

RURAL AFFAIRS COMMITTEE

Friday 3 December 1999
(Morning)

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RURAL AFFAIRS COMMITTEE

10th Meeting

CONVENER :

*Alex Johnstone (North-East Scotland) (Con)

COMMITTEE MEMBERS:

*Alex Fergusson (South of Scotland) (Con)
*Rhoda Grant (Highlands and Islands) (Lab)
*Richard Lochhead (North-East Scotland) (SNP)
*Lewis Macdonald (Aberdeen Central) (Lab)
*Irene McGugan (North-East Scotland) (SNP)
*Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)
*Mr John Munro (Ross, Skye and Inverness West) (LD)
*Dr Elaine Murray (Dumfries) (Lab)
*Cathy Peattie (Falkirk East) (Lab)
*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)

*attended

THE FOLLOWING MEMBERS ALSO ATTENDED:

Mr Jamie McGrigor (Highlands and Islands) (Con)
Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)
Mrs Margaret Ewing (Moray) (SNP)
Dr Winnie Ewing (Highlands and Islands) (SNP)

WITNESSES:

Mr Andrew Robertson (Scottish Executive Rural Affairs Department)
Ms Jan Polley (Scottish Executive Rural Affairs Department)
Ross Finnie (Minister for Rural Affairs)

COMMITTEE CLERK:

Richard Davies

SENIOR ASSISTANT CLERK:

Richard Walsh

ASSISTANT CLERK:

Tracey Hawe

Scottish Parliament

Rural Affairs Committee

Friday 3 December 1999

(Morning)

[THE CONVENER *opened the meeting at 10:15*]

The Convener (Alex Johnstone): Good morning. The committee has had a short private meeting. I want to mention in passing the second item on the agenda, which concerns the appointment of advisers to a committee that will report on rural poverty.

Irene McGugan and I have met to discuss the matter. Unfortunately, Cathy Peattie was not present at the meeting. We want to discuss the matter further in private. I suggest that we postpone this item until the end of the meeting so that we can deal with it quickly before we go home.

Are we agreed on that?

Members *indicated agreement.*

Agricultural Business Improvement Scheme

The Convener: Item 3 on the agenda is the Highlands and Islands agricultural business improvement scheme. I can advise the committee that we have with us Mr Dave Fergusson, the audit adviser to the Parliament. As witnesses, we have the Minister for Rural Affairs, Ross Finnie, who is accompanied by Andrew Robertson, the chief agricultural officer and Jan Polley, the head of the agricultural policy co-ordination and rural development division of the Scottish Executive.

I have been asked to begin by allowing Ross Finnie to make a short statement to the committee, after which we will proceed with technical questions to the representatives of the Scottish Executive rural affairs department. Thereafter, we will question the minister

The Minister for Rural Affairs (Ross Finnie): Good morning. I am pleased, as are my officials, to have this opportunity to discuss ABIS.

In response to the committee's request, my officials have submitted a fair amount of detailed papers to you. I hope members did not feel that there was too much information. Perhaps there never can be. I hope that the information we supplied was what your clerk requested of Mr John Graham.

I do not want to repeat what is in the documents—we would be here until Sunday if I did—but I would like to make a brief statement on the problem that I inherited. If the committee has read the papers carefully—particularly the appendices that detail the applications that came in—it will have noted that applications for £5.1 million of grant had been received before the end of August, which was within two months of the closing date for applications. During September and October, we received applications for £21.5 million. That increased the total value of applications received this year to £26.6 million, which is higher than the budget for the scheme.

When I examined the budgets that were presented to me on coming into office, it was clear that only the remainder of the original £23 million of European grant had been allocated to the scheme. There had been no adjustments to it other than those explained in the appendices. No additional funds had been put into it.

It was put to me that a simple way to deal with the overshoot in demand would be to request additional funds from the Treasury. On the face of it, that was an attractive proposition. I have thought long and hard and taken further advice and it seems to me that it is not really an easy answer. Members will understand that ministers sometimes have to request additional funds—as I have had to do in relation to the declining incomes of hill farmers—but in terms of the broad perspective of the Parliament, that is not a viable option in this case. I have considered all the facts that have been placed before you to see whether there is a way in which the scheme might have been administered better. The trouble with that approach, however, is that one inevitably applies hindsight. We might want to examine something that I will call son of ABIS—the committee might have useful contributions to make about how such schemes should be run.

I have some sympathy for members of my department in relation to the way the issue arose. Given the fact that crofters and farmers have to match the funds that they apply for, in light of the severe problems that are faced by crofters and farmers it is difficult to believe that anyone could have forecast that they would collectively apply for a total of £23 million.

The strange thing that the tables we circulated show is that the flow of ABIS applications did not increase markedly following the introduction of improvements to the scheme at the end of March. They increased in September and October, when 3,742 applications were received. That compares with 4,412 applications during the first four years of the scheme.

The department is not in a position to fund all the applications that were received in September

and October. Anyone who examines our budget will find that to be the case. It is also impossible for us to cover ABIS commitments by ring fencing EU resources that have been allocated to the new Highlands and Islands special programme. I am happy to follow that up later, as we want to examine how the new scheme might operate. Under the European rules, I am not permitted to announce that I can commit those funds—that would put the new scheme at risk.

Some capital project grants are likely to feature in the new scheme. Members of the committee have already seen the draft regulations, but the grants will be subject to negotiations on the new scheme with the European Commission—and negotiations are unlikely to open until well into the new year.

I feel not at all comfortable about the events that have occurred—that grotesquely understates my feelings on the matter—but I do not wish to give any impression that I am complacent about it. I have inherited an extraordinary situation and I do not think that anyone could have foreseen the level of applications that have been made. I remind members that, irrespective of the overshoot, it should not be forgotten that under ABIS the Highlands and Islands have benefited to the tune of £18 million.

As I have already mentioned, convener, I am accompanied by Jan Polley and Andrew Robertson, and we are all happy to assist the committee in any way we can.

The Convener: Thank you very much, minister. I would like to take this opportunity to welcome Fergus Ewing and Jamie McGrigor: they are MSPs who have joined committee members today to look after what they see as their interests as Highland members.

I propose to begin questions at this point. We may wish to start with technical questioning to the Scottish Executive rural affairs department representatives, and then progress to discuss policy with the minister.

Rhoda Grant (Highlands and Islands) (Lab): I would like to begin by asking about the history of the scheme. What do you think may have caused the upsurge in demand for the scheme?

Ross Finnie: If there had been a more even flow, it would be easier to say. I have to say that it is quite difficult for me to understand what was in the minds of the applicants. Jan Polley might want to elaborate on the history and the committee's lengthy deliberations before arriving at the decision to make changes but, as I understand it, the intention of those who revised the scheme and published the revised literature might have been to come up with a more attractive scheme.

However, that theory is not entirely borne out by the analysis of the number of persons who applied for the new measures in the revised proposal. That makes the matter more puzzling. If there had been a huge welter of applications in direct response to the new scheme, we could have concluded that opening the process up in that way was right and that we had misjudged how attractive that was. We need to consider the papers that illustrate that the level of applications under the new measures is not significantly different. The curious thing is that measures that attracted applications worth only £13 million or £14 million over five years suddenly produced applications worth nearly £20 million at the final stages of the scheme.

Members should understand that it is difficult for me to get into the minds of applicants. They saw it as an opportunity to use the available funding, but I cannot speculate on why they should have done so in such huge measure, in a spurt, in the last two months.

Members might also be interested in why the scheme was changed: Ms Polley could elaborate on that.

Ms Jan Polley (Scottish Executive Rural Affairs Department): All the applications that we received as part of the upsurge following the new measures that the minister has just mentioned come to a value of only £1.5 million. It is clear that the bulk of the outstanding £23 million or £24 million of applications is not due to the measures that we introduced per se.

The upsurge may have been due to the fact that the level of grants was increased. Another possibility is that people were panicking because they thought it might be the last scheme ever. They might not have had the money to pay the matched funding at the time, but the rules of the scheme give them two years to pay, so they might have applied in the hope that, sometime over the next two years, there would be an upturn in the fortunes of the farming industry, which would enable them to afford to pay.

10:30

Those are all maybes and, as the minister said, it is partly speculation. The new measures have a long history. Way back in 1994, when they were introduced, there was a long consultation. The scheme that was introduced was an amalgam of a couple of other successful schemes that had been running in the Highlands. By and large, everyone was happy with them. The uptake, however, was very low.

The new measures were introduced as a result of a lot of discussion with people in the industry. There was a concern that, if uptake remained low,

the money would be filtered out of agriculture and into other parts of the Highlands and Islands programme. It was thought that efforts had to be made to ensure that that did not happen.

The thinking among those in the farming communities we consulted was that, through increasing the overall rates and increasing the total amount of grant a farmer was entitled to receive in the entire period of the scheme, the new measures might make the difference. That is why the changes proceeded. However, what actually happened was due to a mixture of responses to the changes and to other factors that occurred to people at the time.

Rhoda Grant: What appears to be coming through is that there was perhaps not significant publicity about the scheme prior to the consultation. Could the scheme have been made available to people who had found out about it because of the consultation, thus leading to the upsurge?

To what extent was the old scheme publicised? How much knowledge of it was there among the farming communities?

Mr Andrew Robertson (Scottish Executive Rural Affairs Department): There was a lot of publicity when the scheme was launched in 1994. There are always strong contacts between farmers and our area office staff. Farmers and crofters would have been well aware of the original scheme through that medium.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Are you not concerned about the apparent lack of ability to detect what is going on in farming communities? Jan Polley talked of speculation when she was asked about the upsurge in applications. What does that say about the liaison between the rural affairs department and its main client group? If we are discussing the present situation in terms of speculation, what does that say about any future scheme, the estimates that can be made for it and the reliance that we put on such estimates?

Ross Finnie: I will ask Jan Polley or Andrew Robertson to deal with the scheme and the flow of applications, but I direct your attention, Alasdair, to the tables that have been provided for this meeting. If you look at the figures for the applications received by area offices, you will see that the value of applications increased after March, but their number was up only to perhaps 700 in any month.

I invite you to look at the tables carefully, with regard both to the volume and the amount of applications. I am not ducking your question, Alasdair: you have asked the question that we have asked ourselves. It is only in the last eight weeks shown that the amount of applications is

way over £1 million in any period. We cannot be complacent about your question; if we are going to have what I call son of ABIS, we will have to consider more sensitive monitoring.

I am not necessarily saying that we have got it right, but I invite members to examine the tables. By volume and value, the applications increased after March, but in no way was there an oversubscription of the £6 million that was available for the final year. That £6 million—roughly—was available for the final year of the scheme, and amounted to twice the amount that had been taken up in any previous year. The previous highest annual level of uptake was £3.1 million. Jan could perhaps comment on how we have considered that.

Ms Polley: The question is fair and we asked it ourselves. ABIS is only one of a number of schemes that we operate. We wanted to see whether there was anything particular about the scheme because, by and large, this kind of problem has not happened on any other scheme and, as far as we know, it is not happening anywhere else.

We looked at what happened last winter and who told us what about what might result from the changes that were made. Most of our contacts are with the representative organisations—the National Farmers Union, the crofters and the Scottish Landowners Federation, for example. We ensured that we took repeated soundings through contact with those organisations and the Highlands and Islands monitoring committee, which is the other organisation on the ground through which we operate.

Even from a review of the situation at the time, it is clear that there was no mention that there was likely to be a problem. Indeed, people were concerned that if the changes did not take place until March, there might not be enough time for farmers to take up the money that was available until October. The representations that we received were about that. We have checked that very point.

Alex Fergusson (South of Scotland) (Con): It is always easy to talk with the benefit of hindsight, but I believe that there may have been a warning. In his letter of 18 February to Jim Wallace, now the Deputy First Minister, Lord Sewel said:

“In recent months, the flow of claims has accelerated quite rapidly”.

It would have been known that a new scheme was on the way. In my experience of farming, the months of March, April, May and even June are not a time when one has a lot of time to fill in application forms. I suspect that that little sentence, coupled with the timing in the farming calendar, may have given a hint of what was to

come, although I accept that it would probably not have shown the extent of the increase. Is that possible?

Ms Polley: Constitutionally, I have some difficulty with that question. As a UK civil servant, I am not able to speak on behalf of Lord Sewel. I can represent only the minister for whom I work. I will try to pick my way through the question.

We looked into the matter. It is interesting that the letter from Jim Wallace said that he was terribly worried that all the money was not going to be used. The response, therefore, tried to reassure him that everything was all right. The letter in February was written at around the same time as the discussions with the programme monitoring committee in the Highlands and Islands about whether there was spare capacity to take out the £2.7 million, because we had received representations that we should take out more than that to ensure that the money was used up by farmers elsewhere. We had been trying to work out whether we had enough or more than enough money.

Despite everyone's best endeavours and talking about it, we did not think that what happened would happen. We were being told that a lot of people were holding back in the early period because they had been told that new measures would be available. The context in which Lord Sewel replied was that he had been asked to address a concern that the money was not going to be used.

Alex Fergusson: Nonetheless, do you accept that there was a pointer to quite a significant increase in the number of applications at the close of the previous scheme?

Ms Polley: At the close of the previous scheme? I am sorry. I misunderstood. I thought you meant at the time the letter was written.

Alex Fergusson: When the letter was written, it stated quite clearly that there was an increase.

Ms Polley: When Lord Sewel wrote the letter, there had been an increase. Annexe E of the papers that we have provided to the committee suggests that there were more than 100 applications in January and in February, whereas in November and December of the previous year there had been 36 and 27 respectively. However, the numbers have tended to be fairly cyclical. At the beginning of 1998, there were more than 100 applications in January and in February. Lord Sewel was, I think, trying to offer an assurance that the fact that 36 and 27 applications had been received was not evidence of an increasingly downward trend.

Dr Elaine Murray (Dumfries) (Lab): Did you say that only £1.5 million could be attributed to the

new scheme?

Ross Finnie: No, to the new measures.

Dr Murray: So is only £1.5 million of the backlog attributable to the new measures?

Ms Polley: Yes.

Dr Murray: So where do the rest come from? Are they claims that were submitted prior to the new measures being introduced that had not been dealt with?

Ross Finnie: No. The new measures were additional. They did not exclude previous schemes.

Dr Murray: Is it not the case, however, that some farmers withdrew applications and resubmitted them because of the suggestion that the new measures might be more favourable than previous ones?

Mr Robertson: New measures were added to the existing scheme. The £1.5 million relates to things that were not available under the previous scheme. Farmers carried on applying for other things that previously had been available under the scheme.

Dr Murray: Why were the new measures added so late? The scheme was to end at the end of the year. Was not it rather late in the scheme's life—just a few months before its demise—to bring in new measures? Given that some farmers would not have known what the new circumstances would be, surely it was fair to assume that there would be a rush of applications? Surely farmers would have thought that they were as well to take advantage of what they knew as to take pot luck with the new scheme.

Ms Polley: We had assumed in the calculations that there would be a bit of a rush. You asked why the changes came in only in March. I cannot speak on Lord Sewel's behalf, but the consultation proposal for new measures had started long before then, in 1997. A number of things took over, including the fact that the whole of the Highlands and Islands programme was being reviewed. It was not technically possible for us to introduce new measures before that process was complete. The comprehensive spending review had also been initiated by the incoming Labour Government. It was therefore not possible for us to introduce any new spending commitments at that stage. The earliest we could get moving on the programme was September 1998, when we got the final agreements from the Commission and so on. That was when we were able to start drawing up the statutory instrument and putting everything in place. It did take a long time, but there were reasons for that, many of which were outwith our control.

Mr Jamie McGrigor (Highlands and Islands)

(Con): Could the increase have had something to do with the extra carrots, so to speak, that were thrown in to encourage people to take up ABIS, combined with the fact that the countryside premium scheme, which was running at the same time, was difficult to get into and had a lot of failings? Many people who failed to get on to the countryside premium scheme reapplied for ABIS, particularly as it was the only grant that was any good for getting work done to buildings. When people saw that ABIS was more attractive, they also had to arrange to get money to match the scheme funding. They therefore had to go to banks to get that first. All those factors contributed.

It should have been foreseen that there would be a large surge in applications. After all, was that not what you wanted? Was it not hoped that this money would be taken up? You can hardly blame the poor farmers. What are you going to do, minister, about the many people who have put up money in good faith, having been asked to do so? You can hardly leave them in the lurch now.

Ross Finnie: There are two issues there. As well as the countryside premium scheme, the crofting counties agricultural grants scheme in the Highlands and Islands is open to applications for certain building projects.

We are back to the question of how to anticipate demand. That concerns me not only now, but with regard to the running of any future scheme. Jamie McGrigor is right to say that the intention was to induce applications. As Ms Polley has explained, the concern towards the end of last year was that we still had £6 million—we had to double the previous number of applications even to use the funds. I do not think that anyone is blaming the farmers. That is not what we were trying to do.

Mr McGrigor: The surge resulted from a combination of inducements and the fact that many people failed to get on to the CPS scheme. This was an alternative.

Ross Finnie: Mr Robertson, would you like to deal with that technical point before I address the last issue that Jamie McGrigor raised?

Mr Robertson: The countryside premium scheme has a rather different objective from ABIS. It is an environmental scheme that involves our paying people to manage areas of land for environmental good. ABIS is a capital grants scheme, through which we provide assistance for capital projects.

Mr McGrigor: Can people be on both schemes at once?

Mr Robertson: Yes, but they have rather different aims and objectives. I do not think that it necessarily follows that failure to get on the

countryside premium scheme would push people towards ABIS.

Mr McGrigor: Some time ago I spoke to the Scottish Agricultural College, where I discovered that applications to ABIS had declined, in part, because the countryside premium scheme had gone on offer. Farmers saw that as a more attractive scheme than the old ABIS. Only when the extra carrots were thrown in to ABIS 2 did people change their minds. It takes quite a long time for news of that sort to filter through to farmers. They do not have time to read everything that is issued—especially, as Mr Fergusson was saying, during the busy times of the year. Only when the nights start drawing in do they start to study the application forms.

Ross Finnie: That is absolutely right, except that the facts make it more difficult than even you are suggesting to speculate about how this situation arose. If your thesis is correct, that would suggest that the majority of the applications that are associated with this surge were stimulated by the new carrots. I agree that the rates have gone up and that the inducements may be responsible for the difference but, as we told Elaine Murray, from the purposes for which the vast majority of the applications were made, it is evident that these applications could have been made at any time over the five years of the scheme. I take your point—people might have found it easier to get on to the countryside premium scheme. However, as Andrew Robertson has just said, that is a very different scheme, for a very different purpose.

Your last point concerned how we deal with people who have come into this in good faith. That leads on to how far it may be possible to include some of them in the new scheme. I repeat what I said in my opening statement: you have seen the draft regulations for the Highlands and Islands rural programme and, as you will be aware, it includes what I shall call son of ABIS, for short. That scheme is not yet agreed, so we cannot make commitments on it; if we did, that could seriously imperil the scheme. However, given that its final details will be the subject of in-depth discussion to which members of this committee will be able to contribute fully, and that it will be widely consulted on, it is difficult to imagine that there will not be an attempt to ensure that the regulations give hope to people who have already made applications that they will be encompassed within the scheme. Members of this committee will be among those who determine exactly how people gain access to the scheme and what the regulations are. I would be surprised if you did not think of ways of ensuring that someone who had been through the resource audit procedure for a previous scheme did not have to do so again.

10:45

I am sorry to sound so speculative, Jamie, but it is my earnest hope that we will have a scheme that will do much to deliver the overrun on those that preceded it. However, this morning I am not in a position to give hard commitments on that. Members of this committee know that we have already applied to Europe for the Highlands and Islands scheme, the detail of which will be adjusted through this committee. Both I as minister and you as a committee, taking on board the experience of this most unfortunate overrun and its potential consequences, can make a valuable contribution to determining the final detail of the scheme.

Lewis Macdonald (Aberdeen Central) (Lab): Minister, I want to take you back to the question of predicting and managing the band, both for ABIS and for son of ABIS. In paragraphs 30 and 31 of the paper that you have submitted to the committee, you discuss the various warning signals that alerted your staff and officials in the department to the fact that there was going to be an overrun. I want to ask you about resource audits in particular. As I understand the scheme, a resource audit has to be completed before an application can be made. However, the alarming rise in the number of applications that occurred in September and October does not seem to have been preceded by an equivalent rise in the number of applications for resource audits. Is there an obvious explanation for that?

Mr Robertson: There are two issues here. A resource audit could be carried out at any time from the start of the scheme. If it identified that a particular investment was needed, the application for that investment could be made at any time following the approval of the resource audit. However, if a new resource audit showed that the business would benefit from different investments, that second audit would show up as a new resource audit prior to a new application. Applications are not, therefore, entirely dependent on new resource audits being carried out.

Lewis Macdonald: Does that mean that a large number of completed resource audits were in existence for which applications had not yet been made? If so, could those have formed the basis for predicting the maximum number of possible applications?

Mr Robertson: The resource audits would identify the investments from which the business might benefit, but they would not in any way commit the business to making those investments. Given the financial plight of the industry at the time, people might have decided not to go ahead with applications for items that had been identified in the resource audits because they could not afford to do so.

Lewis Macdonald: However, the department would have a record of those businesses that had completed resource audits and had not made applications on the back of them.

Mr Robertson: Yes.

Lewis Macdonald: When managing and predicting demand in the future, would that be one place to start?

Mr Robertson: We could consider that.

Lewis Macdonald: Could you also consider the approved resource audits, which began to alert you to the problem?

Mr Robertson: Yes.

Alasdair Morgan: I have a supplementary question. If you were to add together all the projects within the resource audits that are on file, you would have a maximum potential exposure, which I presume would be many times in excess of what you thought the total would be. You could have made a risk assessment of the applications that might be in the pipeline. Has anyone totalled those figures?

Mr Robertson: No. As you rightly point out, the resource audit gives an absolute maximum number of projects, but it is very unlikely that any farmer would have been able—or even have wanted—to have undertaken all the projects identified in a resource audit which had, perhaps, been carried out two or three years before the fall in income had taken place. It would not have been financially possible for a farmer to do that, particularly given the plight of the industry at the time.

Ross Finnie: We should consider that issue in future. If an application is made following a resource audit, one might want to inquire whether the outstanding projects would be likely to form part of a future claim. That is applying hindsight to a problem that we only now find ourselves in, which I think is your point, Alasdair.

The Convener: As a supplementary question to Alasdair's point, is it fair to ask you, minister, to estimate the true shortfall in the scheme, given that the £20 million that the press refer to may be an overestimate?

Ross Finnie: No, I do not think that it is an overestimate. Given that the deadline for applications has passed, the value of the true shortfall is, technically, £23.133 million, which was calculated on the basis of the applications lodged by the due date.

The Convener: Is it likely that grant applicants will still seek that money, or are there applications that might not be carried out?

Ross Finnie: You are asking me to speculate

about whether there were frivolous applications. I am not sure that I am in a position to enter into the minds of applicants. We must take it that applications were made in good faith. We do not know, and cannot be sure, whether, having submitted applications, farmers were able to raise funds themselves. I have to deal with the facts that are before me.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Thank you, convener, for welcoming me to this committee meeting.

As a constituency member of the Scottish Parliament, I have been inundated with letters and complaints from farmers, many of whom now face grave financial hardship. I know that all parties, and everyone here, are concerned about the position that farmers now find themselves in.

However, my question to the minister arises from Lord Sewel's letter of 18 February to Jim Wallace, to which reference has already been made. In that letter, Lord Sewel stated:

"I can assure you and your constituents, however, that sufficient resources will remain applied to the ABIS to ensure that all outstanding commitments can be met, as well as accommodating any upsurge in applications which may emerge as a consequence of the improvements to the Scheme to which I refer below".

That letter was a promise made by a Government minister. It was an assurance—the word "assure" is used. It amounts to an undertaking. It was promulgated to the farmers, who acted on that promise, as they were entitled to. They believed what a Government minister said when they were told that their grant applications would be met and they acted accordingly. Many of them have spent thousands of pounds as a result of that promise. My question is simple: is a promise by a Scottish Office minister binding on the Scottish Executive? If not—such promises can be torn up, as you seemed to indicate in your opening remarks—how does the UK differ from a dictatorship where the rules can be discarded as people go along?

Ross Finnie: I take it that you are suggesting that every farmer read, in full, Jim Wallace's letter, Lord Sewel's letter and the scheme's regulations, before they arrived at that conclusion.

Fergus Ewing: That is not what I am suggesting. However, I do not believe that it would be necessary for citizens to be aware, personally, of a Government minister's promise for that promise to be binding. If a Scottish Office minister made a promise as recently as February 1999, surely, as a matter of constitutional law, that promise must be binding on the minister who succeeds him or her? With respect, that is the specific question to which my constituents would like an answer.

11:00

Ross Finnie: I am trying to answer your question but I am in difficulties because I am not responsible for Lord Sewel—I must make that absolutely clear. There is a constitutional problem. It does not seem to me to be unreasonable that what you construe as a promise—and you are a lawyer, Fergus—must be seen in the context of Mr Wallace's question. Therefore, one must read Mr Wallace's and Lord Sewel's letters, both in full and in the context of the explanatory leaflet that sets out the scheme's rules.

Following the advice that I have been given, my position is that, in view of those three elements, Lord Sewel's letter did not amount to a promise, given the allocation of moneys to that scheme; my position is that such an interpretation is outwith—or goes beyond—the context of reading those documents together. Ms Polley may be able to give more background information, but we are now into a difficult issue—this is about another Administration in another place.

Fergus Ewing: I understand that the pledge—the promise, the undertaking, the assurance—given by Lord Sewel in the letter of 18 February was repeated by him at a subsequent National Farmers Union meeting.

Ross Finnie: I am not aware of that. That is a very difficult question for me, convener. I am not Lord Sewel.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I wish to take up that point, as I was going to come on to it later and it is the nub of this issue.

Never mind what went on under previous Administrations, the farmers are interested in what will happen now and in the future about the £23 million of applications that are outstanding. As Fergus Ewing pointed out, it is an accepted principle of good government that an Administration that takes over from another—and this Administration is different from the previous Administration—accepts the responsibilities of previous Administrations.

I do not want to get into legalese, but does the minister agree that there is a moral obligation on the current Administration to meet the expectations of the farmers and crofters, regardless of whether those expectations are based on a legality? I am not interested in whether this is a technicality—I am interested in the moral obligation that faces this Executive as a result of a promise made by John Sewel.

I understand that you are responsible for a finite amount of money, minister. However, if there was ever a case in which you should be willing to knock at the chancellor's door to obtain more

money, this is that case. I would like you to address the issue of the moral obligation to our farmers and crofters in the Highlands and Islands.

Ross Finnie: That is obviously a difficult question—it is not as simple as you imply, Mike. There is always the prospect, or possibility, of overshooting in any scheme that operates within its rules. That is why the initial explanatory leaflet contained warnings to that effect.

You say that there is a moral obligation to meet every application within the scheme—that may be. However, you would then have an interesting argument. Such a huge volume of applications is made—in this case, the total is almost equivalent to the original budget—that people are unable to obtain funds. Nevertheless, that £23 million was very properly applied to the Highlands and Islands.

As for whether that is the only priority in my budget, I do not wish to demean the position of Highlands and Islands farmers who suffer severely from other problems. However, although access to that kind of money would no doubt be very welcome in the south-east and in Alasdair Morgan's constituency, even he would recognise that the Highlands and Islands have special difficulties. It would require much wider discussion about priorities for the Executive to create such schemes with funds that do not come directly from objective 1 funding. I know that the scheme's specific nature is not satisfactory. However, given that there has been such a welter of applications, if a scheme which accommodated many of those applications could be constructed, the amount of lost moneys would be substantially less than the figure that I have heard this morning.

Mr Rumbles: Although I am not trying to imply that the plight of farmers and crofters in the Highlands and Islands is any more deserving than that of those suffering from the other farming crises, the difference is the promise made by Lord Sewel on behalf of the previous Administration that

"sufficient resources will remain applied to the ABIS to ensure that all outstanding commitments can be met".

That is unequivocal.

We know that the pig, beef and sheep industries and other agricultural sectors are in crisis and that your budget is limited. However, that is not my point. Do you recognise that the Executive has a moral obligation to meet the commitment given to farmers and crofters in the Highlands and Islands? If so, will you make sure that the Chancellor of the Exchequer is aware of that commitment and ask him, on this one occasion, to release further funds to meet that moral obligation?

Ross Finnie: I have some difficulties with this. The question that Mr Wallace asked was in the

context of a discussion about whether further funds should be taken from ABIS and applied elsewhere, as it was likely that ABIS would not use them. That had happened before when £2.5 million was removed from the scheme and applied to crofting township schemes. It was decided that, having revamped the scheme, the balance of the £23 million available should remain with the scheme.

Mr Rumbles: So you do not believe that the Government has a moral obligation.

Ross Finnie: What was done was both within the scheme's rules and regulations and within the context of funds remaining within ABIS not being misapplied or applied to such schemes as crofting township schemes. However, I cannot answer for what Lord Sewel had in mind.

The Convener: Are you saying that some applicants who are eligible for ABIS will not be paid?

Ross Finnie: Although I have scraped the barrel of the very limited amount of money available to the rural affairs department and have found £1 million to add to the scheme, clearly a substantial proportion of the £21 million of outstanding applications to ABIS cannot be paid.

The Convener: Who are those unpaid applicants likely to be?

Ross Finnie: I am sorry—I do not follow your question.

The Convener: Do you know yet what priorities will be applied when the decision is made about who will and will not be paid?

Ross Finnie: In an attempt under very difficult circumstances to use our limited funds, we consulted the industry—admittedly very late—about applying such priorities and came up with six potential categories of prioritisation. Only the first three categories can be contained within the £2.2 million available; the applications that come under the other three categories cannot be met.

Alasdair Morgan: I have a supplementary question. A second point that arises from Fergus Ewing's question is why Lord Sewel made these statements not once, but twice. A guarantee to pay every application from a fixed fund is either a reckless statement or is backed up with a guarantee that the money can be topped up from another source. Can we find out why Lord Sewel made this statement and whether he was given any advice that enabled him to repeat it?

Dr Murray: I would like to make a point about that. Lord Sewel will not have made this statement off the top of his head. It is likely that he put his signature to a letter that had been written by someone else, which, if his promise cannot be

fulfilled, makes me concerned about whether he was receiving appropriate advice. Perhaps we can learn some lessons from that for future schemes, as it raises an issue about the availability of resources as one scheme ends and a new scheme begins.

Ross Finnie: Obviously, I do not think that Alasdair Morgan was directing his comments at me. I now read letters three times before I sign them.

I am not able to deal with the question. I have had long discussions with my officials. Although we realise that this is a serious issue and are anxious not to be obstructive, there are various conventions that have to be observed. Ms Polley cannot speak for Lord Sewel and there are limitations on the public disclosure of advice to ministers, as Alasdair Morgan and Elaine Murray will realise.

The Convener: Given that committee members obviously have an interest in this issue, which of the witnesses can answer that question?

Ms Polley: Although, as officials, we are not able to talk on behalf of Lord Sewel or to explain the advice that we did or did not give him, we might be able to recall what was happening at the time that the letter was written to help to explain matters to the committee.

That letter was written in February. At the end of January, the department issued a press release stating that, in the last year, farming incomes had fallen by 45 per cent. That coloured most of the thinking at that time. Many aid packages had been brought forward over the previous months and there were new aid packages in January, February and March. One of the farming organisations told us, unofficially, that even if the ABIS changes came in, they would be too little and too late. That was the position in February. I hope that that gives the committee some indication of what may have been happening.

Mr Rumbles: To some extent, looking for someone to blame is a blind alley. At the end of the day, the minister, Lord Sewel, was responsible for his decision. There is no point exploring which civil servant advised each part of the policy. Similarly, the current minister, Ross Finnie, is responsible and the Executive is responsible for the position in which the previous Administration has left them.

11:15

I asked the minister a direct question and I was not very happy with his response. I asked whether he felt that the Executive has a moral responsibility to fund the £23 million shortfall from another source. I recognise that he cannot find

that money from within the budget that he has been allocated. However, does he think that the Executive has a moral responsibility to our farmers and crofters in the Highlands and Islands and, if so, will he ask the chancellor to provide funds from the UK budget to meet those responsibilities?

Fergus Ewing: Hear, hear.

Ross Finnie: I have some responsibilities to the farmers in Scotland in discharging those parts of my job that relate to rural affairs: agriculture and fisheries and so on. The use of the word "moral" seems to—

Mr Rumbles: I am sorry to interrupt, minister, but I did not mean you, personally. I meant the Executive.

Ross Finnie: We have to argue the matter in a way that can be applied both to this case and to future situations. Having seen what has happened in this case, the prospect of any fund overrunning causes me great concern. Does that mean that we have an obligation to find funds in all cases, even if there is an overrun? My difficulty is that I do not know.

We heard from Ms Polley about the context in which the letter was written. However, no additional funding was made available and no change was made to the rules of the scheme. The rules do not indicate any obligation in the event of an overrun of applications.

Mr Rumbles: You miss my point, minister. I am not talking about any scheme, I am talking about the letter in which a specific commitment was given in relation to ABIS. That is a unique commitment. I am not aware of any other case in which such a commitment was made. I accept that any scheme could overrun. In general, funds are limited and farmers and crofters must accept that. However, when a specific promise is made, it is a different matter. That was my point.

The Convener: I apologise to the members of the committee who have been forming a long and orderly queue to ask questions. John Farquhar Munro has been waiting the longest.

Mr John Munro (Ross, Skye and Inverness West) (LD): I support much of what has been said by my committee colleagues. The Scottish Executive has a moral responsibility to go back to the Treasury and make it aware of the commitment that Lord Sewel gave in his letter. It was not an idle statement. I am sure that Jim Wallace accepted it as a serious commitment and would have communicated that to his constituents. The farmers of the Highlands and Islands were encouraged to become involved in ABIS, and I am sure that they accepted the statement as a genuine commitment, which is why there was a rise in uptake.

It seems appropriate that the Minister for Rural Affairs and the department should defend themselves against the suggestion that they are responsible. They are responsible now, but, as we heard this morning, it is clear that they inherited the problem. As Mike Rumbles said, having inherited the problem, they have a moral responsibility to implement the scheme on behalf of the farming community. If it were the only problem in the farming community at present, we might be more relaxed about the situation. However, it is one of many problems that are affecting the farming communities in rural Scotland, and particularly in the Highlands.

Many of the farmers and crofters who got involved in ABIS find themselves in a very difficult position. As we heard, they have spent large sums of money to present their applications and many individuals have not yet been advised that they have not been accepted for the scheme. They are very critical of Scottish Executive Rural Affairs Department—not just its headquarters but its area offices, which are going through a difficult time. The area offices are not being given the information to pass on to the ABIS applicants. It is remiss of SERAD headquarters not to make the area offices aware of what is going on.

A question was asked about who will get paid and who will not. I am not asking the minister to make a statement on that this morning. However, one might imagine that half a dozen of the ABIS applications amount to a substantial sum of money, whereas many of the applications will be on the less expensive end of the scale. In a commercial world, the decision might be taken to pay the smaller requests and leave out the larger ones. That is a decision for the department to take, but it will be difficult for those people who have already spent money.

Many applicants have made commitments to their landlords that they are not able to retract. They have had to implement some of the schemes that they proposed and, having done that, they find themselves in default. As SERAD has always said, starting before receiving written approval disqualifies the applicant.

It was suggested that there should be a prioritisation scheme. However, the agriculture industry has said that it does not want to hear about a prioritisation scheme because the farmers and crofters are all in it together. It was suggested that CPS was quite different. I do not think so. The countryside premium scheme is related to ABIS and some aspects are interlinked.

We have heard all about what has happened in the past. We are here to take the situation forward. How do we do that? The simple answer is: with finance. We should ask Gordon Brown and the Treasury to make funds available, as they

promised in the past. The commitment has been given. SERAD, led by the minister, should be knocking on the door of the Treasury daily, to ensure that this scheme will be implemented. A substantial amount of money should be made available to alleviate the difficulty. As I said at the outset, that is only one of the many difficulties that affect the rural communities of Scotland, but it is the one that is paramount in most people's minds.

Ross Finnie: You suggested a means of prioritisation. Those who have rejected that have done so purely because they want the whole scheme to be paid. Someone is also bound to ask whether the officials of the rural affairs department reminded all applicants at the point of the approval of resource audits, as they are required to do when processing applications, that there is no commitment by the department to approve any subsequent application. It might also be asked whether we stated clearly the way in which the scheme was operated, and whether there was a guarantee that an application for financial assistance would be approved, which the rules of the scheme do not give.

That returns us to the argument that Mike Rumbles suggested that we would get into. However, that is not an easy argument. We were asked whether we were applying the scheme. The letters to and from James Wallace may be understood in different ways. I do not know, sir. I am concerned about stating, on the basis of this discussion alone, that this is the only priority of the Scottish Executive, or that it is the Scottish Executive's main priority for additional funding. I am concerned that that should not be taken in the round, either in terms of the other sectors of agriculture or—good gracious—other possible priorities within the whole range of Executive activities, in case that might prejudice future funding.

I have great difficulty telling officials how we are to get funds for a scheme that is essentially funded as part of a programme that is now closed. Given that we will be looking for funding to match the new scheme, I am nervous about getting into the wrong argument in trying to deal in the future with these outstanding applications, and about prejudicing the way in which we might resource other aspects of agriculture and rural affairs on an continuing basis.

Cathy Peattie (Falkirk East) (Lab): Many of my questions have already been asked, and answers have been given. I am concerned that people have spent a great deal of money, but find themselves in an impossible situation. Minister, you are saying that the programme is closed. Although we are talking about a new programme, it seems that it will be difficult to deal with this problem, because of the time scale.

I am not a farmer, nor from a farming area, but I think that we should find a way out of this mess quickly. The debate this morning suggests that the problem will continue, which people cannot afford. It is important that a son or daughter of ABIS tries to ensure that this kind of mess does not happen in the future.

The Convener: Do you want to react to that at all, minister?

Ross Finnie: I fully agree with the latter point. Clearly, we all benefit from the wisdom of hindsight.

Richard Lochhead (North-East Scotland) (SNP): The original overall funding for the agricultural programme in the Highlands and Islands is cited as £23 million in annexe B of the papers that you circulated to the committee, which has intriguing implications for the matter that we are discussing. We are told that £2.5 million was lost through exchange rate fluctuations, between 1995 and 1999. I presume that a significant element of that £2.5 million was ABIS money. Therefore, ABIS suffered due to the exchange rate mechanism during those years.

I do not pretend to be an expert on the complexities of European funding, so I would be grateful if you could shed some light on how that situation came about. Was there any insurance policy when that £23 million was allocated? Clearly, the announcement of that figure led to high expectations that that cash was going to be available. However, £2.5 million was suddenly wiped out. Was there any protection that would enable you to fulfil your promises and guarantees, despite the effects of the fluctuations in the exchange rate? Does your department adopt any precautionary principle?

11:30

What are the implications across the board for the rural affairs budget? If £2.5 million has been lost from £23 million, what are the implications for the rest of the budget? Has the department as a whole lost tens of millions of pounds because of the fluctuations and the chancellor's policy, which is made in London? Does not that strengthen your case for going to the chancellor in London and asking for more cash to help us out?

Ross Finnie: There are two points there, and I shall have to ask for some technical backup.

You are right, Richard. These schemes are not denominated in pounds: they are denominated in whatever was used at that time. They were not euros. What were they at that time? Ecus. Of course they were. How could I forget that? The schemes were denominated in ecus. Yes, the currency depends on the timing of the scheme.

There are no mechanisms or rules. We get some top-ups. Perhaps Jan could explain that. There is some recompense in those schemes.

Ms Polley: The point that you are making applies to all European funding, whether it is another type of structural funding or grant schemes for mainstream agriculture. Under the structural fund schemes, as currencies fluctuate over the period of the programme, allowance is made for that in a couple of tranches. Perhaps two or three times, over the five years, the Commission will provide more money. It is then up to the monitoring committee to decide how to allocate that money.

The last tranche that the monitoring committee received was in 1998, which was to cover the period up to the end of the programme. In 1998, the committee had to decide how to allocate that money throughout its programme. It considered the whole structural funds programme and put that money into the areas that were tightest, through grants such as those for the Highlands and Islands.

Richard Lochhead: As 10 per cent of the budget was wiped out by those fluctuations—which is a significant amount—did any cash come back into ABIS?

Ms Polley: No. The monitoring committee is responsible for that aspect. The last time it received any cash back in respect of fluctuations was 1998. The money did not go into ABIS. I do not honestly know where it went. It went into some of the other schemes in the Highlands and Islands structure plan. The decision was made by the monitoring committee to put the money into the areas that were experiencing most difficulty.

Richard Lochhead: Is it possible for a department to make a request of the Commission? When the money comes from the Commission, can there be more input from your department to make up for the exchange rate fluctuations? I presume that the Commission does not make that money available of its own free will; a request must come from your department.

Ross Finnie: Ms Polley is saying that we received money in compensation for the exchange rate, but that, when it was received in 1998, the decision of the Highlands and Islands monitoring committee was that, as that scheme was way under in terms of its requests, the money was applied to other Highlands and Islands objective 1 schemes, which were already under pressure. We are using hindsight again, I am afraid. I would like to think that the monitoring committee made a reasonable decision on the basis of the information that was available to it.

Richard Lochhead: Do you have figures to show how much has been lost by your whole

department?

Ross Finnie: I am not sure that we have lost money.

Richard Lochhead: I am referring to European funding.

Ross Finnie: We got money back from Europe; I am not sure that there has been a loss. There has been a loss to this scheme because of circumstances elsewhere when the scheme was applied. I am not sure that there has been a loss from the total.

Richard Lochhead: Is any more cash due to come back from the Commission?

Ross Finnie: No, because that last tranche was the final payment.

Ms Polley: That is what we have been told.

The Convener: In mid-June, the principal agriculture officers in the Highlands noticed an upsurge in demand for the scheme. Is there a potential communication problem? Perhaps that information did not reach the rural affairs department.

Mr Robertson: The information reached the department. If I remember correctly, there was an increase in the number of resource audits, but—as we explained earlier—such an increase does not necessarily mean that the number of applications will increase. We rely heavily on information from the area offices to tell us what is happening on the ground, but at that point the increase in audits was not translating into an increase in applications.

Rhoda Grant: I will return to the argument about what farmers believed that they would receive from the scheme. While I can understand that not everyone would have seen the letter to Jim Wallace, its contents would have been reflected in the feeling in the department at that time. That would have been passed on to the farmers who hoped to benefit from the scheme.

There seems to be some concern that not all the applications that are in will require funding. There might be applications that have no matched funding, and which will be withdrawn. There is talk of a new scheme being introduced under the new special funding, to which some of those applicants might apply, and other schemes are available that the applicants might be able to fit into. Would it be possible for the Executive to underwrite the scheme, given the ways that applications might be made to other programmes for which funding is available? Other applicants who do not have matched funding now might wish to wait until the new scheme is drawn up. That would mean that those applicants who have invested a huge amount of money and time, and are waiting for their applications to be processed, might receive

the money that is available now. Rather than asking someone to add another £22 million to a scheme, the Executive could underwrite the existing scheme and say that money will be available in some form for those who need it.

Ross Finnie: That comment is intended to be helpful and constructive, and I take it in that spirit. If I were able to write the European rules, that is more or less what I would want to do. However, my difficulty is that I cannot do that; I cannot commit myself in advance to adding an amount to a scheme, the specific purpose of which I have not yet fully agreed with Europe. As you know, Europe has the strict view that funds should not be committed in advance. Your suggestion that I underwrite the funds and then move things around might be construed as a commitment in advance of a new scheme. It would be dishonest of me to give an underwriting commitment, when my budget demonstrably does not contain the £22 million needed to meet such a commitment.

Rhoda Grant: I am not proposing that you use money from your budget. Like Mike Rumbles, I am suggesting that you could ask the Treasury to underwrite this scheme. I am not suggesting that you give a commitment that applicants will be considered under the new scheme, because you are obviously unable to do that. I am saying that the new scheme might be able to take some of the applicants, while other grant schemes that are available in rural areas could pick up others. It is a case of underwriting the schemes, bearing in mind that nearly half the applicants might drop out and others might be able to get the funding that they seek from other schemes.

Ross Finnie: The maximum amount must still be underwritten. The principle of underwriting—whether in insurance or any other industry—is that one must, at the outset, at least cover what the maximum exposure might be. Perhaps some of those applications would not be able to find matched funding, but I do not know. If any form of finance were sought, I suspect that at the outset we would, as a contingency, at least require access to the maximum amount that would be required. Any principle of insurance would demand that, and this issue is no different. Therefore, if the question is whether that position was made public, the answer is that it was indicated that any excess would be met. We are back to the same difficult argument about Lord Sewel's exchange of correspondence with Jim Wallace, the rules of the scheme, and what applicants were told when they made or received their resource audits.

Rhoda Grant: Some of the present applicants will not, however, be eligible under the scheme. As far as I understand it, there has been no audit of those applications. Is it correct that you do not know whether they are eligible for funding under

ABIS?

Mr Robertson: We have examined in detail only the priority applications, but it is true that some of the present applications might exceed the expenditure ceiling. When that is examined in detail, those applications might total less than £22 million.

Alasdair Morgan: You have said that you do not know what caused the sudden upsurge of applications towards the end of the scheme. However, it is clear that the delay in relaunching the scheme must have been a contributory factor. Are you happy about the length of time it took to develop the new scheme and get it going?

In your documentation, you say that, at the beginning of 1997, your monitoring revealed a worrying slow-down in applications. Negotiations with the Commission were not completed until a year and a bit later. The Commission finally gave its approval in September 1998, some 18 months later. Even after that approval, the official launch of the scheme was not until the end of March 1999, when you were almost up against the buffers. Is there no way that we can speed up the mechanism? If we cannot, part of the reason must be European considerations, but is everything done as quickly as possible on this side of the ocean?

You talk about other pressures, such as Agenda 2000. Were you talking about other pressures in the Scotland Office? Are there insufficient resources to deal with all those things?

Ms Polley: The bulk of the delay was because we got caught up in the review of the bigger Highlands and Islands programme, which was agreed in September 1998. After that, if I remember correctly, the statutory instrument was laid at the beginning of March. The 21-day rule and so on must also be taken into account. What happened in the period in between—and we explained this publicly at the time—was that the branch that was involved was also negotiating the new rural development regulation in Brussels, as part of Agenda 2000. That branch, therefore, had to spend a lot of time in Brussels. The same branch was involved when—and some of you may recall this—the local authorities in Orkney and Shetland wanted to help some of their farmers to transport some of their livestock to the mainland that winter. In order to do so, that branch had to get round the European Commission state aid rules, which, on the face of it, it could not. The staff concerned had put a huge amount of effort into that. The same one and a half people—I say half because there was a part-timer—were trying to do all three of those things.

In January, there was a shifting round of resources, because it was recognised that there

would be a continuing problem. That is why the statutory instrument was laid at the beginning of March. The problem was well known at the time, because our records show that we were explaining publicly that we were encountering it.

Alasdair Morgan: Given that such problems are always going to crop up, as will other schemes and other emergencies, are we always going to be late?

11:45

Ms Polley: I cannot possibly comment on that.

Ross Finnie: We certainly hope not. Apart from the enormous amount of time spent examining why this scheme has got into this difficulty, and considering staff resources and other schemes, we are concerned—within the rural affairs department—about ensuring that what we do is done on time. I cannot act on behalf of others who have difficulties in processing much of Agenda 2000. I am satisfied that those delays are not being caused within the rural affairs department. They often result from delays in processing in the European Commission.

Lewis Macdonald: On the question of resource audits, when the relaunch of the scheme is being considered, have you discussed what might and might not be possible in terms of negotiation with Europe? Is it possible that, in relaunching the scheme, you could identify applicants who have had their resource audits approved and give them priority when making allocations? Is it possible to have prioritisation when relaunching the scheme?

Ross Finnie: I will deal with the first part of the question. There is an issue of expenditure and the time involved in the resource audit. In constructing the rules for access to the new scheme—which will be discussed in the rural affairs department and in this committee—it seems that it will be possible to devise ways of accessing the new scheme that would take account of those who have already been through the resource audit process.

Prioritisation will depend on the rules of the scheme. I am seeking guidance on that, as I do not want to give a commitment that prioritisation will happen, given what has happened before. I am not about to write my equivalent of Lord Sewel's letter to Jim Wallace while I appear before the committee.

Ms Polley: The intention is to draw up the detailed rules of the plan through the plan team, which has already been set up in the Highlands and Islands, and which includes farming representatives, local enterprise companies and local authorities. That group must make a number of decisions, including whether it prioritises and, if

so, how it prioritises. The point that you are making will have to be taken into account.

Lewis Macdonald: Will any priorities be set in consultation with the industry?

Ms Polley: Yes.

Dr Murray: I will return to the point that Rhoda Grant raised. In part 4—on internal targets—of document LTL10611 you state that the value

“of applications received” (column E) shows the original cost of all applications at the time that they were received. It includes the cost of applications which have not yet been approved, applications which were subsequently rejected as ineligible after examination in the Area Office, and applications which may have had their eligible cost restricted for a variety of reasons”.

How difficult would it be to get a handle on the reduction in cost that would result from applications being rejected at the area office, and on the reduction that would result from those applications whose eligible cost had been restricted? Such an audit would be helpful in prioritising what happens to those eligible applications that remain outstanding.

Mr Robertson: Parts of that would be quite easy to do as there is a grant ceiling, so people cannot be granted more than £40,000. On the other aspects, it would be necessary to examine each application on the ground to decide whether it is eligible and, in that way, arrive at the final cost. That would involve a lot of work.

Dr Murray: Area offices have, presumably, a record of the applications that they have rejected.

Mr Robertson: If an application has been rejected as ineligible, it will have been taken out of the calculation.

Dr Murray: That is not what it says in your document.

Ross Finnie: Sorry, Elaine. What page are you talking about?

Dr Murray: I am talking about part 4, which talks about internal targets. The document indicates that the figure includes ineligible applications.

The Convener: Which paragraph is that?

Dr Murray: Paragraph 3.

Mr Robertson: What we are saying there is that we have not been able to work out exactly what is ineligible, particularly with regard to outstanding applications. When I said that ineligible applications had been deducted, I meant that they had been deducted from those that had been processed.

Some aspects of ineligibility are easy to work out on paper; others are not and would require closer examination.

Alex Fergusson: The committee sympathises with Mr Finnie, in that he has inherited this situation. The fact that it was inherited makes the issue unique.

I am worried about the communication that has taken place. The convener mentioned that in June evidence was heard that there would be an increase in applications. It therefore worries me that, when I asked about the problem at our meeting on 7 September, you replied only that the scheme was in serious danger of being over-subscribed.

We have talked about possible solutions for future problems. There is a question of communication: people must be clear about what the limits of a scheme are. Because of the uniqueness of this situation, however, I agree with Rhoda Grant and Mike Rumbles—the answer is to ask for extra funding from the Treasury. I find it hard to understand your reluctance to do so.

Ross Finnie: My reluctance to do so arises from the way in which such negotiations are conducted. This situation might be unique, but any call on the reserves of the Scottish Executive would result in that case being regarded as our absolute priority.

I am hesitant this morning because, although we know who has been affected, different people will be affected in different ways. There have also been calls on me to make similar applications in cases that are directly related to income, rather than cases in which people indulge in capital schemes. My hesitation is not due to my misunderstanding of what the committee is saying—members' views are very clear in my mind. However, given the range of priorities that have been put to me in many income-driven situations in the agriculture community, I hesitate to commit myself to saying that I will pursue extra funds for only one of them. Other sectors in the industry are making equally pressing claims. I receive a large volume of correspondence calling on me to make applications to the Treasury.

Alasdair Morgan: We have heard that this is a different Administration, but as far as the chancellor is concerned, it is the same one. It was his Administration, which was in charge of the Scottish Office, through Lord Sewel, which entered into the commitment. We can say to the chancellor, “Your Administration entered into the commitment and we expect you to fulfil it”.

Ross Finnie: That point was put to me earlier. Although in no way diminishing what Fergus Ewing and Mike Rumbles have said about the contents of Lord Sewel's letter, I am certain that they will want to take account of the letter from Mr Wallace, the full context of the letter from Lord Sewel and of the explanatory leaflet, in order to establish that Administration's commitment. There

is a clear conflict between those elements in terms of the total commitment of the scheme. We cannot read the two documents and come to a single conclusion.

I take no pleasure from that. If we read all the documents—the letters and the leaflet—we are left in a complete guddle as to the commitment. However, the guidance is clear that no one has a right to anticipate that they will receive a grant.

Alasdair Morgan: I have to disagree because Lord Sewel makes it clear in his letter that it is difficult to estimate the amount of money that the scheme will require, yet he makes a clear and open-ended commitment.

Richard Lochhead: The programme's monitoring committee was mentioned and, according to your notes, its membership includes local authorities, enterprise companies, voluntary organisations and environmental organisations. Were there any agricultural interests represented on that committee?

Ms Polley: Not directly. Local authorities, especially the island ones, link up closely with the agriculture industry and we get their views through that. The committee was set up in 1994, but we established a sub-group for the new scheme. The plan committee is the one designed by the Highlands and Islands special programme. However, we set up a sub-group formed of the agricultural interests, the local enterprise companies and the local authorities in order to gain more input from those people with an interest.

Richard Lochhead: Does the minister think that it would be appropriate for agricultural interests to be directly represented on the main committee?

Ross Finnie: It is not my committee. That is a question that I can raise with Mr McConnell. It seems to be a fair question, but I am not in a position to answer it.

Mr McGrigor: You said earlier that the people who have spent money—that is what they were asked to do, after all—would be taken into the new scheme if the original money did not come through. Is the new scheme the son of ABIS?

Ross Finnie: I was using the phrase rather loosely. The new scheme is part of the Highlands and Islands special programme. As at least one member has pointed out, the scope of the new scheme is not identical to that of ABIS. That is the second reason that I will not and cannot give you an undertaking that every person who has applied to ABIS will be eligible. However, from the regulations for the new scheme it seems that there is every likelihood that a substantial number of those who have applied will fall within the ambit of what I have loosely described as son of ABIS.

Mr McGrigor: Do you take on board that the

agricultural sector is not the only one affected? This also has an impact on the building firms and contractors that would have implemented these schemes. It runs all the way through Highlands and Islands life.

Ross Finnie: I understand that. That is true of any capital grants scheme.

The Convener: At this stage, I would like to clear up a couple of specific points that have been put to me by farmers.

We have spoken about the potential eligibility of applicants to the ABIS scheme for grants under a subsequent scheme. What would be the position of those farmers who, for various reasons, have decided to proceed with work that they do not now expect to be supported by the scheme and who wish to apply for support for that work under a new scheme?

12:00

Ms Polley: It has always been a very strict rule of the European schemes that it is not possible to start work before an application for funding has been accepted. That means that if people do the work, they will not be able to get money for it retrospectively.

The Convener: So none of the work that we are describing can be initiated until a new scheme has been developed and applications have been processed in the normal manner?

Ms Polley: Yes, unless it is possible to use some of the other departmental grant schemes or schemes run by the local enterprise companies for tourism and so on. I know that some people will go ahead anyway.

The Convener: Farmers and applicants have informed me that there is a concern about the deadline of 31 December this year. They fear that if the applications are not processed to a sufficient extent before that date, they may be left out with the scope of any solution to this problem. Is there a loophole there that needs to be closed?

Ms Polley: That is subject to European rules and has been a matter for negotiation over the past few months. The rules are very strict, but I am sure that Andy Robertson's people will be looking to establish whether the issue that you raise can be taken into account, as it is a potential problem. However, we have to work within the European straitjacket when doing that.

The Convener: Can you say at this point that any application that was received by a SERAD office on 31 October or earlier will be processed and included in the broad scope of any subsequent arrangements that may be made?

Mr Robertson: At the moment we are

processing those applications that fall into the priority categories, so that we can get them approved under ABIS by 31 December. That has to be the first thing that we do. We are not processing any other applications in that way, because they will not be processed under ABIS. We must wait to see whether the same things could be included as part of an application under a future scheme and whether, for example, some use could be made of the resource audit that was carried out under ABIS.

The Convener: Is there a danger that if we manage, by whatever means, to develop some method of extending the scope of the scheme as currently constituted, some applications will not be processed and that they will, as a consequence, be missed out?

Mr Robertson: The date of 31 December is critical as far as ABIS is concerned. If applications are to be approved under ABIS, they must be approved by 31 December. All the applications that are in priority categories will have been approved by that date.

The Convener: Are you saying that those applications that are not considered to be in the priority categories are likely not to have been processed by that date?

Mr Robertson: Because we are not processing them under ABIS and do not have the funds to do that, there would be no point in trying to get approval by 31 December.

The Convener: Does that mean that, on 31 December, the problem will cease to exist as far as you are concerned?

Ms Polley: On 31 December, ABIS will close. However, many people will have an interest in the terms of the new scheme that will be negotiated with Brussels over the coming months as part of the Highlands and Islands special programme. The forms that people have submitted to Andrew Robertson's office have been submitted under ABIS. Because of European rules, the applicants may have to fill in new forms and resubmit them on the basis of the rules that are devised in conjunction with the plan team.

Ross Finnie: That still leaves the question that Lewis Macdonald raised about what the application is and to what extent we have decided to take account of initial audits. That point still remains. There may be another form to fill in, but there is still scope for discussing how we can take account of previous audits as part of that process.

The Convener: Would it be fair to say that applications that are considered on your criteria to be of low priority will effectively lapse on 31 December?

Ross Finnie: As far as ABIS is concerned, yes,

but it does not get rid of the problem.

Alasdair Morgan: Does that mean that those applications will go in the bucket on 31 December?

Ross Finnie: We will not be throwing them in the bucket—that is rather an emotional way of putting it. If the new rules, arrived at with proper consultation with the various interested bodies and with this committee, can take account of previous work, we will have to find a way of ensuring that we can refer back to that.

I have to confess that we have not done any work on that aspect, but we cannot have a situation in which we have information about a resource audit, agree with the committee that that resource audit is to be taken into account, and then destroy that information. That would be nonsense, so we must consider carefully how to deal with the information.

Alasdair Morgan: One can never be absolutely sure how much money will be paid out on each application. All that one has is a maximum. Is that correct?

Mr Robertson: When we approve an individual application for a building, for instance, we study the estimated costs supplied by the contractor. In that situation, we can be sure of the maximum amount, because the total cost is never less than the estimate.

Alasdair Morgan: On 31 December, will the total amount of those approved match the total amount of the fund?

Ross Finnie: Yes.

Alasdair Morgan: Will there be a shortfall?

Ross Finnie: I should not think so.

Alasdair Morgan: Will the claims also match that figure?

Ms Polley: The claims may match that figure or they may not because I understand that they sometimes vary, but that is a feature of any grant scheme.

Mr Robertson: What we are giving is an approval to carry out the work. If the applicant does not carry out the work, there will be no claim.

Ross Finnie: We will try to do what has been suggested so that there is no further spending.

Alasdair Morgan: Is there any indication from the previous years of the scheme of the number of approved applications that do not proceed?

Mr Robertson: I cannot put a figure on it. There is always a drop-out rate.

Alasdair Morgan: Is it significant?

Mr Robertson: I am afraid that I cannot put a figure on it.

Ms Polley: That is an issue that we have been wondering about. We thought that we might be able to make some assumptions about the drop-out rate and increase the level of grant that we paid out. We have been told firmly by lawyers that we would be in breach of EU law if we did that.

Alasdair Morgan: Even though you know that you will not spend the entire fund, because there will be drop-out, you cannot over-commit.

Ms Polley: It is one of the irritating features. All that we can say is that the money that is not used will probably be available for the new scheme.

Alasdair Morgan: As an extra?

Ms Polley: In the sense that we will have assumed that it was not there and then it will appear.

Mr Robertson: Quite often approval is given to carry out work during the course of which hidden or unforeseen extra costs might be discovered. We can vary the approval to take account of extra costs. That might compensate to an extent.

Alasdair Morgan: Even after the scheme closes on 31 December?

Ms Polley: That would be within reason. One has always to check such things with lawyers, but that would be the practical operation of the scheme.

Rhoda Grant: What are the priorities for the applications that you are approving?

Ross Finnie: The first priority is, as it always was, resource audits. The second priority was to take in the new measures that we had specifically included in the new scheme. Those measures included the mobile fanks and dippers, information technology equipment, alternative agriculture and horticulture, and residential letting. The third priority was to deal with the storage and disposal of farm waste. The fourth priority was cattle-handling facilities, the fifth was cattle buildings and the sixth was other housing for livestock.

The priorities were ranked in that order in the consultation document. After analysing the applications, one has to draw the line at category 3, at which point there is only £2.2 million left.

Fergus Ewing: Although I have some sympathy for the minister in his personal predicament, which is not of his own making, I have no sympathy for the apparent view of the Executive as expressed at this meeting. The Executive refuses to honour the clear assurance that was given by Lord Sewel. The farmers in the Highlands who are affected will meet today's news with outrage. I hope that the minister will consider making a ministerial

statement next week so that this matter can be debated fully in our Parliament.

I want to clear up one area of slight ambiguity in the minister's evidence. Does the Executive refuse to make an approach to Westminster for the cash that is required, or has it made an approach and been turned down?

Ross Finnie: The pressures on me since I took office have been such that neither the budgetary allocations nor European money have met the needs of many parts of the rural community.

We have not made a direct approach. I have listened carefully to what has been said this morning. I have tried to explain why I am concerned that an application on this matter to the Treasury, under the present arrangements between the Government and the Executive, should perhaps be dealt with as a priority over other claims that I am making.

I know that you are not happy with that answer, and I understand why—you are focusing solely on the ABIS issue, whereas I have to focus not just on this issue, but on issues from other sectors of agriculture that put an equal pressure on me. I shall reflect on all the evidence that has been put this morning, but I will not give an undertaking that we can prosecute one claim in advance of another without weighing up the matter.

Alasdair Morgan: I know that resource audits are the first priority. Are we still approving new resource audits? It is my understanding that they could not possibly lead to applications.

12:15

Mr Robertson: I think that I am right in saying that all the resource audits are now approved. The reason for continuing to regard them as a priority is that they have a self-standing benefit, in that they are a sort of slot analysis of the business. Therefore, they can be used in future, not just in relation to a grant scheme, but to look at the health of, and the opportunities for, the business.

Dr Winnie Ewing (Highlands and Islands) (SNP): I know that I am not a member of this committee, but I am fascinated by this subject. Some of the farmers who believed that they were going to get grants will be disappointed. I would have thought that they could appeal to Europe—to the European ombudsman or to the European Court of Justice, for example. My advice to my constituents would be to pursue that course of action immediately.

The Convener: If there are no other questions or comments on the ABIS scheme, I will suspend the meeting for a couple of minutes, after which we will proceed with the agenda.

I thank the minister and the officials for coming here today in what must have been fairly traumatic circumstances, given that they were well aware of the pressure that they were likely to be under. Thank you for your help.

12:16

Meeting suspended.

12:22

On resuming—

The Convener: We now progress to item 3 on the agenda. The suggestion is that we proceed with item 3 by receiving further information on ABIS from Mr Fergusson, the Parliament's audit adviser. It has been suggested that that be done in private. I therefore propose that, as Ross Finnie is here to cover item 4 as well, we should proceed to item 4 and return to item 3 in private at the end of the meeting.

Members *indicated agreement.*

Sea Fishing Grants (Charges) Bill 1999

The Convener: We therefore progress to item 4. The minister is here to answer questions on the Sea Fishing Grants (Charges) Bill 1999. Does any member want to comment on the bill to initiate this discussion?

Lewis Macdonald: I want to comment on the general principle of the bill. I was pleasantly surprised to discover that we were to examine a bill that would have retrospective effect, as we have had many discussions on whether bills can do that. Does the minister want to comment on the fact that, although a bill can retrospectively correct an error or area of doubt in the law on charges that are made by Government, that is perhaps not so easily done when the boot is on the other foot?

Ross Finnie: I hope that members will forgive me if I say that it is strange to find myself trying to explain the actions not only of the previous Administration, but of the Government before that. Rarely can a minister have been brought before any committee to engage in that rather curious process, so I crave your indulgence.

In response to Lewis Macdonald's question, I am advised that the bill is perfectly competent to do what it seeks to do. I am content for the measure to be passed as UK legislation, as it does not attempt to introduce a principle of charging that would affect Scottish business. If there was any suggestion that it would introduce charging, I would have rejected it out of hand. Clearly, any legislation that would impose charging on Scottish

fishermen could properly be contained only in a Scottish bill for discussion in the Scottish Parliament. This bill does not seek to impose charging; it seeks merely to remedy a flaw in the way in which the legislation was originally drafted and to provide cover as it legalises actions that since 1996, when charging ceased. For me, that is the biggest issue.

There are other practical issues. The bill is intended to cover the activities of both the Herring Industry Board and the Sea Fish Industry Authority. If this committee decided that it would be preferable to have a separate bill, an English bill would still be needed to deal with the Herring Industry Board, which is a creature of the United Kingdom, and that bill would have to extend to Scotland. To rectify the problem, and to deal only with correcting the error that has been made, I believe that this is the most sensible way in which to proceed.

The Convener: Do members have any other comments?

Richard Lochhead: I fully take on board what the minister says. Has the fishing industry been consulted on this move?

Ross Finnie: My understanding is that it has. The change was first intimated some time ago and the industry has been made well aware of it. A commitment was given on 5 November 1998 to proceed in this way.

When I asked whether any complaint had been made about the charges, I was informed that, in so far as the charges were made for marine inspections—to ensure that the work that was to be undertaken would meet safety requirements—there has been no complaint either from the industry as a whole or from the individuals who have been affected.

Richard Lochhead: The final assurance that I seek is that the bill has no bearing on the reintroduction of a safety improvement grant scheme or on the timing of such a scheme.

Ross Finnie: No. Matters that affect Scotland will be determined by the Scottish Parliament and this committee. The sole purpose of this legislation is to deal with an anomaly. It does not create a charge, nor does it prejudice what might take place in the future in relation to safety.

Alasdair Morgan: The bill is short, which we welcome. I want to put on record the fact I would normally vigorously oppose any Westminster bill that dealt with a devolved matter. In this case, however, as the bill clearly deals with a mistake that was made by the Westminster Parliament, I am delighted to support it.

Ross Finnie: I am delighted to have such support, which Alasdair Morgan has voiced much

more eloquently than I could have done.

The Convener: If members have no other comments, I shall read through my documentation so that we know what we have to do at this stage.

The bill received its first reading at Westminster on 22 November. Its second reading is scheduled for the week commencing 13 December. The consent of the Scottish Parliament is required before second reading. Our Parliament, in Edinburgh, will consider an Executive motion on this issue on Wednesday 8 December. The motion reads:

That the Parliament accepts the need to establish the validity of charges levied by the Sea Fish Industry Authority and the Herring Industry Board as set out in the Sea Fishing Grants (Charges) Bill and agrees that the Bill should be considered by the UK Parliament.

I understand that that motion will be taken without debate. Time has not been allocated for a full debate, but members will have the opportunity to investigate the proposal here today.

Are we content for this matter to be dealt with by the Westminster Parliament?

Members *indicated agreement.*

The Convener: That draws our consideration of item 4 to an end. I am grateful to the minister for all his efforts.

Petition (Homing Pigeons)

12:30

The Convener: The next item on the agenda is the Scottish Homing Union petition on pigeons. We addressed the issue before and deferred initial consideration while we awaited information from SPICe. All members should now have a copy of the research note on racing pigeons and birds of prey. The petition requests that the Government review the operation of the Wildlife and Countryside Act 1981, especially with regard to the status of racing pigeons and the balance of population levels with other species of birds. Having taken into account the SPICe research note, the committee is invited to express a view as to whether that would be appropriate.

Cathy Peattie: I have read the SPICe research note, but I still think that—after the years of neglect and the time it has taken to establish the current number of birds—it would be difficult to agree to any proposal that would reduce the number of birds of prey. I understand the concerns of people who raise pigeons. However, I must say that some of the proposals made me giggle and I cannot see them being taken seriously.

Alasdair Morgan: When the matter was first

raised, I said that we should wait for the raptor working group's report, which will not come out until next year. There is no point in progressing without the scientific evidence.

Dr Murray: A commission for the Hawk and Owl Trust is also researching the issue of pigeons and birds of prey and is due to report early next year. It would be precipitate to reach a conclusion before the two reports are available.

The Convener: In that case, shall we await further information?

Mr Rumbles: We should wait for the reports.

Petition (Pesticide Tax)

The Convener: The next item is initial consideration of a petition from the National Farmers Union. The introduction of a pesticide tax is a reserved matter and, apparently, the Department of the Environment, Transport and the Regions is exploring alternatives to that tax with the industry. The petition requests the Scottish Parliament to oppose the introduction of such a tax and the committee has to decide whether to express a view on the matter.

I will declare an interest. As a user of pesticides, I am diametrically opposed to the introduction of any pesticide tax.

Richard Lochhead: Oh well, in that case—

The Convener: However, I am prepared to listen to any other comments, of course.

Mr Munro: I think that we agree with you. As enough penalties have been imposed on the agricultural and farming communities in Scotland, I am happy to support your suggestion that we oppose the introduction of the tax.

Dr Murray: Although we all have concerns about the burdens that have been placed on agriculture, the initial proposal for a pesticide tax laudably addressed environmental concerns by reducing levels of pollution. It is not a case of placing another burden on farming. However, the proposal did not receive a particularly warm welcome from the majority of respondents to the DETR's consultation. We need to find out what other alternative methods of reducing pollution without imposing burdens on farming are being explored by both the agrichemical industry and the Government. We need more information about such partnership models.

Alex Fergusson: What Dr Murray just said assumes that farmers, if they have nothing better to do, are quite happy to go out on a Thursday afternoon and spray a field. That is patently not the case. I cannot accept that a pesticide tax will reduce the use of pesticides. Farmers do not

spray fields wantonly that do not need spraying, particularly given the current economic circumstances in agriculture.

Mr Rumbles: I quite agree. Just as the fuel escalator tax has not served its purpose of reducing fuel consumption, most academics now say that the proposed pesticide tax will not achieve its aim. We should therefore support the petition.

Lewis Macdonald: The DETR has consulted and come to the conclusion that other methods need to be found. The DETR is the lead department as the tax is a reserved matter, so I suggest that we forward the petition to the DETR, draw the views expressed in it to the DETR's attention and leave it at that.

Mr Rumbles: I agree.

The Convener: Is that the view of the whole committee?

Alasdair Morgan: I tend to agree. I am a bit doubtful about accepting petitions about an issue on which the goalposts have moved since the petition was submitted. Much of what we are talking about is no longer being proposed. If the situation had not changed, I would have liked to consider the matter in more detail, instead of taking a broad-brush approach and saying that taxes on pesticides are either good or bad. The suggestion is sensible.

The Convener: Can I assume that Lewis's proposal is unanimously accepted?

Richard Davies (Committee Clerk): I draw members' attention to the fact that there is an understanding that, as a matter of courtesy, the committee's response to the petition should be passed to the convener of the Public Petitions Committee before it is issued publicly. I trust that members are content for that to happen.

Enterprise and Lifelong Learning Committee Report

The Convener: We move to item 7 on the agenda, which is a report on the Enterprise and Lifelong Learning Committee. I believe that Rhoda Grant and John Munro were present when the Enterprise and Lifelong Learning Committee met in Inverness. A written report has been circulated. Is there anything to add? Where did the committee meet?

Rhoda Grant: We met at the Town House.

The Convener: Was it a productive meeting?

Rhoda Grant: It was good. It showed how agencies working on the same problem can work together. The theme of partnership ran throughout

the day. There was some overlap, but generally agencies were working together for the good of the area.

The Convener: It was a full meeting of the committee at a remote site—or at least remote from Edinburgh. How did that work?

Mr Munro: It seemed to work very well. Most important, those who came to give presentations to the meeting were very enthusiastic and were delighted that the committee had come, although I would not say that Inverness is remote.

The Convener: No, but it is remote from Edinburgh. I corrected myself; I meant remote in the same sense that Edinburgh is remote from Inverness. [*Laughter.*]

Mr Munro: The meeting was very well received. Reports of the meeting were good and the presentations were constructive and useful. Given the success of the first attempt to take a committee to the periphery, I imagine that there will be a number of requests from other committees to do the same.

The Convener: Are there any other questions?

If not, I thank our reporters for representing our interests at that meeting.

Correspondence

The Convener: We move to an item that has been added to the agenda at my request as a result of the direct communication that Richard Lochhead and I have had with representatives of elements of the pig industry in the past few days. We have a long-standing request from representatives of the pig industry, including Andrew Peadie of the NFU and one or two others, to meet members of the committee. We have a letter from a Mr McCartney, whom I believe Richard has met.

Richard Lochhead: Yes, I met Mr McCartney and around 20 other pig farmers last Friday in Turriff, Aberdeenshire.

The Convener: While I do not intend going over the details, I will meet Mr McCartney personally. I am meeting the same group tomorrow that Richard met last week. I have the impression, from the representations so far, that the farmers believe that an unprecedented crisis is in the offing in their industry, and they would like to address it in the near future. Would it be possible to arrange a time to meet them in Edinburgh between now and our next meeting?

Richard Lochhead: It is imperative for the committee to recognise the urgency of the situation that faces the pig farmers. Many committee members will have raised the crisis

facing the industry in Parliament on numerous occasions. Last Friday, when I toured a pig farm in Aberdeenshire and met many farmers who had come long distances to have a question and answer session with me, it became clear that they are desperate. They are looking to the committee to address the situation and we should do that as soon as possible. I therefore support the comments that the convener has just made.

The Convener: Can we arrange to do that now?

Alex Fergusson: We have already filled in next Thursday lunchtime, have we not? I have lodged a question on the future of the pig industry for next Thursday. I think it is number 11, so it should come up in question time.

The Convener: The only possible time seems to be late morning or lunchtime on Tuesday 14 December. Would that be possible? That would come immediately before the next committee meeting, and I would like to meet the pig farmers before then.

In any case, we will confirm the time and date for members. Committee room 1 is booked already, so we will use it for both purposes.

Alex Fergusson: The farmers might want to come to the chamber for question time, as there will be a question on their issue.

The Convener: A question by you, by any chance?

Alex Fergusson: Absolutely. We could get tickets for them.

Rural Employment

The Convener: We will move back to item 2 on the agenda. Cathy was unfortunately not present, but I, the two Richards—Richard Davies, the committee clerk, and Richard Walsh, the senior assistant clerk—and Irene McGugan met to discuss appointing an adviser for our inquiry on the impact of changing employment patterns on rural areas. We propose that this part of the meeting be taken in private.

12:44

Meeting continued in private until 13:17.

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