

# **RURAL DEVELOPMENT COMMITTEE**

Tuesday 8 May 2001  
(*Afternoon*)

Session 1

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## RURAL DEVELOPMENT COMMITTEE

### 13<sup>th</sup> Meeting 2001, Session 1

#### CONVENER

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

#### DEPUTY CONVENER

\*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

#### COMMITTEE MEMBERS

Mrs Margaret Ewing (Moray) (SNP)

Alex Fergusson (South of Scotland) (Con)

\*Rhoda Grant (Highlands and Islands) (Lab)

\*Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab)

\*Richard Lochhead (North-East Scotland) (SNP)

\*George Lyon (Argyll and Bute) (LD)

\*Dr Elaine Murray (Dumfries) (Lab)

\*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)

\*Elaine Smith (Coatbridge and Chryston) (Lab)

\*attended

#### WITNESSES

Ross Finnie (Minister for Environment and Rural Development)

Professor Malcolm Peaker (Committee of the Heads of Agricultural and Biological Organisations of Scotland)

#### CLERK TO THE COMMITTEE

Richard Davies

#### SENIOR ASSISTANT CLERK

Tracey Hawe

#### ASSISTANT CLERK

Jake Thomas

Neil Stewart

#### LOCATION

Committee Room 2



## Scottish Parliament

### Rural Development Committee

*Tuesday 8 May 2001*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:03*]

**The Convener (Alex Johnstone):** Good afternoon, ladies and gentlemen. Thank you for attending this meeting of the Rural Development Committee.

We have no visiting members to welcome, but we have received apologies from Alex Fergusson. Are there further apologies?

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** Margaret Ewing is at Westminster today.

### Item in Private

**The Convener:** Item 1 is on discussing item 5 in private, as has been suggested by a committee member. Item 5 is consideration of items for inclusion in the committee's forward work programme. Do members have a view on whether we should discuss that item in private?

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** I would like the committee to consider discussing item 5 in public because the subject matter is not confidential, nor will we be discussing a draft report. I know that the trend of committees meeting in private is increasing, but it would benefit the wider public to know our thoughts when we set out our future programme.

**The Convener:** Are there any alternative views? Do any members think that we should consider item 5 in private?

**Elaine Smith (Coatbridge and Chryston) (Lab):** It would be better to consider item 5 in private. It is clear that the forward work programme will be published for all to see after our discussion. Other committees tend to discuss their work programmes in private and I suggest that we discuss item 5 in private.

**Fergus Ewing:** On this occasion, there is an argument for having the discussion in public. A number of issues have been proposed as candidates for possible discussion and it would be useful to have a public debate about them. The public should hear members' views on those issues, so it would be helpful to hold item 5 in public. I am sure that we could deal subsequently with housekeeping and timing in private.

**The Convener:** Are we content to go ahead and hold the discussion in public?

**Elaine Smith:** I still feel that it should be held in private.

**The Convener:** Are there any alternative views?

**Richard Lochhead (North-East Scotland) (SNP):** I seek clarification. Have we discussed such items in public before? Do we normally discuss them in private?

**The Convener:** It has been done both ways, but in this case a member requested that it be considered in private.

**George Lyon (Argyll and Bute) (LD):** I suggest that we discuss in public the subjects that we will work on, then go into private session to work out the timetable, because that is housekeeping.

**The Convener:** Are members happy with that?

**Members indicated agreement.**

## Budget Process 2002-03

**The Convener:** That takes us to item 2, which is the budget process for 2002-03. The purpose of the item is to gather some evidence upon which the committee will base its report to the Finance Committee on this year's budget process. Members will recollect that on 24 April we considered the approach that the Finance Committee suggested we should take, and how that might be adapted to our needs. We agreed to concentrate specifically on funding for scientific work, as well as on the broad overall impact of spending.

We sought opinions from various organisations on the overall impact of spending, and we also consulted CHABOS—the Committee of the Heads of Agricultural and Biological Organisations of Scotland—on the part of the budget that deals with science and services. Written observations have been circulated to members, and we have invited Professor Malcolm Peaker to tell us about the scientific element of the budget. The Minister for Environment and Rural Development has also been invited to give evidence on the issue, and on issues that have arisen from the consultation, but he must leave by 3.15 pm to attend today's Cabinet meeting, so we will try to fit in both witnesses before that time. I invite Professor Peaker to address the committee and answer questions.

**Professor Malcolm Peaker (Committee of the Heads of Agricultural and Biological Organisations of Scotland):** My initial comments will be brief, because it is important that members have the opportunity to ask questions to expand on the material that we sent. I should say that I am the first stand-in, because I am not the current convener of CHABOS. I did that job a number of years ago when CHABOS was set up, and so far I have avoided being convener again, so I am first reserve.

I want to draw members' attention to two papers, the first of which is on the history of what used to be called Scottish agricultural research institutes, or SARIs, but are now called SABRIs, or Scottish agricultural and biological research institutes. I wrote the paper a few years ago to explain how we came to be what we are, how we are funded, and what we are in organisational terms.

The second paper is the SABRIs' response to consultation on a Scottish science strategy, which I am happy to expand upon. It reflects the broad views of the SABRIs, which are the main research element within CHABOS, and deals with the financial state of the SABRIs over the past few years, and where we see ourselves going in future in relation to the Scottish economy. The paper

reflects the view at the time when the Scottish Executive assumed responsibility for what is quite a significant proportion of biological science in the United Kingdom.

**The Convener:** Would anybody like to open the questioning?

**Dr Elaine Murray (Dumfries) (Lab):** I welcome Professor Peaker, whom I know of old. That sounds rather bad: my husband used to work at the Hannah Research Institute, which is how I know Professor Peaker.

There is so much in the papers that discussion of them would cover an area that is much wider than the budget. I hope that at some point the science strategy will be discussed by the Scottish Parliament because there is a gap, in that the Scottish Parliament has not examined science strategy as much as it should have. Paragraph 14 of the response to the science strategy review group comments on the independence of the SABRIs, and on your view that they should be funded, but not controlled, by Government, which is important to their success.

Will you expand on the tension between the people who want intellectual freedom and the need for a policy that supports particularly vulnerable industries?

**Professor Peaker:** It arises from the difference between intellectual freedom and independence of advice. In the light of BSE and so on, it is important that advice from research organisations is seen as independent. There is a difference between policy influences that enable vulnerable and new industries to get off the ground, and the content of the scientific advice, which has to be seen to be independent. However, there is no conflict between them. That was the basis of the 1912 Haldane committee report, which said that science had to be done at arms' length from Government, but funded, enabled and influenced by Government policies.

**Dr Murray:** What do the SABRIs contribute? At the moment, consequent to the foot-and-mouth outbreak and so on, agriculture is in flux. How will the science research base be able to assist in the development of new industries or in the progress of agriculture?

**Professor Peaker:** That is a good question. Over the past 10 to 15 years, the SABRIs have addressed that question very hard. They have moved away from what was perceived—although it was not necessarily so—to be production agriculture to a broader biological base. They have moved into a broad range of areas that include biotechnology, lifestyle and health.

If we look beyond the common agricultural policy, we can see the impact that the

environment, animal welfare and new food production systems have had upon us. We are out in front and therefore we do not need to be defensive, as we have been quite offensive—in the nicest sense of the word—in trying to open up those other areas. If members wish me to distinguish between them, some of them will be highly relevant to the rural economy and others to the urban economy.

**Fergus Ewing:** The five institutes—the Hannah Research Institute, Macaulay Land Use Research Institute, Moredun Research Institute, Rowett Research Institute and the Scottish Crop Research Institute—play an essential part in supporting the Scottish Executive rural affairs department. We are all becoming more aware of what each institute does. In your paper “Creating Opportunities in Scotland” you touch upon, but do not fully amplify, the ways in which the institutes create new opportunities for agriculture. Will you expand on that paper, in particular the comment that

“At present, little value is added to agricultural products within the rural economy”?

**Professor Peaker:** Although I am speaking for CHABOS, if the committee does not mind, I will give a concrete example from the Hannah Research Institute. In doing so, I am being purely parochial. One of the great benefits of the Scottish Enterprise clusters strategy exercise that I took part in—mainly in relation to food, but also in biotechnology—is the importance that is placed on the primary producer in order to add value. It is also tremendously important that that value is added in, rather than outwith, Scotland. We are operating a de facto food and drink innovation centre, which we are setting up with the Scottish Agricultural College. The centre is designed for the innovative small food producer, because that is where value is added.

**Fergus Ewing:** Are the institutes adequately funded?

**Professor Peaker:** The easy answer is no: if asked that question, a scientist will always say no. We can always use any amount of money from any source. If members consider the attrition—I use the word advisedly—of the past 14 years, they will see that it has been enormous. So-called efficiency gains have taken money straight out of science.

That is why we welcome at least the stop of the rot in the new budget. If we consider the international comparisons, it is clear that biology is now big science. Even taking the UK comparisons—the Biotechnology and Biological Sciences Research Council and the large increase in the UK science budget—we could make the case that a further increase would be justified,

notwithstanding the pressures on the budget, if Scotland is to be one of the major players and use the knowledge for the benefit of its economy.

14:15

**Fergus Ewing:** I rather expected you to say that the funding is insufficient, but your answer also illustrates the ways in which you would like the funding to grow to become sufficient. Are you able to answer the same question in respect of the institutes outside CHABOS? Is their funding also inadequate?

**Professor Peaker:** Yes.

**Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):** I, too, know Professor Peaker from the Hannah Research Institute, which is in my constituency. I want to consider a more general point. What are your views on striking the right balance between the things that the SABRIs and scientists may find interesting and want to pursue further, and the priorities that the Executive has set? I am thinking about subjects such as food safety. Have we got the balance right or do we need to work on it?

**Professor Peaker:** I suspect that we have the balance about right across the SABRIs as a whole. I say that because the main economic problems are also major biological problems. If people are working on major biological problems, they are almost automatically working on issues of major economic importance. The difficult decisions are whether scientists should work on major biological problems and whether what they want to pursue themselves is rather trivial. It is a matter of persuading people to go in a certain direction and asking them whether what they are doing is really that important.

**Cathy Jamieson:** Do the SABRIs make use of their whole budgets or do they subcontract some of the research? How does that work?

**Professor Peaker:** There is a large collaborative element. We use part of the budgets that we get individually—forget centrally, because unfortunately I do not decide on that—for major international collaborative effort. We have pulled together the data and have shown that, over the years, we added value scientifically and levered in more money to the Scottish system from international agencies and commercial organisations outside Scotland. I drew up the list of countries with which we collaborate and even I was surprised by its extent. Pound for pound, we bring a lot into Scotland.

**Cathy Jamieson:** You suggested that the current budget is insufficient. Could you be specific about what the SABRIs could do that they are currently unable to do, because of budget

constraints?

**Professor Peaker:** There is a need for capital investment and investment in technology as a result of the human genome project. I do not know how much investment—we would have to add it up collectively. There is a need for fairly major capital investment to allow us to be at the international cutting edge. The BBSRC compared the position in the UK with that of the USA and found that the US scientists were well supported. In addition, we would benefit from recurrent expenditure for subjects such as lifestyle and health. Almost all of us have a wish list—on which we could expand—just for our Scottish concerns, let alone for our wider role.

**The Convener:** You outlined the role of CHABOS, but could you explain its position in relation to the SABRIs and to the Scottish Executive? We know about the relationship between SABRIs and the Executive, but where does CHABOS fit in?

**Professor Peaker:** That is a good question.

CHABOS is a broad church. It is literally a committee of heads. It consists of the heads of the SABRIs, the head of the Scottish Agricultural College, the heads of bodies that are now agencies—although they may still be part of the civil service—and other individuals, such as the head of research at the Forestry Commission in Scotland. Its structure is a bit complicated; it is almost like an organisation that is made up of bodies that are funded by the Scottish Executive, other than universities. It does not include the heads of research councils and institutes in Scotland, although we do talk closely to those people.

**The Convener:** What is your relationship with the organisations that are not involved in CHABOS?

**Professor Peaker:** A close talking relationship is the best way to describe it.

**The Convener:** Are you fully aware of the views that are expressed by those organisations?

**Professor Peaker:** Collectively, we are pretty well aware of those views.

**The Convener:** Do the views that you expressed today differ in any respect from the views that would be expressed by those organisations?

**Professor Peaker:** I do not think that they would differ from the views that are held by the SABRIs, because we tend to agree about many issues. However, I am not familiar with some of the areas of technical support for Government or with the resources that are required for those areas.

**The Convener:** I will move on to ask a final

question.

Do you feel that the information that is available to us on the budget should contain more detail, in order to show the financial commitment to specific areas of research that are relevant to ministerial policies?

**Professor Peaker:** I understand that concern, but I find it fantastically difficult to classify research. Therefore, I understand why that information is bolted together in the budget, because research can be classified in many different ways.

**The Convener:** That is an interesting answer.

**Professor Peaker:** I have seen other organisations try to classify research, and they ended up with a matrix. One can look at research for relevance to particular sectors or clusters, but one can also look at it in other ways.

**The Convener:** You explained that you see an advantage in the way in which the information is given at the moment. Would you concede that there is a disadvantage for groups, such as this committee, which have difficulty finding their way through it?

**Professor Peaker:** Yes—absolutely.

**Dr Murray:** SABRIs are funded directly by the Scottish Executive, whereas the majority of research councils and universities are funded through the UK Government. Is that separation of funding advantageous for science in Scotland overall, or does it create barriers? You indicated that you had not caught up with some of the additional funding that has been made available through the UK Government.

**Professor Peaker:** It could be disadvantageous—we thought that it might be more disadvantageous than it is turning out to be, but it is important that we do not take a parochial view. When the funding streams are different and one cannot submit joint bids and so on, the situation becomes difficult—in fact, it is tricky and may become impossible in some cases. There is room for more of a joined-up approach.

**Fergus Ewing:** Is insufficient funding of the institutes likely to hamper the efforts that everybody wishes to be made to meet the challenges that arise from foot-and-mouth disease, so that we can make progress on creating a more successful agriculture sector?

**Professor Peaker:** Probably not, as far as foot-and-mouth disease is concerned. However, the situation will be difficult, in the wake of the CAP, foot-and-mouth disease and BSE.

**Fergus Ewing:** Perhaps we can return to that at a future date.



**Professor Peaker:** Yes.

**Mr Rumbles:** In answer to a question from Fergus Ewing, you said that you thought that there was insufficient funding. However, when Fergus pressed you on what level was required, you said that there would always be insufficient funding. Is that your feeling?

**Professor Peaker:** That is what we feel after 14 years of not having sufficient money to keep up with inflation. In 14 years, we have lost more than 30 per cent of our core funding. That is what hurts. We cannot be scratched deeply, as we are very thin.

**The Convener:** Thank you very much for helping us with our inquiry.

It is my pleasure to welcome the Minister for Environment and Rural Development, Ross Finnie, and David Dalgetty, from the Scottish Executive rural affairs department. We will continue to examine the issues surrounding the budget for 2002-03. I invite the minister to address us, after which we will ask questions. I request that members ensure that we have dealt with the minister by 3.15 pm, as he is required at a Cabinet meeting at 3.30 pm and he has my guarantee that he will be out of the door at 3.15 pm.

**The Minister for Environment and Rural Development (Ross Finnie):** I would never wish to question any undertaking or indemnity that was given by someone as distinguished as you, convener, but I do not know what weight that would carry with the First Minister if I did not turn up at a Cabinet meeting. I am grateful for this opportunity to meet the committee at the outset of the 2002-03 budget process. I shall highlight one or two matters that may be of interest to the committee.

When we met in October, the committee considered my spending plans as agreed in the 2000 spending review for the three years beginning in 2001-02. At that time, I set out our view on the wider environment in which our spending plans were framed, especially in relation to the common agricultural policy and developments in the light of the possible EU enlargement and of World Trade Organisation negotiations. I described the way in which our plans reflected the EU Agenda 2000 package and settlement, mainly through our proposed spending on rural development. I also touched on the contribution that will be made to our rural development spending by the process of modulation of the CAP.

Today, I shall highlight the way in which the budget plans for 2002-03, which are set out in the annual expenditure report, will implement our spending review 2000 policies. First, I shall deal with our plans for rural development spending,

which implement our policies in the following ways. The planned spending for less favoured area support is shown as some £60 million for 2002-03. That is a financial year figure and is expressed in resource rather than cash terms. Planned provision for 2002-03 contains elements of spending on the 2002 and 2003 schemes.

In terms of the amounts to be paid to hill farmers under the transitional less favoured area support scheme, the plans imply spending of more than £60 million in 2001, about £59 million in 2002, £56 million in 2003 and £51 million in 2004. Spending on agri-environment schemes is planned to total £31 million in 2002-03 compared with the planned total of £19 million for 2000-01. There is new spending of £14 million on our agricultural and farm business development scheme and an extra £2 million a year on marketing schemes.

14:30

As for agricultural and biological science, my plans are to maintain our current support for the five SABRIs, the Scottish Agricultural College and the Royal Botanic Garden Edinburgh. That includes an increased provision for capital expenditure by those bodies and makes initial provision for the capital costs of relocating the Scottish Agricultural Science Agency from its current site at East Craigs, Edinburgh. I shall refer to that later.

My fisheries plans include the additional provision under the spending review for fisheries grants, such as £10 million in 2002-03 compared with the planned provision of £5 million for 2000-01. We shall maintain support for the Scottish Fisheries Protection Agency and the Fisheries Research Services, and provide additional capital of £3.5 million for a new fishery protection vessel. That was a brief summary of our budget proposals.

Even the best-laid plans are thrown off course by the real world and, in this case, the unforeseen and often unforeseeable threats of finance requirements occurred in both agriculture and fisheries. The plans in front of the committee predate the emergence of those troubles, about which I shall say a few words in a moment.

By far the largest part of my spending plans is on science and is devoted to our agricultural and biological research programme and related activities. That programme is underpinned by a four-year strategy covering the period 1999 to 2003. That strategy, which was published earlier, has five main objectives, the first of which is to support and develop Scotland's excellent strategic science base in both agricultural and biological-related sciences.

The second objective is to widen the end uses of

the programme and ensure its relevance to end-use sectors. The third is to enhance its quality. The fourth is to improve the transfer of new scientific knowledge from the programme and the fifth is to improve the dissemination of information about the programme. Implementation of the strategy is already well under way with sponsored bodies building on their strengths, increasing critical mass and scientific depth, adjusting to new end users for the programme and reducing work in other areas. Furthermore, measures are in hand to improve the quality of the programme, which is one of the key elements of the strategy.

The widening end-use relevance of the programme is evidenced by a new emphasis on relevance to human health issues. In addition, an increased focus on bio-industrial end uses reflects the exciting opportunities associated with life sciences in the 21<sup>st</sup> century as well as links to Scottish Enterprise activity on biotechnology and food clusters. The environment and natural heritage end uses of the programme are also growing in importance and, of course, sustainable agriculture continues to represent a major end-use sector for the programme.

As for delivery, most of the programme is undertaken at the five SABRIs, the Scottish Agricultural College and the Royal Botanic Garden Edinburgh. Those organisations form an integral part of the UK's science base and have strong reputations, not only in Scotland, but internationally. They have impressive track records and a series of reviews over recent years has concluded that their work is important, of a high quality and should continue to be publicly funded. I have backed that judgment and our spending plans continue our strong support for those Scottish centres of excellence.

Finally, I wish to touch on two ways in which our spending plans may be affected by recent developments. I refer first to the major issue of foot-and-mouth disease. It is important to say that areas of consequential public expenditure that have no impact on those plans—including the costs of dealing with the outbreak and the compensation payments being made to farmers who have had stock destroyed—fall to the UK Exchequer. To the extent that the expense arising from the efforts to assist the longer-term recovery of the livestock industry might be met by additional spending within the CAP, those costs would also be met by the Exchequer.

The Executive has not finalised its position on other areas as it is difficult to come to a conclusion on them yet. We will be required to use whatever flexibility we have within our programme to ensure that we are able to meet those costs.

While the focus of the committee's scrutiny is not on the spending review 2000 plans, it is

important to say that those plans do not reflect the £27 million package of support for the fisheries sector. I assure the committee that the provision for the fisheries package will be available when the Minister for Finance and Local Government makes his announcement.

I thank the committee for this opportunity to highlight key areas of my programme.

**The Convener:** The clerks have passed me a note that asks whether, in view of the fact that the publication of the *Official Report* is rather slow at times, it would be possible to have a copy of your speech for the clerks' use.

**Ross Finnie:** Yes. However, the instruction at the top of the first page, "check against delivery" might be quite difficult to carry out after the fact.

**Fergus Ewing:** Are there costs in respect of the foot-and-mouth disease outbreak that will be met from your budget?

**Ross Finnie:** Yes. I am not sure what they might all be, but, as I have said, there are only two areas in which it is clear that the money will have to come from the Exchequer. That is not to say that there will not be other areas, but the issue today is that the capital compensation payments that are being made are being made by the Exchequer. If payments are being made through the CAP that call on a UK contribution, they will come through the Exchequer. I envisage that some elements will have to be met from my budget, but there is also the question whether further resource is to be made available by a call on the reserve.

**Fergus Ewing:** It is gratifying to hear that the compensation payments to farmers for slaughtered animals will be met from the Exchequer as that will no doubt be a substantial cost. Obviously, there will be additional and unforeseen costs in tackling some of the problems that exist as a result of the outbreak. Dealing with them is bound to require additional resources. Are you happy with the budgetary settlement for your department, given that Shetland Islands Council has stated in its response to the committee that the

"total budget for Scotland is bound to increase in real terms by up to 14% over the next three years. However, the budget for Rural Affairs, despite an increase in year 1 of the plan, will remain almost static in real terms"?

**Ross Finnie:** The total budget contains elements that relate to the CAP payments. They are on our current projections but will be paid on a demand basis. In all discussions, we regard matters to do with the foot-and-mouth disease outbreak as being for the Scottish Executive rather than simply for the budget that we are discussing.

**Fergus Ewing:** I ask because, according to the

Scottish Executive's budget document, the rural affairs department budget will be £599 million and will decline in real terms to £576 million by 2003-04. That budget is alone among the budgets of every other department in suffering a real-terms decline. As the budget was negotiated before the unforeseen and devastating foot-and-mouth outbreak, will you now seek to negotiate a better deal for your department, which is the only one to have sustained a reduction in real terms?

**Ross Finnie:** I do not wish to get into a dispute with you. As you take the bottom line, your statement was correct. However, you must differentiate between the total domestic expenditure provision and the CAP market support provision. That figure is based on calculations made at a certain time, but does not show what will be spent in any given year under CAP market support. As Mr Ewing will no doubt have discovered, £40-odd million of the reduction over the three years relates to CAP market support and no reference is made to an increasing level of domestic support. I can only repeat that the aftermath of the foot-and-mouth outbreak will be dealt with properly at Scottish level and UK level.

**Fergus Ewing:** I appreciate the fact that every budget has its complexities. I was aware of the reduction in CAP support—[*Interruption.*] I will conclude after George Lyon's mobile phone has finished ringing. Are you happy with the budget deal as negotiated? I invite you to agree that we should renegotiate the deal, especially in the light of the devastating impact of foot-and-mouth disease.

**Ross Finnie:** I appreciate that you wish to make a point, but I can only repeat that the outcome of the foot-and-mouth crisis will be dealt with through a Ministry of Agriculture, Fisheries and Food budget in London or a rural affairs department budget in Scotland. Matters in Scotland and the UK will be dealt with on that basis. I am confident that in discussing recovery in Scotland—as we have begun to—we will consider issues on that basis. Therefore, I see no point in renegotiating the rural affairs budget per se. However, how the Scottish Executive should approach the aftermath of foot-and-mouth raises issues.

**Elaine Smith:** Good morning and thank you for appearing before the committee. I have a wider question. Given the Executive's commitment to mainstreaming equalities and the equalities unit's guidance to all departments, will you outline how equality issues are incorporated into rural affairs spending plans?

**Ross Finnie:** By providing a specific budget line?

**Elaine Smith:** By thinking along the lines of mainstreaming equalities. My next question may

give you more detail on what I am talking about. The rural affairs department has responsibility for cross-cutting rural policies, as outlined in "Rural Scotland: A New Approach", but it does not have budgetary responsibility for those policies, which falls to other departments. As you do not control the budgets that fund those policies, are you satisfied that you can deliver on them? Policies such as those on rural transport, housing and health involve great equalities impacts relating to gender, disability and other matters. To return to my first question, how will you develop equalities issues in rural affairs spending plans and your department's policies?

**Ross Finnie:** Gosh. You raise several issues. I will deal with the top-level issue first, which is about the rural affairs department's role in trying to take a more joined-up approach to delivering services. The key element for the department in the first instance is to ensure that in whatever policies the Executive pursues or develops, due cognisance has been taken of the different circumstances that often obtain in a rural area. It is proper that there has been a slight—perfectly laudable—tendency to develop policies with the major centres of population in mind. However, that has meant that it has not always been possible for those policies to deliver the same outcomes in rural areas. The Executive as a whole is committed to plugging into the general role that I have described.

The more important point is on the question of delivering, developing and prosecuting policies and whether the Executive is also giving due cognisance to the requirement to meet our equalities objectives. I cannot give an absolute, cast-iron guarantee, but the Executive as a whole is committed to those objectives. It is therefore incumbent on me, in focusing on the areas for which I have some responsibility and in which I am trying to prosecute a rural agenda, to ensure that that key and vital Executive commitment is met.

**Elaine Smith:** The issue of equality in rural areas is pertinent in respect of transport, health and housing. As for any other budget, mainstreaming equality should be an integral part of your department's budget.

**Ross Finnie:** I do not disagree with that.

14:45

**Dr Murray:** I have two slightly separate points. You mentioned the significant part of the budget that relates to scientific research. Indeed, your department is the only one in the Executive that funds research directly. How do you feed into the science strategy for Scotland, for example, or the UK science strategy? How do you feel about your department's involvement in the development of a

wider strategy of scientific development in Scotland?

**Ross Finnie:** The nature of such funding has changed; it is now much more focused. The amount has also been brought into slightly sharper relief since the creation of the Scottish Executive. It is almost one of those hiding-your-light-under-a-bushel cases. I do not think that people recognise the huge international reputation that research bodies have.

Two years ago, I launched the four-year strategy and required the institutes to be more responsive to peer group review. That has sharpened what they are doing. It is no secret that I am reasonably satisfied with how they are handled.

We need to emphasise and clarify the links in the body of research. I do not think that 50 per cent of the research is agricultural; the balance has swung and is far more in favour of biotechnologies. To that extent, there is a need for those who run the institutes and for us to develop greater links across Scotland. One thinks of the huge reservoir of biotechnology work in Dundee, for example. As you have pointed out, there is a huge resource in the UK. I agree that to optimise that, it has to be linked up more demonstrably through the institutes and us.

**Dr Murray:** My second question is on the use of modulation moneys. It was decided at UK level that 3 per cent of funding could be modulated. My understanding is that in England modulation money can be used for things that are included in article 33 of the rural development regulations, but that that option was not taken in Scotland. Why did you feel that it was not necessary to use modulation money for article 33-type activities in Scotland? Will you revisit that?

**Ross Finnie:** Can you be more specific?

**Dr Murray:** Article 33 includes things such as rural development, soft loans and diversification. My understanding is that those options are available down south but not in Scotland.

**Ross Finnie:** I thought that was what was in article 33. We consulted on all the options before we finalised the rural development plan. You will forgive me if I do not recall all the aspects of the article, but the plan certainly included the matters contained within the article. Later, before publishing the rural development plan, we announced the specific measures that we were going to include in the Scottish version, based on that consultation. It certainly included matters related to diversification, which was a key element of the plan.

There were issues about certain types of funding. Even with modulation, the resources are still finite. It is not right to say that we have

excluded all of that. We consulted on the whole prescription of measures and included in the Scottish plan those that we believed to be most relevant to the circumstances, those that could be afforded and those that would make an impact.

**Dr Murray:** Is there an argument for revisiting some of the priorities as a result of foot-and-mouth disease?

**Ross Finnie:** It is possible. We will have to review that in terms of the resource that is available. Fergus Ewing made the point about the totality of that resource. There is a slight element of robbing Peter to pay Paul. It is difficult to deny that most of the measures in the plan are required, especially with the sad advent of foot-and-mouth disease. We will have to review the strategy as a result of foot-and-mouth.

**Richard Lochhead:** In the past couple of years, we have seen the department change its name from agriculture, fisheries and food to rural affairs and now to rural development. How much power do you have over spending on developing rural Scotland? Given the budgetary constraints, there would seem to be a tension between the role of Europe's postman in Scotland—or facilitator in meeting European obligations—and the role of the Minister for Environment and Rural Development. What discretion do you have over your own budget? What percentage of the rural development budget is not tied to European obligations or to the common agricultural policy?

Secondly, my understanding is that under the Barnett formula, if a Whitehall department requests more money from the Treasury in London and gets it, that opens the door for the Scottish Executive to request a similar amount for its departments. To what extent has that happened since you were appointed as a minister? How do you know when that happens? Have there been any occasions on which your equivalent in Whitehall has got more money out of the Treasury, but in Scotland we either have not requested or have not been given the equivalent amount under the Barnett formula?

**Ross Finnie:** First, as I keep saying, I am responsible for an awful lot of things nowadays, but I am certainly not responsible for changing names.

There is a very small portion of the budget that is at my discretion and about which I can say, "Spend it here, spend it there, spend it in the next place." It is quite a difficult issue and I am not sure that the convener will indulge our having a philosophical discussion.

**The Convener:** I will, as long as it is a quick one.

**Ross Finnie:** There is a serious issue about

whether it is better to build up budgets within the rural affairs department specifically for transport, health or education, or whether the budgets should be held in existing departments, which contain degrees of expertise on developing policy in those areas. When I took office, the clear perception was that, given the way in which the policies had been formulated and, as a consequence, the way in which they delivered in rural areas, the latter was the better way in which to focus attention. It was not always a question of money per se; it was about whether the policy was delivered effectively and whether it provided a sense that people in rural areas were getting a service equivalent to the intention of the policy.

I have to say—I am bound to, am I not?—that I think that the approach that we have taken is the right one. The right approach is to have a minister who can engage with his colleagues across the Executive. We need only recall the funding that went into developments at Raigmore hospital for the health service and how rural transport funds have been directed to certain areas to see that many of the discussions between the respective spending ministers and myself have had a considerable effect.

The Barnett formula applies to everything apart from agricultural spending related to the UK's role in the CAP. I am pleased to say that on almost every occasion when additional resources have been found for agriculture—even when we have drawn on the reserve—we have done better than other areas. The first discussions in which I was involved centred on finding assistance for the sheep industry—good gracious, that was well over a year ago. In both discussions we have had on the CAP, we argued that funding had to be directed towards livestock and less favoured areas. In the past three agricultural packages, we received a far higher percentage of spend simply because we were able to base our arguments on the country's specific livestock needs and on the fact that much more of the country has less favoured area status. Whitehall ministers are not very happy about that argument, because England and Wales have a lower percentage of livestock and because LFA status covers less of the country there. By winning that argument, we were able to secure a proportionately better package for Scotland.

**Richard Lochhead:** Have you requested any other department's responsibilities? I am not talking about the environment portfolio or the water industry.

**Ross Finnie:** I have not really requested any responsibilities; they just keep falling into my lap. To be honest, I did not even ask for foot-and-mouth.

One of the really difficult but important ways in

which we have been trying to change and modernise the operation of the Scottish Executive—and indeed the former Scottish Office—is to have one minister responsible for rural affairs. That minister's key role is to keep under examination how policies are developed and prosecuted; to be aware of how policies are being delivered and of the reasons why delivery mechanisms fail; and to make constructive suggestions about how those mechanisms can be improved. I refer Richard Lochhead back to my earlier philosophical discussion. If we set up a great army of people with separate budgets, we will duplicate work and not improve the quality of the service or its delivery. I am not suggesting that we have totally cracked the problem—even two years down the road, the operation is still fairly new—but it is well worth pressing on with.

**Mr Rumbles:** My question follows on from the points that Richard Lochhead raised and your response to him, which I understand. I will give an example of what I think Richard is getting at.

In another inquiry, the committee is keen on funding a scheme to assist exit from and entry to the farming industry. A recent report and response from the Executive made it plain that the scheme was not a high priority, although the Executive said that it had not closed the door to it. The funding would have to come from within this budget—which means either from LFA or one of the other budgets—or from the Minister for Enterprise and Lifelong Learning's budget. Wendy Alexander might not be terribly keen on the funding of an exit scheme for farmers or of a scheme that assisted the entry of new farmers, although I am sure that you would be.

That strikes at the heart of Richard Lochhead's question about departmental budgets. I do not wish to single out Wendy Alexander but, as the Minister for Enterprise and Lifelong Learning, she controls the enterprise budget and might not be attuned to the idea of giving up part of it to assist the exit or entry of farmers. Is that a fair or unfair comment?

15:00

**Ross Finnie:** I have two points to make. First of all, you are absolutely right; who would have the authority to introduce such a scheme goes back to Elaine Murray's question about article 33 of the EU rural development regulations. You said that the scheme is not a high priority; it might not necessarily be a spending priority. That said, although exit from and entry into the industry might be connected, they are separate entities that can be tackled in different ways. Ways of entry already exist.

The history of exit mechanisms, not just for

farming but across a range of sectors, has been extraordinarily difficult—such mechanisms are very expensive to provide. In response to the committee, we indicated that, given the current age profile across Scottish agriculture, £100 million would not buy very much. The money would have to come out of the current modulation and we would be left with very little.

We have to strike a balance. We can use the modulation to try to improve the industry and make it more attractive, to create a prospect of people moving into it. Our view was that a disproportionate amount of the modulated money would be spent on an exit mechanism and that it would not have been entirely clear what we had delivered in doing that. It is a difficult balance to strike. I understand the problem, because we have wrestled with it in the rural affairs department. I am sure that the committee has also given consideration to the matter.

**Cathy Jamieson:** I appreciate that the minister has a number of responsibilities in his portfolio and the temptation is to ask lots of questions, but I will try to confine myself to one topic. I am interested in the timber industry, because it is pertinent to the constituency that I represent and to the south-west of Scotland as a whole. I was a bit unclear about a couple of things in the budget document. I seek clarification of the Scottish forestry strategy and how it is intended to be funded and supported.

**Ross Finnie:** Right—

**Cathy Jamieson:** Would it help if I had a more specific question?

**Ross Finnie:** No; I understand.

**Cathy Jamieson:** I particularly wanted to know about Forest Enterprise, which I understand is due to receive a budgetary allocation of some £59.8 million. What is the rationale for that?

**Ross Finnie:** Almost uniquely among many parts of Europe, we have a publicly owned forest. Our strategy has two or three key elements. The first is to try to ensure that provision is made for reforestation in a much more planned way. We have a substantial amount of timber that will mature in the next two, three or four years. We have to plan that much more imaginatively than we have in the past, when we almost blighted great parts of the landscape by not introducing sufficient natural species to the forest plans. A substantial amount of the forest budget has been allocated to Forest Enterprise to assist with that.

There is also the question of routine maintenance, which is very expensive. The Forestry Commission has been trying hard to open up forests to public access. It is expensive to provide proper walkways and access and there is almost no revenue in return. There are questions

about the contribution of land use to the economy in the next 15 to 20 years and about how we provide forests that will make a sizeable contribution. Although forests do not attract great revenue streams, they are a great source of attraction for visitors and so are of benefit to the tourism industry.

**Cathy Jamieson:** Do you see an opportunity for some sort of supplement in future years?

**Ross Finnie:** That is possible. The great difficulty in the forestry industry is that the price of timber is at an almost world-record low, based on any graph and applying any form of equalisation to take account of inflation over the years. That has put huge stresses on the Forestry Commission, because it indulges in some commercial activity.

**Cathy Jamieson:** I have one other short question, which relates to what was said about the age profile in the agricultural industry. Has a budget been set aside to encourage people to come into the industry and be involved in training? How will that be supported in the future, so that there is a sustainable industry?

**Ross Finnie:** Although we elected not to include a retiral scheme in the rural development plan, there are provisions that would permit such a scheme to be worked up in the strategy, which sadly had to be postponed because of the outbreak of foot-and-mouth disease. When we revise the plan, I am sure that we will develop the discussions that we had with representatives of the enterprise network, in which they conceded the extent to which the network had not included people who wanted training and assistance to come into the business. That got chopped—I do not mean chopped permanently; I mean postponed—because of foot-and-mouth disease. We are trying to harness the resources that we have in the Executive. We have had discussions with Highlands and Islands Enterprise, Scottish Enterprise Borders and now Scottish Enterprise to make that a reality.

**Rhoda Grant (Highlands and Islands) (Lab):** What scope is there within the budget to target money to remote and disadvantaged areas? You will be aware of the on-going discussions on less favoured areas. Shetland Islands Council has suggested that money could be targeted to islands and remote communities by adding a percentage over and above the baseline figure that is given to other areas. The council suggests that Shetland could get 25 per cent over and above what other areas get and that funding could be targeted to other islands and remote communities in the same way.

**Ross Finnie:** Given that we are talking essentially about the CAP regime as it is presently constructed, the only instrument that talks about

disadvantage—and it defines it not in terms of transport costs but in terms of soil quality and difficulties in production—is the less favoured areas budget. It is not open to us to draw upon the suckler cow premium scheme, the arable areas payments scheme or the sheep annual premium scheme, as they are presently constructed, for that type of special need.

Rhoda Grant is right. In examining the strategy, we discussed the extent to which agricultural payments are major payments to some remote areas. Clearly—and quite acceptably, because I have no problem with this—there is a social dimension to that. But while that is a fact, it is not necessarily reflected in how the particular instruments are drawn under the current policy. The issue for CAP reform is to what extent that social dimension can be built in as we progressively move away from production-based support.

**Rhoda Grant:** Is there scope to add funding from the Scottish Executive budget to those instruments to start working along those lines, or is that prohibited by European regulations?

**Ross Finnie:** The difficulty is that, in effect, you would be seeking to alter the instrument, so that would come under the state aid provisions. That is not the exact phrase but—if you follow me—a state cannot simply supplement an agreed European provision in that way.

**Mr Rumbles:** You talked about the social dimension. The committee is keen to give Scottish Enterprise a social remit, in the same way as Highlands and Islands Enterprise has a social remit. From your comments, it seems that you are keen that the social dimension be addressed, but the Scottish Executive as a whole does not seem to want to bring the social remit of Scottish Enterprise in line with that of Highlands and Islands Enterprise. I do not know whether it comes down to money or control of budgets. I would like clarification because, at the end of the day, whether you, as the Minister for Environment and Rural Development, feel that it is a good thing, it will need money, but that money is controlled by another department.

How do you go about trying to persuade other budget holders to address the needs of rural Scotland? That relates to my previous question about a new entry and exit scheme to assist farmers.

**Ross Finnie:** My difficulty with that is quite simple. In all the discussions that I had leading up to the development of the agricultural strategy, I had no difficulty in obtaining responses. There was much discussion about the exclusion of some businesses, which had been done on historical grounds—there was a list of businesses that

seemed to exclude some in the rural sector. I had no difficulty getting those included for the purpose of developing the agricultural strategy.

I hear what you are saying about the words in the mission statement, but there were no differences between me and the officials when I obtained assurances from them as to how the policies were to be implemented, although we did have some discussions about industries that were not included in the past but which need to be included, including farming.

**Mr Rumbles:** Fergus Ewing is lucky. As I mentioned in Parliament the other day, his constituency is on one side of the Cairngorms and mine is on the other. His local communities can access funding from Highlands and Islands Enterprise for social projects. On my side of the Cairngorms, they cannot. Both are rural areas that need rural development.

The committee has considered that situation and taken evidence from HIE and Scottish Enterprise. You have talked about the importance of the social dimension and accessing the funds, but the funds belong to another minister's budget and that other minister needs to be convinced to release them to achieve the objectives. That does not seem to be happening.

**Ross Finnie:** I would need to consider specific examples of what happens when someone is on one side of a line or the other.

**The Convener:** We are nearing the end of the time and I do not want my name mentioned in the minutes of the Cabinet meeting as Ross Finnie's excuse for being late. We will have a comment from Fergus Ewing and one from Richard Lochhead. I ask them both to be brief.

**Fergus Ewing:** Nearly three quarters of the forestry budget goes to Forest Enterprise, which is the commercial arm of the Forestry Commission, which will receive nearly £60 million next year. Is the private sector able to compete on a level playing field with Forest Enterprise, given that massive subsidy?

**Ross Finnie:** I am not sure that anyone is on a level playing field given the current price of timber. Forest Enterprise has additional responsibilities because it is the commercial arm of a public asset. I will frame my answer in a positive statement. I am not aware of any complaints from the private sector about Forest Enterprise acting in an anti-competitive way. As a natural course, we speak to those with commercial and non-commercial woodland interests.

**Fergus Ewing:** I am aware of one company—perhaps I should not name it without express agreement—that argues that Forest Enterprise's £60 million subsidy prevents the creation of an

effective Scottish forestry sector and of more jobs in the sector. I assume that we would all like the creation of more jobs to be part of the forestry strategy.

**Ross Finnie:** Forest Enterprise is the commercial arm of the publicly owned Forestry Commission. Unless you are suggesting, which I do not think you are, that the money given to Forest Enterprise be wound down and that private jobs be created at the expense of the Forestry Commission, it seems to me that the argument is about displacement rather than new jobs.

**Fergus Ewing:** Efficiency, and perhaps some of the activities that Forest Enterprise is engaged in—especially some of the non-forestry activities, such as visitor centres—would merit close examination. The non-forestry activities also receive a subsidy and are competing against restaurants and shops in rural Scotland that do not receive subsidies.

**The Convener:** I thank you for coming to the committee, minister—we will allow you to leave before the 3.15 pm deadline. There are one or two questions that we did not manage to put, so the clerks will contact you later for answers on those.

**Ross Finnie:** As they say in other places, I am obliged.

15:15

**The Convener:** We have the opportunity to have a brief discussion on how to proceed with our budget inquiry. If members have any questions arising from the evidence that we heard today, now is the time to raise them. We will go on to decide on the drafting of the report.

**Cathy Jamieson:** I understood that the Transport and General Workers Union had submitted a response, but it is not included in the papers. Perhaps it arrived too late to be sent out. After my previous complaints about the amount of paperwork, I hesitate to make an issue of this, but I would like to know whether the response has been received and if so, to ask that it be circulated.

**Richard Davies (Clerk):** The only comment that we have had from the Transport and General Workers Union relates to the effect of foot-and-mouth disease on agricultural businesses—it is not related to the budget.

**The Convener:** We need to prepare a draft report. However, to get feedback from the committee, we should appoint two reporters through whom Richard Davies can check information and facts while he is drafting the report and before it is brought back to the committee for consideration. Last year we appointed one reporter from the Executive parties and one from

the Opposition parties. Given that we have dealt with the issues concerning the SABRIs, I wonder whether Elaine Murray would be prepared to act as a reporter. Is that acceptable, Elaine?

**Dr Murray** *indicated agreement.*

**The Convener:** I ask the committee to nominate an Opposition member.

**Fergus Ewing:** I happily nominate Richard Lochhead.

**Richard Lochhead:** I happily nominate Fergus Ewing. [*Laughter.*]

**The Convener:** Would either gentleman be prepared to take on that role?

**Richard Lochhead:** I did it last year, so it is only right that Fergus Ewing should have the chance.

**The Convener:** The alternative is to nominate Alex Fergusson in his absence.

**Fergus Ewing:** I am never one to shy away from work. I will accept the role as reporter.

**The Convener:** Good. Elaine Murray and Fergus Ewing will act as reporters.

Are there any other comments?

**Fergus Ewing:** I am concerned that, of all the departmental budgets, the rural development budget is being cut by the most. I was disappointed that there was no indication of willingness to renegotiate that budget in the light of the devastating impact of the foot-and-mouth crisis. I appreciate that, as yet, it is too early to be certain about the extent of its impact, but it is already clear that the impact has been devastating in both financial and human terms.

**Richard Lochhead:** We should get some statistics on the amount of discretion that the minister has in respect of the rural development budget.

If I remember correctly, last year, 21 per cent of the rural affairs budget was within the minister's discretion. We should find out the figure for this year and information about trends for the next two or three years, in order to see whether the budget is going down or up. That is important in relation to the power that the minister has over rural policy.

When the minister responded to my question on the Barnett formula, he referred only to the CAP, which has resulted in crisis in the industry, with all the ministers gathering in London to be given more money by the Treasury. I would like to know whether the equivalent Whitehall department has ever received money for which the Scottish Executive has not made a similar request.

**The Convener:** We will submit those points along with our additional questions.



**Cathy Jamieson:** It is worth noting that the minister indicated in his evidence that a significant amount of money is being made available by UK departments for the aftermath of foot-and-mouth disease. It also became clear during his presentation that a number of other Executive departments provide finances for services that are provided, or budget lines for work that is undertaken, in rural areas.

I do not want to spend all afternoon debating those points, but the report should not go down only one particular line. I hope that all the points that were raised by the minister will be reflected adequately in the report.

**Dr Murray:** The minister also made it clear that some of the changes that have been made to the budget for the rural affairs department are the result of changes in European funding. Perhaps we should separate the two types of funding.

**Rhoda Grant:** It would be useful to examine how money is being spent throughout departments in rural areas and to track that money. That was the approach that we took last year.

**The Convener:** We spoke about doing that, but we discovered that that approach was impossible.

**Rhoda Grant:** It was mentioned in our report. I think that the answer that we received was that it would take a lot of time to track the money, so that we would not immediately get the information for a particular year. However, we should continue to ask for that information, to ensure that our request does not fall off the agenda. Perhaps we will get those figures in a couple of years' time—if we do not ask for them, we will not get them.

**Fergus Ewing:** I am sorry, but I did not quite understand. What figures were you referring to?

**Rhoda Grant:** I was asking whether we could get figures on spending in rural areas that is made by departments other than the rural affairs department. Most of the spending in rural areas is not made by the rural affairs department, which concentrates on European money, agriculture, forestry and fishing. One of the committee's main interests is the social aspect of spending in rural areas. We need to know what spending is going into those areas and whether it can be broken down. Unless we keep asking for information, no work will be carried out to ensure that we get a breakdown of that spending.

**Fergus Ewing:** Why has not the Executive provided that information?

**Rhoda Grant:** The information is not available.

**The Convener:** The Executive believes that it would be difficult to distil.

**Fergus Ewing:** Does it believe that because it would be wrong to attribute the money to the rural

affairs department if it is incorporated already in another budget?

**The Convener:** The Executive made the case that when funding hospitals, for example, it was almost impossible to decide how that funding should be allocated to urban expenditure and to rural expenditure. It was simply an impossible task to distinguish between—

**Fergus Ewing:** Is Rhoda Grant saying that money that is spent on a hospital should be disaggregated between rural and urban components?

**The Convener:** That was merely an extreme example.

**Rhoda Grant:** We need to know about the kind of funding that is going into service provision in rural areas. A hospital in Aberdeen would treat a lot of people from Shetland, but perhaps one cannot disaggregate funding information about that. However, funding could be disaggregated in other areas, and it would be useful if the Executive would start work on that information so that funding—

**Fergus Ewing:** As a newly appointed—and reluctant—reporter, who was press-ganged into the job, I am anxious to be able to perform in it. I am not sure exactly what we are supposed to be looking for. To be frank, I think that one would be on a wild-goose chase if one were to try to disaggregate the money that is spent on a hospital into the part that relates to rural Scotland and the part that relates to urban Scotland. I am not sure that that would achieve anything, other than being divisive. On the other hand, I want to pursue Rhoda Grant's points, and it would be helpful if she were able to be more specific about the process that we are supposed to be engaging in, in order to find out whether there is any point to it.

**Mr Rumbles:** I sympathise with Rhoda Grant's point, but we have gone down that line before. It is an impossible task to differentiate how much of, say, Grampian Health Board's budget is spent in rural Aberdeenshire and how much in the city. It would not be fruitful to expect the Scottish Executive to send out civil servants on such tasks for our benefit. It would be more useful to look at the other end of the scale—which is not what we are doing today—and do an audit of poverty levels in rural Scotland. That sort of thing would inform us much more. I agree with Fergus Ewing that it would be an impossible task to expect the reporters or the Scottish Executive to make that sort of differentiation for this year's budget exercise.

**Rhoda Grant:** If we do not know how much funding is spent on tackling poverty in rural areas, how can we expect to be able to do anything about it? We need to know the cost of services.

For example, the Arbuthnott report gave money to health boards in rural areas because of population sparsity and the make-up of rural areas. We need to see whether extra money is given to councils and other publicly funded bodies that work in rural areas to ensure that adequate funding is going into those areas.

We can talk about tackling poverty and exclusion all we like, but how can we actually do it if we do not know whether it is being done effectively? I do not say that we should send someone out today to get those figures. We need to get the Executive to think about how it can provide figures that will show how poverty and exclusion are being tackled in rural areas.

**Dr Murray:** Some of the information to which Rhoda Grant alludes is available. Possibly, Mike Rumbles and Fergus Ewing are being unduly negative. Obviously, for any bed in Dumfries royal infirmary, one cannot determine how many people from Dumfries have used it compared to those from rural Galloway.

However, as Rhoda Grant said, the Arbuthnott report recommended that money that is distributed should take into account the cost of delivery of services in rural areas such as Dumfries and Galloway and the Highlands and Islands. The distribution formula that was agreed by the Convention of Scottish Local Authorities must also contain elements that relate to the cost of the provision in rural areas of services such as education and roads—at least, I hope so. There is a job to be done in examining how rural areas are supported. I am not totally convinced that rural areas always get what they ought to.

**Fergus Ewing:** Would Elaine Murray like to do that part of the report?

**The Convener:** I think that that is an agreement.

**Cathy Jamieson:** When I raised the point, I was not necessarily suggesting that the reporters ought to gather all that information. That would not be a productive use of their time.

Rhoda Grant alluded to the fact that the issue has been raised before and that the information was not available. Some allocations that take rurality into account have already been made against budget headings. For example, in the Arbuthnott report and in the rural transport fund, moneys have been allocated to rural areas. There is also community transport and various other things.

It would do no harm to look at the sweep of areas in which money has been identified for rural areas. That might inform us. I am loth to let the suggestion be agreed to that only the rural development budget is concerned with rural areas, which is clearly not the case. That was how the

debate seemed to be going.

**Richard Lochhead:** We touched on the issue last year, so all we need do is to say that further to last year's report we would like to have a progress report. Perhaps that could be borne in mind.

Also, to what extent does the Executive's cross-cutting committee discuss budgets? Does it discuss only policy?

**Mr Rumbles:** That is an important point.

**Richard Lochhead:** Who is on that committee? How often has it met? Does it meet before or after budgets are decided? I suggest that at some time the committee should take evidence from the cross-cutting committee.

**Mr Rumbles:** That is a very good suggestion.

**The Convener:** Are there any more questions?

**Elaine Smith:** I ask that the equalities issue be included somewhere in the report.

**The Convener:** In conjunction with the reporters, the clerks hope to have a draft report available for consideration in two weeks. Is that okay?

**Fergus Ewing:** Yes.

**Richard Davies:** Yes.

**Dr Murray:** We will all have much to do during the next few weeks, so I ask the clerk to ensure that communication is electronic.

**The Convener:** Indeed. Yes.

## Sea Cage Fish Farming

**The Convener:** Item 3 on the agenda is sea cage fish farming. Members should have copies of the letter from Ross Finnie and an annexe to that letter that was mistakenly not circulated with the letter, but was circulated later. Do members have it?

**Members indicated agreement.**

**The Convener:** Members should also have a copy of the letter from Andy Kerr and me to Ross Finnie, to which the minister's letter was a reply. Members' papers should also include a copy of the reporters' paper, which was unanimously agreed by both committees.

The item is on our agenda to allow members to consider the response of the minister to our recommendation that an independent inquiry be established. As Richard Lochhead was a reporter on the subject, I invite him to speak first.

15:30

**Richard Lochhead:** It is fair to say that there has been widespread fury over the past couple of weeks since it became clear that the Government is turning down the request of two parliamentary committees—the Transport and the Environment Committee and the Rural Development Committee—the environmental lobby, the salmon farming industry and the wild fish interests of Scotland. There is widespread support for that request from all sides of the argument concerning the impact on the environment of sea cage fish farming. Anybody who has read the letters pages in the press recently will appreciate how outraged people are. Both committees have been taken aback by the Government's response. Although many of the measures that have been taken by the Government in connection with the issue—they are outlined in the Executive's letter to the conveners of the committees—have been welcomed, there is still a cast-iron case for an independent, impartial, open and transparent inquiry into the impact of salmon farming on the environment.

The only way forward is to clear the air. In recent years, the debate has been sometimes acrimonious and mostly unhelpful. Only an independent inquiry will get beyond that and allow both the wild fish sector and the salmon farming industry to move on and achieve their potential for the good of the Scottish economy. Therefore, I suggest that the committee—I hope, in conjunction with the Transport and the Environment Committee—ask the minister to rethink his response, reverse his decision and initiate an independent inquiry.

**Rhoda Grant:** I disagree totally with that. I was as keen as anybody to have an independent inquiry. However, the Executive's response shows that action is being taken and that bills will be introduced. An independent inquiry would stop that work from going ahead.

We must look at the issue another way. We have a role to play and, while welcoming what is being done, we should ask to be involved in drawing up the Executive's strategy. We must ensure that we have a role in bringing together the industry, the anglers and the environmental groups. It would be better for the industry if we were to take this issue and run with it, ensuring that all those groups came together and had the information that they required. A public or independent inquiry would set the work that is in train back by at least a year. We have an opportunity to agree to the Executive's plans while asking to be part of them.

**Dr Murray:** I regret the fact that the content of the Executive's letter seemed to have been leaked to the press in advance of our receiving the committee papers. It is regrettable that the committee appears to be leaking to the point of incontinence. It is about time that we got our act together.

**Richard Lochhead:** It could have been the other committee.

**Dr Murray:** I understand that, at the time that the press got hold of the letter, the other committee had not received it. It must therefore have come from this committee.

I agree with what Rhoda Grant said. We are obviously disappointed that the minister has not accepted the recommendations of the committees. However, that is not because the ministers are doing nothing; they have suggested an alternative. I am impressed by the figures that were given for the gross domestic product of the salmon farming industry. I recently visited a fairly substantial salmon processing plant in my constituency, which made me aware of the amount of employment that is created by the industry. This is not just about the environmental side of the argument; it is about an industry that is important to the Scottish economy. I have a number of concerns about the way in which it operates.

Like Rhoda Grant, I would like the committee to be involved in looking at a national strategy for the aquaculture industry. The industry is important not only in the areas in which it goes on, but in many other areas in Scotland as well.

**George Lyon:** I, too, was disappointed with the minister's response, but his position might be understandable, given the amount of work that is being done. I still believe firmly that the industry, the environmental organisations and the wild fish

interests are all looking to the Parliament to examine in depth some of the key issues that afflict the industry—whether those issues are on the environmental side, whether they are the barriers to growth vis-à-vis the competition with Norway, or whether they are to do with regulation, planning and the role of the Scottish Environment Protection Agency. They also want the Parliament to consider what are, alongside the environmental issue, the biggest issues that face the industry—compensation, and uninsurable risk because of the current eradication policy.

The committee should be the vehicle for instigating an inquiry that is wider-ranging than an inquiry that has a purely environmental remit. The industry and all those that are affected by it look to the Parliament to give a view on where the industry will go in the longer term. The committee would be failing in its role in the Parliament if it did not include that as a key item to consider after the summer recess.

A huge amount of work is being done on environmental issues, as has been outlined in the minister's letter. We need to take a rounded view of the industry's importance to Scotland, and to rural Scotland in particular. We need to consider how we see the industry growing. At the moment, the industry feels neglected, under threat and under attack. The committee has a key role in clarifying the facts and prodding the Executive into producing a strategy to help the industry. Elaine Murray and others have endorsed that position. It is the right way to go.

**Fergus Ewing:** The view that we should have an independent inquiry was expressed to Ross Finnie on 8 February. It was the unanimous view of this committee and of the Transport and the Environment Committee. That showed that the committees of the Scottish Parliament were willing to speak clearly and send a strong message to the Executive.

The idea that we should suddenly switch our view and abandon the independent inquiry that we advocated only a couple of months ago seems to me to be very odd. I have listened to members' arguments. One was that we could have a parliamentary inquiry. I would call for a parliamentary inquiry as vigorously as anybody else, but the point is that an independent inquiry is merited because of the entrenched views in certain sectors. I say that while being cognisant of the fact that the committee has been criticised for having members who have distinct, recognised and public views about wild mammals. Surely it makes sense that the inquiry should be seen to be fully independent, rather than being conducted by members of the committee.

I believe that we all try to be as impartial as we can but, naturally, we bring our own views to

discussions—views that we have put to electors at various elections in the past. I, for one, am a supporter of the industry. I believe that it is attempting to address many of the concerns about it. In recent years, it has gone a long way towards that. George Lyon has said that he supports his constituents; I support mine and I support the industry, because without it, very few people in the most remote parts of my constituency would have a job. I support it because it provided 40 per cent of Scotland's food exports last year. That is a remarkable statistic.

The idea that we should suddenly abandon our request for an independent inquiry seems perverse and irrational. The thought that an independent inquiry would stop the work to which the Minister for Environment and Rural Development referred is ludicrous. The work will carry on. People will give evidence to the inquiry—evidence that they had prepared anyway from their work and research. It will take only an hour or so to give evidence and face questions at the inquiry. The suggestion that an independent inquiry would mean that all the steps that have been referred to—there are not that many—would stop is utter nonsense. It is insulting to people's intelligence.

We are experiencing a sad time. Members of the Executive party who are here today have given way. A short time ago, they supported an independent inquiry. Now the minister has said that they do not support such an inquiry. Parliamentary committees are supposed to stand up to the Executive, not kow-tow to it and abandon views that we reached unanimously a short time ago.

**Rhoda Grant:** That is the biggest load of rubbish that I have heard from Fergus Ewing for a long time—and that is saying something. He misrepresented my argument. I said that it would be silly of an Executive to put forward legislation on a matter into which it was holding an independent inquiry. Fergus Ewing would be the first person to say that the Executive was ignoring the inquiry and that it was not taking the blindest bit of notice of what was going on, but continuing with its legislative programme.

The Executive cannot have it both ways. If the Executive is to legislate, it is our place to say, "Yes, but we want to be part of that." We want to bring together the industry and those who are against it for various reasons, and to find answers to the questions and take an active role, rather than slamming down every proposal and being negative.

**George Lyon:** I cannot speak for the position that was taken by the committee previously, because I was not a member of it at that time. It is nonsense and insulting to us for Fergus Ewing to

suggest that the committee is utterly incapable of setting up a factual investigation into the salmon farming industry, and to conclude that we come to the meeting with pre-conceived ideas and political positions. He might be speaking for himself, but I assure him that the rest of us have listened to evidence and produced reports based on that evidence, as happens in other committees.

If we play politics with the industry, we would be sending out a clear signal that it was not important. The industry wants either a parliamentary committee or an independent committee to undertake some work and reach a conclusion. If an independent committee has been turned down by the Executive, I suggest that the proper way forward to send a signal to the salmon fishing industry that this Parliament values it, is for the committee to take the bull by the horns and carry out a factual study into some of the issues that have been raised.

**Mr Rumbles:** It is clear that both the Transport and the Environment Committee and this committee wanted an independent review of the issue because of misinformation. The industry wanted an inquiry, as did the environmentalists. Almost everyone wants an inquiry. We wrote—as you did, convenor, with the convenor of the Transport and Environment Committee—requesting that the Scottish Executive undertake a review. We have received a reply from the Executive. It said that it was doing much good work in such matters, but that it was not appropriate to hold an independent inquiry.

The Executive is entitled to take that view, as we are entitled to ignore it and do our own thing. I am sure that, on reflection, Fergus Ewing will agree that, as the Rural Development Committee, we are duty bound to take up the mantle if the Executive does not want to go down that route. The industry, the environmentalists and the general public want an investigation.

The Scottish Executive might be doing many of those things, and that good work is extremely important, but public perception is even more important. The public need to be assured that an inquiry is to be launched. If the Scottish Executive has decided, for its own reasons, not to launch it, the committee is duty bound to take up the issue and do what has been suggested. I can certainly guarantee to Fergus Ewing that no minister has told me that we must not pursue an independent inquiry. I want an independent inquiry, but we are not going to get one. It would be wrong for us to go back and beat at a door that is closed. We need to do the next best thing and decide to lead our own major parliamentary inquiry.

15:45

**Richard Lochhead:** I agree that the committee is perfectly capable of conducting an inquiry into salmon farming. That should be a fallback position if the Executive still refuses to hold an independent inquiry, but a question arises in my mind about how soon we could hold such an inquiry. We have a full timetable for months and months to come. However, if the Executive were to announce an independent inquiry this week, it could be off the ground in a month or two and would be reaching conclusions by the end of the recess.

There will not be any legislation from the Government before the recess—we could be looking at the end of the year for that. The only legislation on salmon that is in the pipeline is consolidating legislation, which is purely technical and does not relate to this topic. If the committee decided to conduct an inquiry into salmon farming, we would have to wait a long time before we could get down to business. George Lyon is shaking his head, but perhaps when we discuss our timetable at the end of the meeting, he will realise the work load that is before us.

The crucial point is why we want an independent inquiry and why both the salmon farming industry and the wild fish interests supported an independent inquiry. They did so because this is a heated debate on a controversial and contentious issue. Any inquiry, therefore, has to be as objective as possible. That is why we hold public inquiries, such as the Cubie inquiry and the many other inquiries that have taken place in Scotland in recent years. They have to be seen as objective, independent and transparent, so they should be at arm's length from Government and politicians. That is why all sectors have supported an independent inquiry.

My position is quite clear. We should say that we have read the Government's response, but that we still think there is a good case for an independent inquiry. We should reserve our position so that, if the Executive still continues to say no—Mike Rumbles is quite correct to say that there is nothing we could do about that—we have the fallback position of holding a parliamentary inquiry. Let us go for the best option, because it is the right thing to do in the first instance.

**The Convener:** We have now heard everybody's views.

**Elaine Smith:** I have a question to ask.

I have certainly not been approached by anyone. I was not on the committee previously, when the matter was discussed. When the Rural Development Committee and the Transport and the Environment Committee took evidence, they both wrote to the minister asking for information.

Obviously, we now want to sit back and consider the information that we have received. Is this the time to do that? Do we have the opportunity right now to consider what the minister has said in response to the request for an independent inquiry?

**The Convener:** We must decide now how to react to the minister's letter. Having looked at the annexe to that letter, my concern is that, although it contains a great deal, I am not confident that I have enough information to judge whether the minister's conclusion is one that I can share.

**Elaine Smith:** I was about to come on to that. The annexe refers to a transfer of responsibility for fish farming to local authorities

"as soon as a legislative vehicle can be found"

and says that the Executive intends

"to bring forward shortly legislation".

Given that the minister's letter says that he is

"not persuaded that an independent inquiry would be the best way to proceed at this time",

I think that we could ask some more questions about the annexe and give it further consideration.

**The Convener:** In the first instance, I would like to write to the minister to express the genuine disappointment that has been felt across the committee at the view that he has taken. I would also like to ask for more information as a development of the annexe, so that we can consider it in more detail.

**Rhoda Grant:** I do not think that the committee feels genuinely disappointed; I think that the convener is misrepresenting what the committee is saying. The committee is saying that it considered the possibility of an independent inquiry, but I, for one, am very pleased with the steps that are being taken by the Executive.

**The Convener:** Do we have enough information to make a decision? Do we need further information?

**George Lyon:** Instead of long-grassing the matter, convener—with all due respect—we should discuss it in the context of our future work programme. Two or three of us have suggested that this parliamentary committee ought not to send a signal that it will ignore the fish farming industry. We want to do some serious work. To prevaricate and long-grass the matter would be an insult.

We should consider our work programme for the coming year. If fish farming is such an important industry to everyone sitting round this table, I am sure that we will get the necessary support to ensure that the industry is prioritised and that we include consideration of it in our work programme.

**Cathy Jamieson:** I want to pick up on a point that Rhoda Grant made. I approach the matter with no prior knowledge of the fish farming industry; I have to take the information in the spirit in which it is given and will have to make decisions on that basis. My view—speaking partly as a former member of the Transport and the Environment Committee—is that information was requested; information was received; a request was made to the Executive; and the Executive has returned with further information, some of which I welcome and am not disappointed in. I am glad that the Executive is undertaking such specific pieces of work. I am particularly pleased to see a statement in the letter that the ministers intend to work with the industry, with environmental groups and with all representatives who may have a stake. That is important.

It is also important that we have some kind of spirit in which we all work together to progress the matter and to address the issues. I am reluctant, at this stage, to enter what would be a conflict of interests. I have not ruled out the notion that the committee may want at some point to conduct some sort of inquiry, but I do not think that it would be helpful to slam shut the door that the Executive has left open in order to work in partnership to resolve the situation and ensure that there is an industry in future.

**Richard Lochhead:** I want to respond to George Lyon, who said that we have to dump our timetable and give the matter priority, because, otherwise, the industry would think that we were not taking it seriously.

The industry will want us to support an independent inquiry. That is what people on all sides of the argument want. We should not agree not to go back to the Executive, to dump the timetable and to give priority in our work programme to the salmon farming industry. Why not give priority to the industry by having an independent inquiry? We could then keep to our timetable, which is important because we have other priorities.

**Mr Rumbles:** I was quite clear a few minutes ago, but I am somewhat confused now. Ross Finnie's letter reads:

"Against this background, we are not persuaded that an independent inquiry would be the best way to proceed at this time."

The minister does not give us an indication of when the Scottish Executive wants to have an independent inquiry. In fact, I get the reverse impression. The Scottish Executive is not keeping the door open to an independent inquiry. The impression that I get from the letter is most clear: the Scottish Executive will not hold an independent inquiry. Why? Because of the vast amount of work that would be involved.

There is a clear difference of view. Some committee members do not want to proceed with a parliamentary inquiry, conducted by this committee—George Lyon's expression was "long-grassing the matter."

We have made it clear that we feel it is important to have an independent public inquiry. That door has been closed, as far as I can see. No minister will keep that door closed for ever, but, in effect, the door is closed. If we do not undertake today to conduct a parliamentary committee inquiry, the wrong message will be sent out to the industry, to environmentalists and to the Scottish public. We ought to make it clear today that we, as a committee, wish to undertake an inquiry if the Scottish Executive does not wish to do so.

**The Convener:** We will discuss our work programme later in the meeting. The programme will be discussed again before the summer recess, so that we can define how it will be set out after the recess. At this point, we must decide in principle whether we wish to proceed with an inquiry or not.

**Rhoda Grant:** We need to speak to the Transport and the Environment Committee to find out its reaction.

**The Convener:** Yes. That committee will consider the matter at its meeting tomorrow. I would be cautious about pre-empting anything that it might want to say.

**Rhoda Grant:** We should also reply to the Executive to welcome much of the work that is under way. The Executive has said that it will co-operate if we have an inquiry and we reserve the right to have an inquiry until after we have spoken to the Transport and the Environment Committee.

Elaine Murray was right: we could do with much more detail on points such as the time scale. If we are to hold an inquiry, we need such information and we should ask for it when we write. We should also ask that we have an input to the process, as it is important that we have a role to play.

**The Convener:** Would you go so far as to say that, during that process and any inquiry of our own, we should reserve the right to call again for a public inquiry at a later stage if we think that that is appropriate?

**Rhoda Grant:** Yes. Depending on the outcome of our inquiry, we might want to keep that door open.

**The Convener:** Are we content that we know roughly what information we would need to feed into our work programme at this stage to cater for the process?

**Mr Rumbles:** I am happy to agree to the proposal, with the proviso that we do not give the

wrong information to the Transport and the Environment Committee. That committee must understand that we are reserving our position until we hear from it because we want to undertake an inquiry. It is important that an inquiry takes place. I would hate for the Transport and the Environment Committee to think that the Rural Development Committee did not want there to be an inquiry.

**Rhoda Grant:** We should make it clear that we will not make a decision on that until the Transport and the Environment Committee has discussed the matter.

**The Convener:** Yes. Are we content that we know roughly what we would need to feed into our work programme at this stage to cater for the process?

**George Lyon:** We can decide that when we get to the agenda item that deals with the work programme.

**Fergus Ewing:** The minister has replied to the committee's unanimous request of 8 February that there should be an independent inquiry. The request also has the support of both sides of the argument: the environmentalists and the salmon farming industry. In arguing that there should not be such an inquiry, certain members have said that the information that Ross Finnie has provided us with satisfies them and that they are happy with that. However, I can find nothing new in Ross Finnie's response, which rehashes things that we already know. What, in the letter, justifies certain members' departure from the unanimous view that we reached in February?

Richard Lochhead said that we would be unable to start a lengthy and detailed inquiry until the autumn, but that an independent inquiry could be convened over the summer. As Richard Lochhead argued, that fact—and the urgency of the need to clear the air—means that an inquiry should be convened with all speed. Today's decision to backtrack from the previous unanimous view is inexplicable.

**The Convener:** Any member of the committee is free to make that point, but it is beyond the remit of the committee to address it.

**Richard Lochhead:** The scientific nature of the subject is another factor in favour of having an independent inquiry, given that no member of the committee is a scientist.

It is worth putting on record the fact that the committee has already split down party lines in the course of today's discussion. That is exactly the reason for people's wish for an independent inquiry.

**George Lyon:** Fergus Ewing believes that there is nothing new in Mr Finnie's response, but that is not the case. The new information in the response,

which Fergus Ewing may have missed, is that the Minister for Environment and Rural Development says that the Executive is not inclined to conduct an inquiry. The question therefore becomes, what does the committee want to do? We can sit here and discuss writing again and again to Mr Finnie about whether the Executive's decision was right, but the Executive has taken a decision and is unwilling to progress.

I suggest that the committee should consider conducting an inquiry, subject to liaison with the Transport and the Environment Committee and to our drawing up a remit and locating a slot in the work programme.

16:00

**The Convener:** I am prepared to accept that as a position that reflects—

**Fergus Ewing:** As was said, the SNP would support such an inquiry, but it is pretty clear that Richard Lochhead and I feel that, although a committee inquiry would be some help, the best and preferable option would be an independent inquiry. I suggest that the committee should continue to support the proposition that an independent inquiry should be convened, as requested in our letter of 8 February to Ross Finnie. I propose that we vote on that proposition.

**Mr Rumbles:** Wait a minute. The options are not mutually exclusive. I, too, believe that an independent inquiry should be held, but we will not get one. I do not disagree with what Fergus Ewing just said.

**Fergus Ewing:** That is why I invite you to vote for that proposition—that would show your agreement.

**Mr Rumbles:** That proposition is not an option, because Ross Finnie has said no to an inquiry. We do not have the power to institute an independent inquiry. I do not understand your position.

**The Convener:** The easiest way of dealing with the matter is to put it to the committee. I could ask members for a straightforward show of hands on whether they believe that the committee should continue to push for an independent inquiry.

**Rhoda Grant:** May I make an alternative proposal—that the committee is not convinced of the need for an independent inquiry, based on the information in the letter that we have received? That preserves our right to call for an independent inquiry again, after we have held our inquiry.

**Fergus Ewing:** I would be happy to vote on that proposition.

**The Convener:** Which proposition are you happy to vote on? [*Laughter.*]

**Rhoda Grant:** The situation is not one of for and against. That is what George Lyon is saying. We should hold an inquiry. We cannot predetermine the outcome of such an inquiry. If we did that, there would be no point in having an inquiry. It seems like a silly idea to rule out holding an inquiry. I think that we agreed to look towards the independent inquiry, as George Lyon said.

**The Convener:** Are we content that the only difference in opinion is that Fergus Ewing and Richard Lochhead wish to continue to call for an independent inquiry, whereas the rest of us wish to investigate the matter in greater detail and reserve the right to call for a public inquiry again in future?

**Richard Lochhead:** Can I wrap this up? I propose that we write back to the minister to ask him to reconsider holding an inquiry and say that we reserve the right to hold our own parliamentary inquiry should he not change his mind.

**The Convener:** That would complicate matters.

Those who wish to call once again for a public inquiry under the terms that we specified previously—

**Fergus Ewing:** An independent public inquiry?

**The Convener:** Yes.

The proposal is, that we call again for a public inquiry under the terms that we specified previously. Is that agreed?

**Members:** No.

**The Convener:** There will be a division.

**FOR**

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
Lochhead, Richard (North-East Scotland) (SNP)

**AGAINST**

Grant, Rhoda (Highlands and Islands) (Lab)  
Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
Lyon, George (Argyll and Bute) (LD)  
Murray, Dr Elaine (Dumfries) (Lab)  
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)  
Smith, Elaine (Coatbridge and Chryston) (Lab)

**ABSTENTIONS**

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

**The Convener:** The result of the division is: For 2, Against 6, Abstentions 1. The proposal is therefore disagreed to.

**George Lyon:** Did you abstain because you were unsure?

**The Convener:** I abstained because I wanted to abstain.

Are we agreed that the committee should reserve its right to call again for an independent



public inquiry after it has scrutinised the matter?

**Cathy Jamieson:** Does that constitute an agreement that the committee will hold an inquiry? Your wording is a bit vague.

**Mr Rumbles:** I think that the convener is saying that we will decide whether we should hold an inquiry after we know the result of the Transport and the Environment Committee's deliberations.

**Dr Murray:** I am beginning to be confused, because I thought that the inquiry that we might hold would be rather broader than the initial concerns.

**The Convener:** We must reserve the right to do that.

**Rhoda Grant:** I suggest that we defer the decision until our next meeting, when we will know what the Transport and the Environment Committee agreed. We can make a decision then, but we must bear it in mind this afternoon that we should leave space in our forward work programme, should we be the committee that conducts the inquiry.

**The Convener:** We have made a basic decision on whether we want to call again for a public inquiry immediately. Are we content to leave it at that?

**Members indicated agreement.**

**The Convener:** We will proceed on the outline that George Lyon gave a few moments ago, but will await the consideration of the Transport and the Environment Committee.

Are we content that we have come to a logical conclusion on item 3?

**Members indicated agreement.**

## Subordinate Legislation

**The Convener:** We move to agenda item 4. We have a number of instruments before us today, which have been circulated to members. Does anyone have anything they wish to say about any of the instruments? I declare an interest in the final instrument, the Milk and Milk Products (Pupils in Educational Establishments) (Scotland) Regulations 2001 (SSI 2001/162), given that, as a milk producer, it could conceivably adjust my income.

**Fergus Ewing:** Are we taking the instruments en bloc?

**The Convener:** I will take them en bloc if that is appropriate, but if anyone has anything to say on an individual instrument, I will single it out.

**Fergus Ewing:** The Subordinate Legislation Committee identified a mistake in the Fisheries and Aquaculture Structures (Grants) (Scotland) Regulations 2001 (SSI 2001/140). It was highlighted that the reference to regulation 15 in paragraph 6 should be to regulation 14. While it seems that that will not have any horrendous consequences, the committee suggested—and I agree—that the mistake should be corrected by the Executive at the first opportunity.

**The Convener:** Sloppy drafting of regulations has been identified by the Subordinate Legislation Committee on a number of recent occasions—this is a prime example. However, I am sure that the mistake should not cause us to delay the process on this instrument.

**Fergus Ewing:** Were it so, I would have moved the appropriate motion.

The other point that the Subordinate Legislation Committee highlighted—it has highlighted the point ad infinitum and has been completely ignored by the Executive—is that there is no right of appeal under regulation 14. In the committee's view, that is a breach of the European convention on human rights. The Executive reply, as always, is that that does not matter because it is possible to proceed with an action of judicial review. However, to do so would involve engaging various solicitors in the Court of Session, which is horrendously expensive, and legal aid is available to few. I hope that the Executive finally gets down to giving a better response than that and perhaps responding to some of the concerns that are raised frequently by the Subordinate Legislation Committee on such technical matters.

**The Convener:** Are we content, however, that we do not wish to comment on the Fisheries and Aquaculture Structures (Grants) (Scotland) Regulations 2001 (SSI 2001/140) in our report to

Parliament?

**Members** *indicated agreement.*

**The Convener:** Given that no other points have been raised, I move to the Import and Export Restrictions (Foot-and-Mouth Disease) (Scotland) Amendment (No 3) Regulations 2001 (SSI 2001/141), the Welfare of Animals (Slaughter or Killing) Amendment (Scotland) Regulations 2001 (SSI 2001/145), the Import and Export Restrictions (Foot-and-Mouth Disease) (Scotland) Amendment (No 4) Regulations 2001 (SSI 2001/158), the Foot-and-Mouth Disease (Marking of Meat and Meat Products) (Scotland) Regulations 2001 (SSI 2001/160) and the Milk and Milk Products (Pupils in Educational Establishments) (Scotland) Regulations 2001 (SSI 2001/162). As no issues have been raised, are members content that we need make no comment on those instruments in our report to Parliament?

**Members** *indicated agreement.*

## Work Programme

**The Convener:** Item 5 on the agenda is our work programme. The aim is to agree how we will use the remaining weeks before the summer recess, which had been set aside for stage 2 of the Protection of Wild Mammals (Scotland) Bill and discussions on the fur farming bill and land reform, all of which have been delayed as a result of the foot-and-mouth crisis.

First, I seek agreement to the idea that, instead of bringing the work programme regularly to the full committee, we move to a system of appointing reporters. The purpose of that would be to appoint a reporter from the Labour party and a reporter from the Liberal Democrats so that a group of four—including me and Fergus Ewing—can deal with the day-to-day management of the long-term work programme. Do members agree to that proposal?

**Members** *indicated agreement.*

**The Convener:** We need to appoint people. I have spoken provisionally to Elaine Murray and George Lyon. I ask them whether they would be content to act as reporters.

**Dr Murray** *indicated agreement.*

**George Lyon** *indicated agreement.*

**The Convener:** Are members content that Fergus Ewing and I should act as representatives of the other parties?

**Members** *indicated agreement.*

**Elaine Smith:** I ask that you bring any decisions back to the committee for agreement.

**The Convener:** The idea is that the sub-group will submit papers to the committee.

**Elaine Smith:** Will the principle of meeting fortnightly be at the heart of the discussions?

**The Convener:** It most likely will be.

The clerk's paper also suggests that the group of reporters submit to the committee a paper on the long-term work programme. It suggests a deadline of 19 June so that we can act on it. Do members agree to that proposal?

**Members** *indicated agreement.*

**The Convener:** I also ask the committee to agree the proposed dates and outline content of the final three meetings of the committee in the current term. The Scottish Parliament information centre briefing on the agriculture inquiry is shown in brackets as it will take place on 26 June only if the committee has no other urgent business on that day—if the briefing does not take place then,

it will be added to the previous week's agenda.

I note that the two-weekly programme that we have set out would mean that we had a meeting on 5 June. Members may wish to avoid that date. I have asked the clerks to ensure that no business is scheduled for that day that cannot be moved to 12 June, should we decide that to be appropriate.

**George Lyon:** I suggest that it is appropriate.

**The Convener:** Are we content to decide now that the meeting that would have been on 5 June should take place on 12 June to fit the programme?

**Members indicated agreement.**

**The Convener:** I ask the committee to agree which petitions we will deal with at that meeting. A table should have been circulated to members. We have various outstanding petitions to deal with.

**Dr Murray:** Which table are you referring to?

**The Convener:** The table of petitions.

**Dr Murray:** That was not clear.

**The Convener:** Various petitions remain outstanding, particularly petition PE8.

**Dr Murray:** My understanding was that Maureen Macmillan had been appointed by the Transport and the Environment Committee to do some further work on that petition.

**The Convener:** I am told that there will be a report at the end of May. We may have something to consider at that point.

We also have petition PE138, on power for Scottish Quality Beef Lamb Assurance. I cannot remember the details of that one.

**Fergus Ewing:** I suggest that we consider those petitions at the next available opportunity and with benefit of all the papers so that we can give them some serious thought.

**The Convener:** Are we happy to place those petitions on the agenda for 12 June?

**Members indicated agreement.**

**The Convener:** Papers will be circulated in advance.

Fergus Ewing suggested that issues may arise from the aggregates tax petition, which was not referred to this committee. Would you like the committee to consider that petition, Fergus?

16:15

**Fergus Ewing:** I would certainly like the petitioners to have the opportunity of a hearing. Despite the fact that the petition highlights the serious ramifications on the rural economy of the

aggregates tax, it has not yet been given a proper hearing. That may take an hour or so. I feel strongly that, unless the situation is ameliorated, the introduction of the aggregates tax next April will have a severe impact on the rural economy. The Highland Council has already made substantive representations on it. The tax would impact on jobs and the cost of aggregates to local authorities and it would increase the traffic on the roads.

The petitioners also moot the possibility that there would be a differential impact in Scotland. Because the price of aggregates here is around half the cost elsewhere and the proposed tax is a flat-rate one, it would effectively hit Scotland twice as harshly as, say, the south-east of England. In addition, the petitioners argue that small quarries would be forced to close, leaving larger quarries open and incurring a massive increase in road traffic, with more heavy lorries using our already inadequate rural road network.

I mention the petition because the petitioners have not been given the opportunity of a hearing. I thought it only fair to canvass these issues.

**Rhoda Grant:** On a point of order, convener. Fergus Ewing is going on at length, but is it appropriate and within standing orders for the committee to deal with a petition that was not referred to it?

**The Convener:** It is an issue that Fergus Ewing asked to be considered for future agendas.

**Cathy Jamieson:** We could all talk about particular issues that we want to address and people whom we would like to invite to the committee. I have suggested items for future agendas that do not even appear on this list. Any of us could suggest 20 different issues to address. I do not think that it is appropriate for members to speak in support of petitions that have not been referred to us.

**Dr Murray:** The issue is reserved to Westminster. We are just about to have a general election, in which all parties have candidates standing for Scottish seats. Therefore, the petition would be more appropriately directed to our colleagues at Westminster. There are sufficient matters that fall within the devolved competence of the Parliament for us to consider, without spending time considering issues that should be considered elsewhere.

**Richard Lochhead:** Westminster may not be relevant to Scotland after June 7.

**Rhoda Grant:** In your dreams.

**George Lyon:** That returns us to the crucial issue of our forward work programme. I understand that we have decided that the paper on our priorities will return to the committee for

discussion. Can we agree that that is what will happen, as you suggested, convener, and as the committee agreed?

**The Convener:** Are we content that the committee should not consider the petition until it has been referred to us?

**George Lyon:** It could be discussed as part of our forward work programme, and we could decide whether it will be part of that programme.

**Fergus Ewing:** I thought that that is what we were doing.

**The Convener:** Are we content to proceed on that basis?

*Members indicated agreement.*

**George Lyon:** Fergus Ewing left the room and missed the committee's decision on our forward work programme.

**The Convener:** We have scheduled consideration of the European Committee's common fisheries policy inquiry paper for 22 May. Are we content with that?

*Members indicated agreement.*

**Dr Murray:** What about the draft Scottish statutory instrument on technical conservation measures, which has not yet arrived? Will we have it by then?

**The Convener:** We hope to be able to deal with the SSI on the fisheries technical conservation measures on that day.

**Richard Lochhead:** What day are we talking about?

**The Convener:** It would be 22 May. If that SSI is available, would we want to invite someone to give evidence on technical conservation measures in advance of our dealing with it?

**Richard Lochhead:** I recommend that we do so, as technical conservation measures are a very technical issue.

**George Lyon:** I query whether the committee is competent to deal with that issue, given the arguments that we have had today. Would we not bring a political perspective to it?

**The Convener:** Who would we invite to give evidence? Are we content to ask the Executive to provide someone to give us evidence on the SSI—no specific names, just an appropriate authority?

**Fergus Ewing:** Is there not a case for asking for the minister? The SSI is extremely important to the Executive's fisheries policy, and the main argument to support the Executive's decision was that technical conservation measures would be adequate. Should not we take evidence from the minister?

**The Convener:** This will be a negative instrument, and on such matters it is normal practice to invite people to give technical evidence. It is not a policy issue.

**George Lyon:** I therefore suggest that we ask for some technical expertise.

**The Convener:** Is that agreed?

*Members indicated agreement.*

**Richard Lochhead:** Why not invite representatives of the industry as well?

**The Convener:** We simply need someone to explain the instrument to us before we approve it. We may want to look into technical conservation issues in the longer term, but in consideration of the statutory instrument our priority must be to ensure that we understand the technical measures that it proposes. This is a technical rather than a policy issue.

**Fergus Ewing:** Would it not be possible to have the industry along as well? The industry can give a response that is born of experience of how the technical measures operate in practice. The industry has opined on the issues—especially on the millimetres gauge—over the past few days. I would like to hear its technical expertise and evidence at the earliest possible opportunity. That would not detain us unduly.

**The Convener:** I am slightly concerned that we give a misleading impression by acting as if the statutory instrument that we are talking about is up for debate. It is not. Unless we move for annulment, it would be inappropriate to deal with it at this stage, as any committee member can push to have the issue on the agenda in the longer term.

**George Lyon:** I suggest that we invite the Executive to send along someone to explain the technicalities of the instrument.

**Dr Murray:** I thought that we had agreed to that.

**Rhoda Grant:** Are we still in public session?

**The Convener:** Yes.

**Rhoda Grant:** Have we not put our forward programme aside? Basically, the committee is housekeeping. I am thinking of official report staff.

**The Convener:** We are approaching the end of the meeting.

**Cathy Jamieson:** I accept that we have given responsibility to members to come back with a forward work programme, but I hope that we will find some time to discuss Scottish Natural Heritage's "Protecting and Promoting Scotland's Freshwater Fisheries: a review" and the Executive's response to it. I want the part that was missed out to be noted again. That is important in

light of some of the answers given by the Minister for Environment and Rural Development today about the future of the timber industry in Scotland. Issues arise that would bear closer scrutiny in a future inquiry.

**Richard Lochhead:** I support Cathy Jamieson's last comment. The paper industry is an issue that could be selected for a future agenda. We could combine discussion of the paper industry and the timber industry in one session.

**The Convener:** The committee has limited scope for any additional work in late May and June. Are members content to take any proposals for further committee work and to consider them for the longer term?

**Members indicated agreement.**

**The Convener:** Fergus Ewing suggested that at some point we might consider dealing with a number of issues at a meeting outside Edinburgh—perhaps in the north. Are members content to leave that issue to the reporters group for further consideration?

**George Lyon:** Subject to whatever we agree the forward work programme is.

**The Convener:** Indeed—that is why it is pointless going into greater detail at this stage. Are members content that the issue should be considered by the reporters group?

**Members indicated agreement.**

**Elaine Smith:** Are we now in private session?

**The Convener:** I am discussing why we need to go into private session.

**Elaine Smith:** I want to raise an issue in private session, as I said earlier.

**The Convener:** Are we content to move into private session?

**Members indicated agreement.**

16:24

*Meeting continued in private until 16:41.*



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