewables action plan was published as part of the renewable energy framework at the end of last year. That provides some visibility of what there will be in relation to renewable heat. The committees of the Parliament always have the right to look at anything in advance.

It is not unprecedented to hold further evidence sessions at stage 2, if that is appropriate. If that were the way to deal with some of the issues that we are not able to bottom out just now, the Government would be happy to co-operate and collaborate and to appear at that stage, if appropriate. I would not like to compromise the timetable unduly, but we could certainly appear at that stage.

Of course, the whole point of the bill is to produce a statutory framework to reduce emissions on a long-term basis. There are specific proposals in part 5 of the bill, but we need a lot more than that.

The Convener: The Finance Committee's report on the financial memorandum states:

"The Committee also considers that in a number of areas insufficient policy direction has been provided, which has made it difficult for local authorities and businesses to be able to assess the financial impact of the proposals."

That is the point that I am trying to make. If there is no clear policy direction, it is difficult for committees to assess whether there are issues. In essence, we are being asked to provide not a blank cheque but a cheque on which we are not quite sure where the decimal point goes in relation to some of the areas, which is a major concern. It is difficult for us to know whether the proposals, such as those on energy performance certificates, will be adequate or whether they will be overburdensome, because we do not know in which policy direction the Government is going. We have not even seen the report on the consultation that we were promised. Do you accept that more detailed work on the policy

direction should have been completed before you introduced a bill that gives ministers fairly open-ended powers?

Stewart Stevenson: Energy performance certificates are already part of the landscape. We might be talking about further provisions that will come forward later. I can never remember what ACEP stands for. Will someone remind me?

Gavin Peart (Scottish Government Directorate for the Built Environment): It is the assessment of carbon and energy performance, which builds on the existing system of energy performance certificates.

Stewart Stevenson: We have gone some of the way in drawing forward some of the measures.

In the early stages, one of the interesting things about improving the energy efficiency of buildings is that, for many owners of buildings, there will be quick returns on their investment. When you reduce the energy consumption of a building, whether a domestic or non-domestic building, you reduce the bills that have to be paid for consuming energy. There are a lot of low-hanging fruit out there, which means that there is substantial enthusiasm for improving energy efficiency, regardless of Government policy or legislation.

It is certainly the case that more will come forward. The decimal point is a pesky little thing in certain circumstances. In the financial memorandum, we seek not to give false certainty about what is a framework bill that covers a long period of time but, rather, to give the best possible indication. As we approach many of the interventions, we will of course provide further financial information.

The Convener: I have a final question before we look at the individual sections of the bill in more detail. You said that it is open to committees to take evidence at stage 2 if they feel that it is necessary. Will you give us an assurance that the Government will co-operate with the timetable for stage 2 to ensure that if committees feel the need to take additional evidence at that stage, there will be sufficient time for them to do so?

Stewart Stevenson: It is not for me to speak for the Minister for Parliamentary Business, who represents our interest in such matters. However, I am interested in ensuring that, to the extent that it is possible, we flesh out any policy initiatives that we take and give Parliament the maximum possible understanding of the implications of anything that might be done. Like previous Administrations, the current Administration seeks to support committees' efforts to understand anything that we do at stage 2.

Gavin Brown: I will follow up one of the convener's questions. Will the obligations under

section 50 fall on the landlords or the tenants of non-domestic buildings?

Stewart Stevenson: The owners will be responsible.

Gavin Brown: You say that people will get money back right away but, if the tenants pay the cheaper energy bills from saving energy, the owners will not receive a return.

Stewart Stevenson: To an extent, that will depend on the commercial arrangements between the owner and the tenant. In business life, I as the owner of an asset adopted the general principle that I wanted investments that I made to be reflected in revenue. In any event, investment in improved energy efficiency creates an asset that is more valuable in the long term. It is for owners to ensure that they have contracts with their tenants.

The Convener: Rob Gibson will ask about section 48.

Rob Gibson (Highlands and Islands) (SNP): Good morning, minister. We are interested in the suggestion in the evidence from the Carbon Trust that energy efficiency should be defined as a primary objective in the bill. What is your response to that?

Stewart Stevenson: The bill's objective is to reduce carbon and carbon dioxide equivalent gases—the greenhouse gases. Diluting that by establishing other primary objectives would create difficulties, because an energy efficiency objective might be pursued in competition with the 80 per cent target that we are setting for 2050. Such matters are of value and merit and should be judged in the context of how they enable us to progress to the 80 per cent reduction. I am prepared to accept that even the 80 per cent reduction is indirect, since we are actually trying to contain the increase in the temperature on the earth to no more than 2° to 2.4°C from the baseline figure. If we keep moving objectives up, we distort policy making.

Rob Gibson: Energy efficiency is a major part of our efforts to achieve the target, yet we are presented with supplementary evidence in which the question of straying into reserved matters arises—you referred to that. The debate about whether the word "improve" or "promote" is used certainly concerns us, because of how it affects existing legislation. We need more clarity on how using the word "promote" might risk the Scottish Government straying into reserved matters. Why are you concerned about straying into those matters if—as you said—you have close relationships with the London department?

Stewart Stevenson: We recognise the issue that the member raises. We are considering how

to reflect that concern at stage 2 and ensure that people are clear about our intentions.

We must be conscious of competences, but I am entirely happy to put it on the record that the policy is to improve energy efficiency. The question whether we can incorporate the word “improve” in the legislation is simply to do with the devolved competence of the Parliament. I am entirely happy to ensure that we deal with and talk to colleagues at Westminster on that. We believe that we can, to an extent, make the change that is sought, but until I have further advice, I cannot give the committee a commitment to do so. We certainly understand the issue and we are seeking to deal with it.

11:00

Rob Gibson: In that case, why do you not consider introducing provisions in the bill that would require energy efficiency measures and improvements as the starting point for your discussion? I am surprised that, at this stage in your discussions with London, the issue has, to date, not been clarified.

Stewart Stevenson: There are certain issues. We do not have competence on energy matters as such. However, in the creation of a legal framework, we will work with colleagues at Westminster. After all, we share a common purpose with Westminster, which has increased its carbon reduction targets, based on advice and a consideration of the situation. Westminster's targets encompass what we do, so it is in the UK Government's interests to support the efforts that we will make in Scotland. We are discussing the issue with the UK Government. I believe that we will find a way in which to support the UK Government's objectives and therefore, simultaneously, our objectives. When we have completed those deliberations, the outcomes will feed into the energy efficiency action plan.

Rob Gibson: Will we have clarity before we reach stage 2?

Stewart Stevenson: Um—yes. The reason why I hesitate is simply that I do not want to anticipate the exact nature of the agreements and outcomes that we will reach with Westminster. I am absolutely convinced that there is good faith on both sides. In fact, using the word “sides” is wrong. Both parties want to ensure that we get the outcome that we need and I have a high degree of confidence that we will do so. That might be by persuading Westminster to take action within its competence or by establishing with Westminster what we might do within our competence that is consistent with its views. We can resolve the problem in a variety of ways, but please accept

that we are engaged extremely strongly in ensuring that we do so.

Rob Gibson: It would help us at stage 2 if the issue was clear, as that would reduce the amount of questions that need to be asked.

Stewart Stevenson: We are actively engaged on the matter. I cannot commit another party in the discussions to a particular timetable, but I, too, want the issue to be resolved within that timescale.

Lewis Macdonald (Aberdeen Central) (Lab): I want to pursue the issue. It is a month since we raised the matter with your officials, who assured us that there was no intention to dilute the existing law, although they said that they would have to get back to us on the effect. However, the supplementary evidence that we have received from the Government again refers to intention, but not to effect. There is concern, which was reflected in Rob Gibson's questions, about the uncertainty. Do you accept the view of many of the witnesses who gave evidence a month ago that your proposal to publish a plan for the promotion of energy efficiency is a dilution in relation to housing, compared with the existing law in the Housing (Scotland) Act 2006?

Stewart Stevenson: There is certainly no intention to dilute. The reason why we are having discussions is to ensure that we provide a legally binding response that ensures that no dilution is possible.

Lewis Macdonald: You will be aware that, when Malcolm Chisholm took the Housing (Scotland) Bill through Parliament, the wording was not raised as a difficulty. Have Westminster ministers directly raised a difficulty with you on that?

Stewart Stevenson: We have identified a potential difficulty and it is agreed that the subject should be discussed with Westminster. I am highly confident that we will achieve a satisfactory outcome. The policy objective is to ensure that we provide no opportunity whatever—I could not put it more strongly—for dilution of what Malcolm Chisholm successfully took through the Parliament. We are simply trying to deal with technical issues and not trying to deviate from the policy in any sense.

Lewis Macdonald: Have you discussed the issues with ministers at Westminster to try to resolve the concerns?

Stewart Stevenson: The discussion is at official level, just to be clear.

Lewis Macdonald: So it is being discussed at that level. Thank you very much.

The Convener: The change is that, in section 48(2), the word “promotion” is used in relation to living accommodation instead of “improve”, which is the wording in the 2006 act. Section 48(2) concerns only a part of the overall plan for the promotion of energy efficiency, so is it not possible simply to repeat the words of the Housing (Scotland) Act 2006 in it, rather than dilute the provision? If we had the competence to include the wording in the 2006 act, surely it is competent to have exactly the same wording in the bill.

Stewart Stevenson: It is certainly our objective to achieve that, but the mechanism by which we protect what has already been passed will need to await the conclusion of discussions. I am not turning away in any sense the concern about the use of one word in one piece of legislation and the use of another word in a different piece of legislation. It is precisely because we accept that a point is properly being raised on that issue that we seek to ensure that we deal with it appropriately, and I am confident that we shall.

Lewis Macdonald: Do you understand that the concern about the wording is merely a reflection of the wider concern about the lack of targets and the lack of precision on what will be included in the energy efficiency action plan?

Stewart Stevenson: I think that I covered that in my previous remarks, but I acknowledge what Lewis Macdonald says.

Marilyn Livingstone (Kirkcaldy) (Lab): Given the important and effective contribution that microgeneration can make to reducing emissions, why has the Scottish Government not included targets on it? I will frame that with a question on fuel poverty. Increased use of microgeneration technologies, such as air-source heat pumps and solar panels, would particularly benefit the 30 per cent of the population who are off the gas supply and who pay really high prices for inefficient oil heating systems. How much of the proposed member’s bill on microgeneration will be taken into account? That proposal has been put on hold until we see what happens with the bill.

Stewart Stevenson: I am not able to respond in detail on Ms Boyack’s proposed bill because it has not been published. When that bill is introduced, I will be able to make detailed responses on it. However, on the substantive question, power generation is a reserved matter, so we cannot deal directly with it. However, we can remove the inhibitions that make it difficult for people to install microgeneration technologies, and the work that we are doing on permitted development rights is geared to that. It is enabling work.

I am personally entirely familiar with fuel poverty and off-gas heat: fuel-oil heat, in essence. Because we had half a metre of snow, my wife

managed to have a day without any fuel, which she did not enjoy much. However, we are changing the fuel poverty programme from April 2009 to allow microgeneration in a new energy assistance package. We are proactively seeking to engage people in that way.

Marilyn Livingstone also referred to air-source heat pumps. We have not yet included those in the changes in permitted development rights because of difficulties that we and the Westminster Administration are experiencing in getting an adequate definition of noise. In the countryside, such noise is probably not a big issue, but in urban settings it could be more significant. Additional work on air-source heat pumps and wind turbines is under way, which I hope will inform further changes that we could—I emphasise the word “could”—make later this year on permitted development rights.

Marilyn Livingstone: I may want to come back to that, but my next question is on skills. We have heard that 16,000 jobs are going to be created, but previous witnesses have told us that there would be skills gaps if we were to move to use of air-source heat pumps. If there are already skills gaps in the industry, how are you working with other departments to ensure that the required skills will be available across the industry?

Stewart Stevenson: The Scottish Higher and Further Education Funding Council has set up a renewables core skills group, which is dealing with that issue. That group includes representatives from the sector skills councils, Skills Development Scotland, the higher and further education sector and the power companies—Scottish and Southern Energy, Scottish Power and Scottish Renewables. In addition, the sector skills councils are doing research for the Government on long-term sectoral needs, which covers all the issues that the member has raised, from installation of microgeneration to wind farm maintenance and marine energy contractors. We are certainly engaged on the issue and working with partners.

Marilyn Livingstone: In the evidence that we have taken, one of the main issues that has been raised with us across the board is the concern around the lack of skills. Something urgent needs to be done on that. What discussions have you and your department had with the bodies that you mentioned in order to press that point?

Stewart Stevenson: I have just spoken of the action that is being taken right now, which is drawing to the table the appropriate people. It is a question of striking the right balance between the increasing demand for the skills and the number of installations, and of getting the timetables synchronised. We expect the number of renewables installations to rise, although it will not rise like a cliff face the moment that permitted

development rights are changed, but will ramp up over time. The action that we are taking right now is likely to be fit for purpose in that sense. The skills for the renewables sector will be included in the renewables action plan, which will be published no later than the end of June.

Sarah Boyack (Edinburgh Central) (Lab): I want to pursue the point about the development of microgeneration. I am conscious that, although we have national renewables targets, we do not have any household renewables targets. The minister might want to consider that such targets would be a sensible way of driving the industry and driving the agenda for all Government agencies. It is now two years since Scottish planning policy 6 was introduced, which is about driving household renewables and combined heat and power systems for new developments, but no research has been undertaken to monitor the implementation of that policy, nor do we have any research on retrofitting of microgeneration and household renewables. Would a Scottish Government target help to push the agenda? Do you have an estimate of the contribution that microgen could make to achieving the Government's aspirations on energy efficiency and renewables?

11:15

Stewart Stevenson: I will step back to a relatively high level and make a rather obvious point. Microgeneration is one contributor to improving the energy efficiency of dwellings and non-domestic buildings but, of course, it is not the only one. To an extent, we will achieve best success if we set targets for energy efficiency rather than mandate particular interventions that people must make.

That said, SPP 6 seeks to aid delivery of a 15 per cent reduction in CO₂ or other greenhouse gases. Such a reduction should be part of the material considerations in the planning process. Last year, we also issued guidance in planning advice note 84, which is entitled "Reducing Carbon Emissions in New Development". One general difficulty is the lack of skills in carbon assessment among planning officials. That has been a constraint, but work is being done to address it.

Microgeneration is part of an overall policy framework. It is a key part of the considerations in the planning system.

Sarah Boyack: I know that the minister is enthusiastic about the agenda, so my question is meant to be helpful.

Stewart Stevenson: I will treat it as such.

Sarah Boyack: As one of the authors of SPP 6, I know that our political intention was to drive energy efficiency and use of whatever microgeneration, small-scale renewables or combined heat and power system was appropriate at the time. Two years on, I understand that implementation of the policy is not monitored. Do you even have a sense of how many local authorities have put the policy in their local plans? A survey by Friends of the Earth Scotland identified that hardly any local authorities had made progress.

The technology is well established and is moving ahead in the rest of the UK. The Department of Trade and Industry estimated that we could obtain 30 to 40 per cent of our electricity from such technologies. Do we have an opportunity to set national targets—the Government's policy intention suggests that we do—for everybody to introduce such measures and to take a much more proactive approach in order to encourage local authorities to sign up to the agenda?

Stewart Stevenson: It is suggested that only eight of the 34 planning authorities are fully engaged in implementing SPP 6. I mentioned some of the difficulties, but we expect the policy to be implemented much more widely.

In a sense, we must be technology blind and not imagine that we can second-guess the developments in a range of micorenrenewables technologies. Debate continues about whether wind turbines in urban settings have a net carbon benefit—in rural settings, they probably do. On the other hand, it is pretty broadly accepted that photovoltaics and water heating from solar energy take a short time to provide a return on investments—I mean that in financial and carbon terms.

We must support the efforts to develop technologies. There will be technologies in, for the sake of argument, 2030 of which we know nothing today, which is why it is important that we create frameworks within which we can respond.

The challenge is for building designers, particularly in relation to new buildings, to choose what is appropriate for the building and design it to be energy efficient. For example, we know that a building that is a perfect cube offers less surface area for heat to escape than a long, low, single-storey building of equivalent volume does. Many compromises need to be made in building design. It is important that those who are responsible for that have opportunities to be innovative, and that we do not do things that can stifle innovation but create the wherewithal to show what requires to be done, and allow others to determine the appropriate technologies with which to do it.

The Convener: I wonder whether it is hip to be square, then.

Stewart Stevenson: It is now, convener.

The Convener: We need to move on to consider section 50, which is on the energy performance of non-domestic buildings. The Government has announced its intention in respect of building regulations to change the consultation's target for new build carbon emissions reduction from 50 per cent to 30 per cent. Can the minister outline why the Government has decided on a lower target than was originally intended?

Stewart Stevenson: One of the key things that the Sullivan report said in that regard was that further work should be done on the costings. That work has been done and it informed our conclusion that we should at this stage consider a 30 per cent target for 2010. It may be useful if I quote something that we received in the past few days from Lynne Sullivan, who chaired the panel. She said:

"I'm pleased that the Scottish Government is acting on our report and has undertaken the 'costings' research recommendations. Since the Panel met over a year ago, the building and property industry throughout the UK is in a different financial position. The Minister's announcement of a 30% reduction in emissions for both new housing and non-domestic buildings is still an exemplary outcome, showing leadership in this vital area."

When she refers to the "exemplary outcome", she is of course highlighting the fact that we have the most challenging standards. I think that that is welcomed. It is simply a question of getting the right balance in working with the industry on its delivery capability. We would expect to see further requirements for improvement in energy standards in subsequent updates of building standards over the three-year cycle.

The Convener: I hear your answer, minister, but does it not suggest a lack of ambition in what we seek to achieve, given that the standards that we are trying to improve are among the poorest in the world? Certainly, compared with Scandinavia, our standards for domestic and non-domestic buildings are pretty poor.

Stewart Stevenson: I would take issue if I may, convener, with the suggestion that we have the poorest standards. On the contrary, we have in many ways led many other jurisdictions to follow our example. One of the interesting things about the panel that was brought together for the Sullivan report was that we brought people from Scandinavia and Austria to participate in it. Interestingly, they were astonished at how much ahead of them we were in certain respects. We had expected much more of a one-way street in that they would be informing us of their progress—they made a substantial contribution—but all three

people on the panel took away substantial experience from Scotland. At the moment, we are probably only marginally behind Finland, and our minimum standards for insulation are substantially better than those in Denmark, for example. Far from our standards being poor, by setting the target of 30 per cent on top of what we have already done, we are setting standards that are higher than anywhere else in the British Isles and in the majority of jurisdictions in Europe.

Ms Alexander: Given that this is the only opportunity to legislate on the matter that is likely to arise in the current session of Parliament, should enabling provisions be included in the bill to increase energy efficiency in the domestic sector as well as in non-domestic buildings?

Gavin Peart: Do you mean for existing dwellings?

Ms Alexander: Yes—in relation to section 50.

Stewart Stevenson: I think that we have within our competence the necessary powers to go forward.

Ms Alexander: So, in the Government's view, the standard is appropriate for non-domestic buildings but inappropriate for domestic buildings.

Stewart Stevenson: Sorry?

Ms Alexander: I am probing the distinction between domestic and non-domestic buildings.

Stewart Stevenson: We have set the same targets for both.

Gavin Peart: That is for new buildings.

Ms Alexander: Yes, but I am talking about the retrofitting of existing buildings.

Stewart Stevenson: We believe that we can make the necessary progress under the existing legislation. Nonetheless, I am always happy to be advised if there is a particular inhibition in our legislative competence or powers that we have not spotted. I would be happy to hear now or later from Wendy Alexander or the committee on that subject. It is certainly not my intention to deprive myself or my successor ministers of powers to take necessary action.

Lewis Macdonald: I have a follow-up question on the separation of domestic and non-domestic buildings in relation to general permitted development rights. You have drafted a provision—albeit a limited one—in relation to the domestic sector, but you intend to address the non-domestic sector separately. Can you explain why? What are the differences that, in your view, justify a separate process for the non-domestic sector?

Stewart Stevenson: Lewis Macdonald must remember that non-domestic buildings will be on a different scale from domestic buildings—although that is, inevitably, a very general statement—and a different process will be needed to make a substantial contribution to changing their energy efficiency. For example, the retail distribution centres in West Lothian are immense, and that would probably be something that we would want to pursue through the normal planning system. There are successful examples: for example, rainwater recovery systems have successfully gone through the planning system in West Lothian, and the Michelin factory in Dundee has wind turbines that are substantially larger than we would allow through permitted development rights, which have successfully gone through the planning system. A range of things can be done.

To be candid, the scale of what can be done under it makes the provision that we have drafted for domestic buildings of limited value in relation to non-domestic buildings. I am open to ideas about the matter, although we might cross an important line if we were to open up the process to non-domestic buildings. We are seeking to allow people, without their having to go through the planning system, to make changes that will generally not be regarded as a problem by neighbours, or in terms of their visual impact. The things that people might want to do for larger non-domestic buildings would probably fail that particular test.

11:30

Lewis Macdonald: If I understand the answer correctly, it is less encouraging than I had hoped it would be. I had expected you to address the differences and suggest that you would provide general permitted development rights in certain respects for non-domestic buildings, but you seem to be saying that you do not see a case for general permitted development rights for them, at all.

Stewart Stevenson: No—I am not seeking to say that. If we were to apply to non-domestic buildings exactly the same rules that we have applied to domestic dwellings, the impact of such development would be substantially less. That is a rather obvious point, because of the constraints on the height and location of wind turbines and the fact that one can have only one of them. The constraints are probably less onerous in relation to things such as photovoltaic technology and solar water heating. Nonetheless, the benefits are different, simply because in non-domestic buildings we are dealing with a much more diverse range of buildings in terms of geography, size and purpose. The planning system has not thus far been shown to create major problems for non-domestic buildings in that regard. Generally, when

changes are being contemplated for non-domestic buildings, it is often the case that that is part of a wider set of changes that the owners of the buildings are making. For example, with regard to a building that I visited in West Lothian, substantial investment was made in ways of collecting rainwater, which could then be used in processes inside the building. That does not directly relate to climate change, of course, although reducing water usage is helpful. The planning system appears to be responding to the agenda, although I am happy to listen to views to the contrary.

Lewis Macdonald: You would not rule out general permitted development rights.

Stewart Stevenson: I would not wish to rule anything out; I am just saying that there is less scope for that.

Lewis Macdonald: In some senses, you seem to be implying that there is more scope, because a renewable unit at a large non-domestic building clearly has a much greater carbon-saving impact than one at an individual house.

Stewart Stevenson: I am absolutely happy to accept that point, because it is self evidently true. If you can cover the south-facing roof of a large warehouse with a photovoltaic array or solar water-heating apparatus, that will make a substantial contribution, and is something that we would wish to encourage. I am simply dealing with the narrow point of whether that should be covered by the planning system or by permitted development rights. I am not in any sense trying to deny that that would be a good thing to do. I absolutely accept that it would be.

The Convener: Turning to my hobby-horse topic of the enhanced energy performance certificates, is the minister in a position to give us an indication of the policy direction of the Government in relation to EPCs? The seven scenarios that are included in the documentation with the bill range from having a fairly limited enhanced EPC that would accompany the sale or rent of larger public buildings, with additional guidance, through to enhanced EPCs for all non-domestic buildings, with compulsory uptake of recommendations. That is a fairly broad scope. Could you give us an indication of what level the Government intends to go for?

Stewart Stevenson: We expect to publish the response to the consultation next week. In the early years, we are likely to think in terms of option 2. However, if we do not make the appropriate progress, we think that a policy that follows the lines of option 5 is likely to be pursued. We are making progress in that regard.

The Convener: So, if insufficient progress is made under a regime that involves increased guidance and the promotion of the uptake of

recommendations for larger buildings, the intention is to move over time to a regime under which there would be compulsory uptake of recommendations for all buildings.

Stewart Stevenson: We will be driven by the outcomes that we achieve. In other words, compulsion will be necessary if the outcomes are not achieved. That is rather self-evident. However, this agenda is so important that we would not wish at this stage to rule out for ever and absolutely the use of compulsion.

Marilyn Livingstone: Who would police that? Who would the enforcement body be?

Gavin Peart: The bill leaves it open, but we have certainly had some dialogue with the Convention of Scottish Local Authorities on that point, and there has been a lot of support for local authorities being involved in the enforcement side of things.

Marilyn Livingstone: What would be the cost of that? Has that been discussed?

Gavin Peart: We are considering a system of penalty charge notices, which would mean that the cost would not affect local authorities too much, as they could recoup the costs of the actions that they took.

Stewart Stevenson: To make the obvious point, until we bring forward a proposal, we are not formally making any response on the issue of costs. However, it is not our intention to create burdens for local authorities that they would be incapable of bearing. That would run entirely against the spirit of the Government's desire to work as equal partners with local government.

The Convener: You say that you are considering going for scenario 2. The explanatory notes say that the average annual cost to the private sector of that option could be as much as £9.6 million, and would cover

"the commissioning of building surveys, calculating energy and carbon performance of buildings, formulating action plans and carrying out building work."

Under scenario 5, that cost could rise to £64.7 million. What are the differences that account for that rise? Is the difference to do with additional bureaucracy, or does it involve additional work being done on buildings, which would, presumably, result in better energy efficiency?

Gavin Peart: It comes from the work that would be done on the buildings.

The Convener: So you would get more bang for your buck from scenario 5 than scenario 2.

Stewart Stevenson: Well, you clearly get more bucks for your bang.

In engaging with the issue in detail at this stage, we are attempting to anticipate what we will bring forward. Our position does not represent a commitment on where we will end up. However, it is proper that we inform people of our direction of travel. As I said, we will publish the results of the consultation process next week, and you will then have an opportunity to read what has been said on the subject. The issue of the costs for all the parties concerned will be an important part of determining what direction we end up taking.

The Convener: We would welcome seeing a copy of the responses to the consultation, but we would also like to see the impact assessments that have been done and an indication of what energy efficiency improvements you would expect to be made in non-domestic buildings as a result of each of the scenarios in the explanatory notes. It will be hard for us to judge whether the Government's decision to go for scenario 2 is correct if we do not know how it compares to the other scenarios in terms of improvements to energy efficiency, which is what the bill is about.

Stewart Stevenson: As I said, the explanatory notes reflect our thoughts at the moment. In due course, we will announce our definitive position, with the information that committees such as this one will need in order to make the necessary judgments.

The Convener: With respect, that information will be necessary if we are to make a realistic judgment about whether what is in the bill is adequate for it to complete stage 1.

Stewart Stevenson: Sorry, was that a question?

The Convener: It was a statement with an implied question mark at the end of it. Do you accept that we need that information to be able to judge whether section 50 is adequate?

Stewart Stevenson: I return to a point that I have made before. The bill is a framework bill. The details of how its provisions will be implemented will largely be in secondary legislation. When the Government presents secondary legislation or policy documents, committees and parliamentarians generally will be able to probe the accompanying explanations and justifications, as is appropriate.

The Convener: With respect, it is for the Parliament to decide whether what is in the bill at stage 1 is adequate. An indication of where secondary legislation is likely to go is a key aspect of any stage 1 consideration of a bill.

Stewart Stevenson: I add a tiny wee point. I should have said earlier that we plan to provide the lead committee with a range of draft secondary legislation at stage 2. That is one reason why I

said that it would not be a great surprise if there were further committee engagement at stage 2.

The Convener: I repeat the point that the Government has to get the bill past stage 1 before it can get to stage 2.

Christopher Harvie (Mid Scotland and Fife) (SNP): I want to ask about non-residential buildings, with special reference to supermarkets and the bundle of energy issues connected with them. Scotland has seen a revolution in its retail landscape over the past decade. Large out-of-town supermarkets have been reported to contribute more than 5 per cent of Scotland's energy emissions.

When you consider such buildings, will you be considering only the buildings? These are buildings that have to be warmed and cooled at the same time, but they are also at the centre of a system that emits a great deal of carbon, with freight transport going in and motor car traffic going in and out. Will you be considering alternative methods of organising retail so that it has a less deleterious impact on the atmosphere?

Stewart Stevenson: Today's evidence session is about particular parts of the Climate Change (Scotland) Bill. I am sure that the member, and other committee members, will have noticed our intention to include international shipping and aviation in our considerations. Clearly, that will address part of the freight issue. We are also investing substantially in the railway network. Continuing the policies of the previous Administration, we have a range of freight grants. If I recall correctly, no Administration so far has been able to spend its entire budget for freight grants. We are therefore encouraging people to come forward with more and better applications.

The member asked about the location of supermarkets and about travel to them. The challenge is undoubtedly large. As far as we are able, we want to ensure that public transport to out-of-town shopping centres is improved.

The member also mentioned heating and cooling, which are taken into account in the national calculation methodology, which has to implement the European Union directive on the subject.

The member has raised some pretty big issues, but he should be content that they are on the radar and come within the range of what we are trying to do.

Christopher Harvie: An almost analogous situation is the consumption of energy in defence establishments. I was recently in St Andrews and heard a tremendous racket coming from the air base at Leuchars, which was a jet engine being tested—God knows what the carbon

consequences of that were. With large defence establishments in Scotland, the buildings probably account for only a fraction of the energy use, given the energy demands of transportation to and from the establishments and the testing of equipment. To what extent are you capable of influencing that?

11:45

Stewart Stevenson: The carbon reduction commitment applies to defence establishments. Therefore, notwithstanding the potential for matters such as Crown immunity to come into play, at UK Government level—I am not responsible for what goes on in defence establishment territory in general terms—the subject is inside the tent of the broader agenda that is being pursued. I suspect that we might be travelling slightly away from where the committee hopes to go, but I am happy to respond in those terms.

The Convener: It might be encouraging for Christopher Harvie to know that at least the fuel for the Royal Air Force base at Leuchars comes in by train and is then piped into the base. That is one positive aspect.

We will move on to section 51.

Gavin Brown: When the committee considered the bill previously, the issue of council tax rebates for renewable heat and other efficiency measures was raised. There has been success south of the border with that type of initiative. At that previous meeting, the Government's position was that the council tax was to be replaced by a local income tax, on which there was to be a great announcement a week later. Given the content of that announcement and the fact that the council tax will remain, certainly for the parliamentary session, will the Government revisit the issue of a council tax rebate?

Stewart Stevenson: We have indicated that we seek to freeze the council tax for the duration of the parliamentary session. The freeze is a huge contribution to the domestic economies of the houses concerned. The member is right that our proposals for a more equitable, income-based way in which to fund local government are merely deferred and not abandoned. It is worth saying that stakeholders have not raised the issue with us. There is a plan to produce a renewable heat incentive, which is probably an easier and more appropriate approach.

Gavin Brown: The council tax freeze is welcome, but it is not linked directly to energy efficiency or renewable heat. The issue has been raised by stakeholders, which is why the Government, via Colin Imrie, the deputy director of the Government's energy markets division,

responded to the committee directly on the matter. I take issue with the point that the matter has not been raised. Given the success south of the border, will the Government at least examine the results there and reconsider the possibility of a council tax rebate?

Stewart Stevenson: I am always happy to consider these matters and work with my ministerial colleagues on the subject. However, the member should accept that, for the time being, we are focusing our efforts on a council tax freeze. The important point is to support people who wish to make their houses more energy efficient or to install microrenewable technologies. We already have a range of measures in place through the Scottish community and householder renewables initiative, the Scottish rural development programme, the energy saving Scotland network, small business loans and the public sector central energy efficiency fund. There are also broad enabling powers in the Energy Act 2008 to establish a renewable heat initiative, and further work is being undertaken on that.

Lewis Macdonald: The Energy Saving Trust has done research that has shown the effectiveness of council tax rebates. Surely you are not saying that because you have accepted a delay in your plans on local government taxation, the opportunity to promote energy efficiency through fiscal incentives should simply be abandoned.

Stewart Stevenson: We can promote energy efficiency in a positive way by supporting changes that can be made. We are considering other options, including loans and cashback offers. There is a variety of ways of proceeding on this agenda. We are quite open-minded but, within a constrained financial position, we have to come to conclusions about which intervention will deliver the biggest bang for the buck, to use a phrase that has already occurred in the meeting.

Lewis Macdonald: The minister will be aware that Northern Ireland has followed England and Wales in going down that track. They clearly regard it as a positive and effective way to promote and incentivise people to take up renewables, microrenewables and energy efficiency.

Stewart Stevenson: It is for each Administration to take its own view. I will look with great interest at what happens in other jurisdictions. From time to time, I meet other ministers and, more often, I discuss with other ministers what approach they are taking.

Lewis Macdonald: It is completely understood that decisions on local government taxation in the next parliamentary session will be taken in the context of that session. In the meantime, would it

not show a degree of urgency in promoting energy efficiency to follow the route, for the next few years, that has been taken by those other Administrations in the United Kingdom for the foreseeable future?

Stewart Stevenson: We will look with interest. We have other interventions.

Lewis Macdonald: That does not sound terribly urgent.

Stewart Stevenson: I do not think that I have more to say.

Sarah Boyack: Without great hope or expectation of getting a different answer from the minister after those detailed questions, I ask him to consider the fact that, last week, we had a very good presentation from his officials at the cross-party group on renewable energy and energy efficiency. Their ideas for the energy efficiency work that will be funded by the Scottish Government look similar to work that is being done by the power companies and local authorities south of the border, which have flexibility to choose from a range of options, including council tax rebates. Will the minister consider giving us similar flexibility here? It would require primary legislation to give local authorities that opportunity. When I consulted on the issue for my member's bill, I received a strong response from local authorities in favour of having that flexibility and the option of working with power companies. That is, in a sense, a plea to the minister.

I go back to Lewis Macdonald's point. Primary legislation now would not prejudice any changes that a future Government wanted to make to the taxation system. We have an opportunity to do something now. It would be worth while for the minister to consider the evidence submitted by those organisations that argue that the issue should be on his agenda.

Stewart Stevenson: We are pursuing a substantial range of options. This minister, by instinct, is a copyist—if there is a good idea elsewhere, I will grab it with both hands, and both feet as well if that is necessary.

The Convener: Section 51(1) says:

"Ministers must take such steps as they consider appropriate to promote the use of heat produced from renewable sources."

One of my colleagues described that—perhaps rather kindly—as "a bit woolly". In response, the official, who is here again today, said that the Government intended, subject to ministerial approval,

"to turn that into an obligation to produce an action plan and update it regularly."—[*Official Report, Economy, Energy and Tourism Committee*, 4 February 2009; c 1541.]

Has the minister approved such an amendment at stage 2?

Stewart Stevenson: The process is slightly more complex than the minister simply issuing a fiat on the subject. The consultations on what we will introduce at stage 2 are in progress. I can assure the member that that is one of the issues that are being considered.

The Convener: That answer is almost as woolly as section 51(1).

Stewart Stevenson: It is the best answer that I am able, procedurally, to give you at this stage.

The Convener: I would be grateful if you could update the committee on that as soon as you can. It would be helpful for any recommendations that we wish to make on the matter.

I have a final question, which might or might not relate to this section—I am slightly confused. The issue of combined heat and power does not appear in the sections that we are discussing. Does it fall into those sections, or should one of the duties of the Government under the bill be to promote combined heat and power, whether from renewable resources or otherwise, given the greater efficiency and reduction in carbon emissions that it can provide?

Stewart Stevenson: Again, we return to the word “promote”. Of course, energy, as such, is not within our competence. We are engaged with the issue of biodiesel—or biofuels generally. We have been supportive of a number of initiatives, which we expect to see reflected in our action plans.

The Convener: I am not sure that that answers my question.

Lewis Macdonald: On Monday, the committee visited the Aberdeen combined heat and power plant and saw the benefits for users. That is extremely positive, but an issue that arises is the lack of capital to extend the approach to other areas that did not have the foresight that Aberdeen had six or seven years ago, when the plant was established. In the context of which action plan does the minister expect further steps to be taken in that regard? Will that include a commitment of resources by the Scottish Government to make that possible?

Sarah Hart (Scottish Government Business, Energy and Enterprise Directorate): We are currently consulting jointly with the UK Government on heat and energy saving, which includes the issue of combined heat and power. The renewable heat action plan will also look at the renewable heat element. On the steps that we need to take—we are not quite at that stage—as part of the action plan we are considering where we need to go to mainstream that sort of technology where possible.

Lewis Macdonald: That is helpful. On the capital funding of schemes and setting resources aside, will there be some adjustment to the financial memorandum to reflect the commitment to put Government support behind schemes of that kind?

Stewart Stevenson: This is not the time or place for me to anticipate the cost of outcomes or to make any commitments in that regard, but if what we bring forward by working with the UK Government—it is important that there is partnership working on that—has financial implications, of course we will have to share them with Parliament.

Ms Alexander: I want to ask the minister about the accuracy of the financial memorandum. I appreciate fully that the bill is in many respects an enabling piece of legislation, but might there be merit in revising the financial memorandum? The memorandum states currently that the duty to promote energy efficiency in its wide sense is

“part of current planned activity”

and, as such,

“is not expected to give rise to additional resources”.

It seems to me that that sentence is completely incompatible with the number of plans that we expect to be forthcoming in the coming months. We have had a meaningful debate about whether there should be duties in the bill or whether it is appropriate to put those in secondary legislation. However, whichever route is taken, the statement in the financial memorandum that the Government has laid before Parliament that the duty to promote energy efficiency is

“part of current planned activity”

is incompatible with the evidence that we have heard today.

It would be in the interests of Parliament if you would produce a revised financial memorandum, acknowledging that there are areas that cannot yet be specified but stating that there are actions that will have financial consequences, given the number of new action plans that we envisage. Otherwise, the financial memorandum process is simply a nonsense. As a convener of the Finance Committee in the previous session, I do not think that any of us has an interest in having a financial memorandum that states the situation as it does currently. I invite the minister to go away with his officials and reflect on whether a revised financial memorandum might be appropriate—it might lack specificity, but it would at least be accurate in identifying that future costs would be forthcoming.

12:00

Stewart Stevenson: I do not want to trade words, but I do not think that financial memorandums claim to be accurate. They claim to be estimates, which is a rather different thing. Accuracy is what we see from outcomes. Inevitably, financial memorandums are an attempt to look forward to the implications of what is done. There is judgment, but they are not absolutist. I just make the general point that financial memorandums give the best available figures, or they should do. I am happy to continue to engage.

In general terms, the comment that is being made is simply that there are no costs associated with the development of the action plan. That is all that we are saying. If any costs derive from the implementation of the action plan, we will of course identify them and bring them forward for the usual financial scrutiny. In a strict sense, one is supposed to produce a revised financial memorandum in response to changes that are made to the bill, rather than in response to changes to the view. However, I am entirely comfortable with the idea that we should continue to engage and to consider the financial costs that are associated with what is a framework bill to take us to 2050.

I return to the point that financial memorandums always give us the best available estimates, and in many cases a range of possible outcomes. To pretend that they tell us exactly what the numbers will be when we review them after the event—in this particular case, and probably in the generality—is a little optimistic.

The Convener: When we started the meeting some time ago, I suggested that Nigel Don, who is substituting for another member today, is a utility player. He will take the role of sweeper on the issue.

Nigel Don (North East Scotland) (SNP): Utilities might be fairly close to where I am coming from.

When the bill is done and dusted and our grandchildren are reflecting on what we did, they will see an act of Parliament sitting on the shelf, on bits of paper—maybe we will not even be using paper by then. It seems to me that what they will see around them are structures that were built with less energy, structures that are better insulated, and energy utilities that are more efficient. I will take those things in order.

First, what I heard this morning is that building regulations are being tightened up to reduce the amount of energy that is used in the process and, presumably, to improve insulation. Am I right in thinking that what you are working on affects both domestic and non-domestic buildings in that regard?

Stewart Stevenson: Yes.

Nigel Don: Secondly, are you aware of any inhibitor in the current regulations that prevents people from insulating either domestic or non-domestic buildings in a sensible way?

Stewart Stevenson: Well, I cannot write a blank cheque on that, because, for example, listed buildings and buildings in conservation areas are subject to particular regulations. In the generality, however, the answer is no. There are no inhibitions that are material. That is a rather qualified answer, but deliberately so.

Nigel Don: Thirdly, I return to a point that Lewis Macdonald made. We saw Aberdeen's combined heat and power system, which has the huge advantage of being a vastly more efficient process thermodynamically. The minister will be well aware of that. Does the bill contain any inhibitions to the development of such systems? Given that I do not think that there are, what does the Government propose to do to maximise the thermodynamic efficiency of our heat generation, in so far as it is within its gift to do so? I recognise that energy production is a reserved matter.

Stewart Stevenson: We already have grants for district heating schemes through the community grants scheme, and we have the Scottish business heat scheme. The issues that arise from having power and heat generation close to domestic dwellings are simply environmental ones that are dealt with in the normal way through the planning process. If emissions are closer to domestic dwellings and indeed offices, there are issues that might not be present when they are much further away.

The Convener: I am conscious that the minister is constrained by time as he has a flight to catch—I hope that he has paid the carbon offset.

Stewart Stevenson: We have.

The Convener: I am glad to hear that.

Stewart Stevenson: I would prefer to take the train, but on this occasion I cannot.

The Convener: We have not been able to get to one or two questions. I presume that the minister would be happy to take those in writing and to get back to us on them as quickly as possible.

Stewart Stevenson: Absolutely. I am grateful for your co-operation—my meeting in London is at 3.30.

The Convener: You will struggle to get back for decision time.

I thank the minister and his team for their attendance. The committee will continue to take an interest in the bill as it goes through the

parliamentary process. We will have a short suspension to allow the minister's team to depart.

12:05

Meeting suspended.

12:08

On resuming—

The Convener: If members have any outstanding questions that they want me to put to the minister, they should let the clerks have them as soon as possible. I will ask for a single sheet from the Government outlining all the consultations that are currently taking place and the papers that have been produced by the Scottish and UK Governments.

Ms Alexander: I would like a matrix diagram. I tried to produce one myself last week with little boxes but failed miserably.

The Convener: I was going to say that we might ask for a Jim Mather mind map, but that might be too complicated for all of us.

We will ask the Scottish Government to outline the timescales for both the UK and Scottish Government consultations, so that we can have a clear picture of what exactly is going on out there, which will also help our energy inquiry. Please pass any other questions to the clerks.

Tourism

12:09

The Convener: Item 3 is our last item today. I felt that it was appropriate, in tourism week, for us to have a quick look at the current situation in the tourism industry. There have been several major recent developments, including the formal launch of homecoming, the publication of various reports expressing concern about the decline in visitor numbers last year, and the withdrawal of funding contributions to VisitScotland by some local authorities. My recommendation is that, although we are committed to return formally to the recommendations in our tourism report at the end of May and early June, we should have an additional evidence session at our scheduled committee meeting on 1 April to examine the current situation in the tourism industry and to get an update. Are there any comments?

Lewis Macdonald: That is a welcome recommendation. Sadly, the year of homecoming has thus far raised more questions than visitor numbers. That is a disappointment, although I hope that the situation may improve.

The funding arrangements, which we considered carefully in our inquiry last year, now appear to be under threat, in some cases from unexpected quarters. Given the issues that you have mentioned, we should come back to the matter sooner rather than later.

Rob Gibson: I hope that when the group goes to Orkney as part of our energy inquiry, we might find some time to take the temperature of the tourism situation there, because tourism is a crucial part of the economy of Orkney. It would be good to do that, in addition to our other work, wherever we go in Scotland.

Ms Alexander: We have recently had some incredibly crowded agendas. If we are going to examine the issue on 1 April, let us do it properly. We should give ourselves space to consider the issue and not overcrowd the agenda. We could perhaps have a rematch in October; the withdrawal of funding contributions from VisitScotland is particularly sad. It would take most of a meeting to successfully explore both that issue and progress against the committee's report, which I was not involved in. We may want to send a signal on individual parts of Scotland withdrawing funding contributions from VisitScotland.

The Convener: The issue would be the main item on the agenda for 1 April. The agenda currently looks light, but we never know whether something, particularly regulations, might come from the Government towards the end of the year.

Ms Alexander: And the week before tartan week.

Gavin Brown: I concur with Wendy Alexander. The reduction in the number of visitors from England, which is our main market, is an item in itself and the withdrawal of funding is also an item in itself. We must do it properly and allocate sufficient time, but it is a very good idea to have the issue on the agenda on 1 April.

The Convener: Is that agreed?

Members *indicated agreement.*

The Convener: Thank you, colleagues. I will try not to have two meetings in one week regularly—once a week is more than enough.

Meeting closed at 12:12.

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