

# **RURAL DEVELOPMENT COMMITTEE**

Tuesday 23 October 2001  
(*Afternoon*)

Session 1

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## RURAL DEVELOPMENT COMMITTEE

22<sup>nd</sup> Meeting 2001, Session 1

### CONVENER

Alex Fergusson (South of Scotland) (Con)

### DEPUTY CONVENER

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

### COMMITTEE MEMBERS

\*Rhoda Grant (Highlands and Islands) (Lab)  
\*Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab)  
\*Richard Lochhead (North-East Scotland) (SNP)  
\*Mr Jamie McGrigor (Highlands and Islands) (Con)  
\*John Farquhar Munro (Ross, Skye and Inverness West) (LD)  
\*Dr Elaine Murray (Dumfries) (Lab)  
\*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)  
\*Elaine Smith (Coatbridge and Chryston) (Lab)  
Stewart Stevenson (Banff and Buchan) (SNP)

\*attended

### WITNESSES

David Dalgetty (Scottish Executive Environment and Rural Affairs Department)  
Ross Finnie (Minister for Environment and Rural Development)

### CLERK TO THE COMMITTEE

Richard Davies

### SENIOR ASSISTANT CLERK

Mark Brough

### ASSISTANT CLERK

Jake Thomas

### LOCATION

The Hub



## Scottish Parliament

### Rural Development Committee

*Tuesday 23 October 2001*

*(Afternoon)*

[THE DEPUTY CONVENER *opened the meeting at 14:02*]

**The Deputy Convener (Fergus Ewing):** I welcome everyone to today's meeting. I begin by declaring the obvious, which is that the convener, Alex Fergusson, is indisposed today. I hope that members will put up with me instead. I am sure that Alex will be back with us shortly.

I understand that Richard Lochhead and Stewart Stevenson are at other meetings and will arrive later.

### Petitions

#### Less Favoured Areas Support Scheme (PE372 and PE384)

**The Deputy Convener:** The first item on today's agenda is two petitions. The first is PE372, from Mr Robert Epps, which calls on the Scottish Parliament to ensure that a revised less favoured areas support scheme be introduced by 2002, giving priority to those farming in the most severely disadvantaged areas of Scotland. PE384 has been submitted by Mr Eddie Nicol and calls on the Scottish Parliament to take measures to redress the injustice of the current less favoured areas support scheme.

I understand that the petitions have been brought before the committee swiftly on the recommendation of the Public Petitions Committee and that both petitioners have been notified that their petitions are being considered today. Although the petitioners are not here, I gather that they are satisfied that the matter is being dealt with relatively swiftly.

Members will have noticed that the Minister for Environment and Rural Development is with us this afternoon. I understand that, as a matter of absolute necessity and on pain of severe sanctions, he must leave by 3.15. With members' permission, it might be helpful if the minister says a few words to begin our consideration of the less favoured areas support—LFAS—scheme on the short-term issue of the 90 per cent safety net and the long-term issue of substantive structural reform to the scheme.

As we had a statement from the Executive dated 19 October, it seems fair and courteous to offer

the minister the opportunity to make some opening remarks and to bring us up to date on any developments.

**The Minister for Environment and Rural Development (Ross Finnie):** Thank you. I would like to bring the committee up to speed. One of the issues that has been vexing members—and which was captured in the question put by the committee clerk—is the constitutional position on prosecuting our interests in relation to the LFAS scheme and whether we require the permission of the United Kingdom Government in so doing. I will try to address that as well as the other two issues that you mentioned, convener.

I intimated to Parliament and the public that we are pursuing modifications to the LFAS scheme for the next year. We are pursuing a change in the stocking density ratio and the recycling of funds into the area payments. We are also pressing for the 90 per cent safety net to be continued for a further year. I have pressed that matter in the European Commission and I wrote formally to Commissioner Fischler on 21 September. As things stand, I have not had a response to that letter. As I have said, my officials and I have pressed the importance of the Scottish case on various occasions. We have pointed out to the Commission that we need an early response in order to make the necessary adjustments to the scheme for 2002.

The committee clerk asked my officials whether the UK had written to the Commission. The question suggested that that might be a prerequisite. LFAS policy, along with other schemes, falls under the European Union rural development plan and as such is exclusively the responsibility of the Scottish Executive. There was therefore no need for the UK Government to write in support of our request and there was, and is, nothing to prevent Commissioner Fischler from considering our case on its own merits. Nevertheless, I invited Mrs Beckett, the Secretary of State for Environment, Food and Rural Affairs, to endorse my arguments, as I wished to exert all possible pressure on the Commission. As a result, the UK representative in Brussels has sent a letter asking the Commission to respond positively to the Scottish request. I will continue to press the case with the Commission in the coming days and if the committee would like to endorse that case I would be happy to relay its support to the Commission. That addresses the important constitutional question.

PE372 raises a difficult point; it talks about giving priority to those farming in the "most severely disadvantaged areas" of Scotland. The difficulty with that is that in Scotland we benefit—in some senses—from the fact that 85 per cent of Scottish agricultural land is designated as less

favoured area. Some members, including Rhoda Grant, might want to argue that there are parts of the LFA that are more disadvantaged than others, but we must consider the fact that the writing of the scheme does not envisage a huge differentiation.

In other words, we start from the basic principle that if Europe designates an area as less favoured, there should not be huge differences within that area or between that area and others that are less favoured. We know, of course, that that is not the case. We have to be careful that we do not press this issue about the most disadvantaged to the point where Europe starts to reconsider its position and perhaps takes a view that only 15 per cent, or 10 per cent, or 35 per cent—I do not know—would qualify. We have to be careful reading the regulation and take it in the context that Scotland as a whole benefits from having 85 per cent of its agricultural area designated as LFA.

That is not to say that as the minister I would not prefer a scheme that is more targeted. Members of the committee will be aware that when I submitted the original proposal for the scheme, it had four or five degrees of variation. It was rejected by the Commission as too complex and outwith the spirit of the scheme, which applies to the whole of the less favoured area.

With regard to PE384, there is no question but that we have examined carefully the analysis of injustices. There is no doubt that certain parts of the scheme are not operating as satisfactorily as I would wish. I have given a commitment to make amendments. The ones that I am prosecuting at the moment are intended to deal with what I regard as the greater anomalies in the scheme.

In the longer run, convener, you are aware that I wish to make more substantial changes, but I am bound to say that any detailed analysis of the LFAS scheme shows that it is almost impossible to change from a scheme that Scotland did extraordinarily well out of on the basis of headage payments, to an area-based scheme. The scheme was not designed in that way, which is why in the longer run—rather than in the short to medium term—I would be happier to pursue a completely different scheme, more along the lines of land management contracts such as those I described in my strategy. However, in the short term, I am committed to making the changes that I hope will deal with the worst anomalies. In the medium term we will be working with the group that I set up to find further changes, and in the longer run we will have to go outwith LFAS schemes to find a satisfactory solution that meets Scotland's needs.

**The Deputy Convener:** Thank you for that information additional to the note of 19 October. I will begin questioning by raising the obvious

concern that while committee members will be keen to support the 90 per cent safety net, there are stormy waters ahead because the intention is to reduce the safety net to only 50 per cent in the ensuing year. Has that issue been raised with the Commission? Is the Executive planning to ask for that 50 per cent limit to be increased to 90 per cent or some other figure? If not, could you give some idea of how you envisage negotiations for the lifting of the 50 per cent safety net progressing?

**Ross Finnie:** It must be understood that requesting a derogation for a 90 per cent safety net for a further year would be done on the basis that, contemporaneously, we would produce revisions to the scheme to remove some of the worst anomalies. In other words, the safety net is being argued for on the basis of the facts that have emerged rather than on what we envisaged when we set up the scheme, when we did not have the database.

The Commission is saying, "Are you putting it to us that you are looking for a further year in which to make a slightly more radical revision to the scheme, which would more satisfactorily meet the requirements?" The Commission is putting it to us that, given that the 90 per cent, 80 per cent and 50 per cent safety nets were derogations that had no basis in European law, it is reluctant to contemplate a derogation not just this year, but next year and thereafter. The onus that the Commission is trying to put on us in the current negotiations is that if it cedes the 90 per cent—which I hope it will—it will be looking to us to propose a scheme that will be less dependent on a safety net in future years.

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** I want to ask about the constitutional point that you made. It is obvious that the Scottish Executive and MSPs are aware of the constitutional situation. Can you confirm that Commissioner Fischler understands the constitutional situation? Your letter of 19 October seems to imply that we need to get permission from Mrs Beckett before we proceed with the proposals.

14:15

**Ross Finnie:** The Commission is quite clear on the constitutional situation. If it were not, it would have prevented my officials and me from dealing with it directly. It has never sought to do that. We have had no problem dealing directly with the Commission, with its officials and with the commissioner. Given that the United Kingdom, as the member state, has to deal with four separate entities—Northern Ireland, Wales, Scotland and England—the commissioner thought that it would be helpful if the member state confirmed that it is

supportive of the approach that is being proposed. He did not intend to raise a constitutional impediment.

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

This year you are considering small revisions to the scheme and the extension of the 90 per cent safety net. I would like you to look to the future, when more major revisions may be made. I have repeatedly raised the issue of capping. Some less favoured area payments under the current scheme are intended to help areas with poor soil and low stocking density, but those areas are quite similar to large areas that are not well managed. It is difficult to see who the winners are, because we hear from the losers and not from the winners. I can only assume that those who have done well out of the scheme are people with large amounts of land and low stocking levels, who have not really worked their land. If we were to cap the amount of money that is awarded, that would help smaller farmers. There would be more money in the pot to distribute and there would no longer be big winners.

I would also like to raise the issue of farmers with natural disadvantage. That can be measured quite easily. On the islands, for example, there are costs associated with getting feeding stuffs on and animals off. Orkney Islands Council has provided assistance to farmers on Orkney. Is there any way that money from the LFAS scheme could be used to benefit farmers with more severe disadvantage than those in other less favoured areas?

**Ross Finnie:** I will deal with the first point first. I hear what Rhoda Grant is saying, but the best way to catch people who have large areas of land and low stocking densities is to use the stocking density ratio. The figures for this year show that although there is a large number of winners, the amounts awarded are not as large as we originally envisaged.

I understand where Rhoda Grant is coming from on her second point. Natural disadvantage as defined in the European Union regulation relates to soil condition. I am not dismissing the point she made: I understand that if a farmer is based on an island, at some distance from market, they have extra costs associated with bringing in feed and shipping their product—but that is not the natural disadvantage that is described in the regulation.

The regulation talks about natural disadvantage in terms of someone's being able to farm on a piece of land. It is about the soil and climatic conditions relating to the land. This is where official records become difficult. I am sympathetic to the view that Rhoda Grant expresses. The original proposals sought to have different degrees of assistance and to tackle the problem in a slightly different way, but I do not think that we can deal with it by saying that there should be an

element in the payment to compensate for the fact that someone lives on an island. Gradations must be considered. Perhaps the Macaulay Land Use Research Institute report will give us a better handle and enable compensation for climatic, soil or other conditions to be worked into the scheme. I do not know the answer, but we must attack this in terms of the way in which the regulation is written.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** I declare an interest in the matter, as I have a sheep farm in Argyll.

I take on board what you say about 85 per cent of Scotland's agricultural area having LFA status, which is a very good thing. In the past, there were categories for disadvantaged and severely disadvantaged areas. Is it not unfair to remote areas that that does not appear to be the case any more and that the scheme is to be based on only one category? You seem to be saying that there could not be different elements in the scheme. Would it be possible to include some sort of supplement for remote areas?

Do you agree that it is especially important this year and next year to maintain the 90 per cent safety net because the sheep annual premium is extraordinarily low, at £6.62, and because Highland hill farmers who cannot export their lamb are finding life especially difficult?

**Ross Finnie:** I can only repeat what I said. I would have preferred a scheme with much more gradation. If MLURI were to come up with practical proposals that would allow us to move towards longer-term, more radical change, I would be interested in doing that.

I encourage members to read the information that is now in the public domain and look at the figures. Although we still have a problem with individual holdings, there are a number of winners as well as some losers. Without question, the economy of the Western Isles as a whole benefited under the LFAS scheme's distribution; therefore, it is not quite right to draw the simplistic conclusion that all such areas are losers.

As I told the convener, I do not think that there is much chance of our pursuing the 90 per cent safety net for a further year, although we are pursuing it for next year. If the Commission were to concede the 90 per cent safety net, it would be on the basis that that would give us breathing space to make further changes to the scheme that would remove the inequality in it. I am reluctant to use the phrase winners and losers, as the Commission is not comfortable with it; nevertheless, there will be winners and losers.

**Mr McGrigor:** I was always led to believe that the sheep annual premium was a safety net and that, when times were bad, there was always more of it. Times could not be worse than they are now.

Because of the high prices of lamb in Europe, we in this country are getting less for our sheep annual premium. That seems unfair, but I believe that it is possible—within the European rules—to get a national top-up. Does the minister envisage trying to get that for our sheep farmers?

**Ross Finnie:** I have explained that matter to all UK ministers. There is no question but that I agree wholly with Jamie McGrigor's analysis—the situation is a real double whammy because we are not able to export and we are not able to get the benefit of the price going up. In fact, we might be the cause of the rise. When the price rises above the subsistence level or the intervention level the premium comes down. I agree wholly with the analysis that the Scottish sheep farmer is suffering a double whammy.

A top-up is in a similar domain to other issues that I have raised, such as agrimonetary compensation, which lie in the territory of what the UK Treasury might or might not pay. I have certainly raised the issue of a top-up, but at the moment, given the size of the bill for foot-and-mouth disease, I find the Treasury to be not tremendously sympathetic about the amount of money that is being paid to the agricultural sector. I do not necessarily agree with that point of view, but it is the reality.

**Dr Elaine Murray (Dumfries) (Lab):** I apologise for being a little late and missing the first part of the minister's statement.

I refer to the circular from the Executive about the petitions, in which the petitioners assert that Scottish producers would be better off under the Welsh or Northern Irish schemes. The Executive makes the point that comparisons between schemes within the UK are not especially relevant because of different sorts of terrain and so on. I note with interest that, if the Welsh scheme were adopted, the budget would be seriously oversubscribed. Why is that? Does that suggest that Scotland—given that 85 per cent of its land is less favoured—is possibly not getting its fair share of resources to be able to run the scheme?

**Ross Finnie:** No, not at all. There is no question but that consideration of the proportions and the scale of operations shows that Scotland is certainly getting its fair share and, indeed—at a level of £61.5 million—has sustained that share.

The Welsh and Scottish schemes are rather different. I have had conversations with Carwyn Jones, who is the Minister for Rural Affairs in Wales and it is interesting that, despite comments made elsewhere, he is quite nervous about the adverse comments on his scheme. He is under some pressure to make changes to the scheme, so it would be wrong to say that the scheme is universally regarded as a success—that is not the

case, as I discovered while speaking to him. I wondered whether I had picked up the wrong message—that his scheme had been a huge success, while mine was not working terribly well. Conversation with him revealed that not to be the case. The Welsh will be considering changes to their scheme.

**Dr Murray:** I presume that the fact that our budget would have been oversubscribed, had we had a similar scheme, is because of the proportion of a particular type of land in Scotland.

**Ross Finnie:** That is right.

**John Farquhar Munro (Ross, Skye and Inverness West) (LD):** The minister suggested at the start of his speech that 85 per cent of Scotland is classified as less favoured under the less favoured areas support scheme. I suppose that that is to be generally welcomed because it offers a blanket approach to the whole geographical area of Scotland. However, much of the concern that has been expressed to me and many of the complaints that I have received—as I am sure is the case with the minister—are to the effect that the islands communities are still of the opinion that the previous financial support schemes had built into them elements that took account of peripherality and rurality. Those communities see that such provision is diminishing under the current system and, in that, their argument is justified.

The minister has just pointed out that the criteria relate more to land use than to the remoteness of that land, but we must still be careful in agreeing that the 85 per cent classification is favourable at present. How will we address the situation in three years when there will have been a 50 per cent reduction in the support mechanisms? Is it envisaged that, because there is a change from headage to acreage, the quality of the animals produced will secure a higher price and so compensate for the loss of support? How do you see the longer term?

I know that we have a problem in agriculture that will not be sorted out overnight. We must look to the long-term future. I hope that the quality of animals produced after the three years will command a higher premium than at present when we are selling on headage.

14:30

**Ross Finnie:** There are a number of points to deal with.

Not only was 85 per cent of Scotland's land covered, but we used the system to our benefit extraordinarily well. Throughout Scotland, we do not indulge in much overly intensive farming. However, particularly in the north and other areas,



we have a quite high stocking density ratio. We added to individual stock every top-up that we invented, created or were allowed. The amount of stock therefore became a crucial element in the amount of payment. That is why severing that umbilical cord at a stroke did deep damage to a scheme that had worked in Scotland for many years. The damage was not just to the 85 per cent, but to the way in which all the premiums were concentrated on the individual livestock herd. That is why it is so difficult to construct a different scheme.

On the islands, I refer back to what I said to Rhoda Grant. I am not unsympathetic to what John Farquhar Munro suggests, but that is not how to construct the scheme. We must consider a more detailed analysis of the soil and climatic or other conditions that might be a permanent disadvantage. It might be that the MLURI report will give us a better handle on that, which is what I said to Rhoda Grant.

The safety net was intended to give more time as the scheme progressed. There are farmers who have adjusted their stocking density ratio, particularly between cattle and sheep in mixed farms. Those farmers have found that such adjustments have ameliorated the effect of the change. The National Farmers Union of Scotland and our department have been advising farmers on that. By the time that we reach year four of the scheme—in terms of its effects rather than the quantum of money—I hope that we will have devised changes that will remove the worst of the anomalies from the scheme. Whether the safety net is 50 per cent or 20 per cent, or there is no safety net at all, I hope that we will have a scheme that is more equitable in its general content.

**The Deputy Convener:** With reference to the paper of 19 October and the statement that the industry group is meeting on 30 October, the minister has kindly set out the procedure to be followed subsequent to that meeting with regard to implementing any amendments to the scheme. Would it be possible for the committee to be involved at an early stage in considering any draft statutory instrument that might be produced to give effect to the proposed changes?

**Ross Finnie:** That does not seem to be objectionable in principle. I have no idea what happens to draft statutory instruments. I am terrified of statutory instruments because they always go the Subordinate Legislation Committee, which always finds something wrong with them.

**The Deputy Convener:** I am not on that committee any more, but I well remember that that is what it seemed to do.

With reference to previous significant statutory instruments—such as this will be—some members

of the committee have expressed the desire to play a part in shaping the rules and to have those rules as early as possible.

**Ross Finnie:** I am not sure that I wish to commit myself to the principle that the drafting of a statutory instrument would become the provenance of a committee. I have no difficulty in agreeing to communicate with the committee about the principles on which we are about to proceed.

**The Deputy Convener:** Thank you, minister. If you are happy to remain in situ, as it were, I invite the committee to offer suggestions on what we might do with the two petitions. I remind members that the Public Petitions Committee strongly recommended that, because the LFAS scheme raises issues about liaison with the European Community, we should consider referring the petition to the European Committee. The next meeting of that committee is 30 October, which gives us little time.

**Mr Rumbles:** One of the options in the Public Petitions Committee members' briefing document is that this committee should consider whether the Executive's arguments appear reasonable. If members are of the view that they are, they might wish to agree to pass copies of the responses to the petitioners and to take no further action.

I have listened to the minister and I am confident that the Executive is getting a grip on the scheme. The Executive's arguments about the importance of ensuring that the scheme covers 85 per cent of Scotland and soil condition and the fact that areas of land are being considered rather than whether an area is an island convince me that I would rather leave the situation to the Executive to put right.

I can see why the alarm was raised in Shetland, given the statistics in the letter from the minister dated 11 September, which show that for the Lerwick area office, the mean loss per farm under the LFAS scheme 2001 would be more than 10 per cent. The same document, however, says that the Executive's amended proposals will result in a mean gain for the Lerwick area office. The Executive's arguments are robust and I hope that it continues to work to meet the needs of Scotland's farmers in the 85 per cent of the area that we are considering. We should follow the suggestion of the Public Petitions Committee clerk and refer the petition to the European Committee.

**The Deputy Convener:** The minister mentioned that Margaret Beckett has added her support to the retention of the 90 per cent safety net. That deals with one of the problems that existed prior to this meeting.

**Rhoda Grant:** A lot of what has been said today is helpful. As a first step, it is important that the

committee agree to support the retention of the 90 per cent safety net.

However, we should pass the matter to the European Committee because there are larger issues about how European legislation is framed and how it restricts what we can do. It would be useful to have the European Committee's view on the scheme and on other legislation. We will find ourselves in this situation more and more often. We know that we are moving away from headage-based schemes to area-based schemes and we need to participate fully in that move. If we do not do that and engage the help of the European Committee, we will simply be putting the matter off until another day.

**The Deputy Convener:** I know that other committee members have previously expressed the view that we should support the efforts that are being made to retain the 90 per cent limit. We might perhaps write formally to the Deputy Minister for Environment and Rural Development to express the support of the committee for that measure.

**Richard Lochhead (North-East Scotland) (SNP):** I agree that we should make a bold statement today saying that we support the retention of the 90 per cent safety net. As the petitions and other parts of the agriculture debate in Scotland have shown, there is a lot of concern about the future of farming policy and its implications, particularly for smaller, more remote farms. Clearly, the issue will not go away. I urge the committee to revisit the matter briefly at some point in the future to monitor progress. We must not let it fall off the agenda.

**The Deputy Convener:** I get the feeling that the minister will be happy to assure us that the matter will not fall off his—or any other—agenda. However, I suggest that we note the petition, refer it to the European Committee and agree that the committee write to the minister to give our full support to the extension of the 90 per cent safety net for the coming year.

**Members indicated agreement.**

## Budget Process 2002-03

**The Deputy Convener:** We move on to consideration of the budget process 2002-03. The committee is to take evidence from the minister on stage 2 of the budget process. Committee members will recall that the convener, Alex Fergusson, wrote to the minister on 4 October and raised various issues that arose from our stage 1 report, namely the declining share of the total Executive budget that is devoted to rural affairs and the decision-making process on the underspend of £66.8 million. I invite the minister to make some opening remarks.

**Ross Finnie:** I will go straight to the main issues in the convener's letter. As I said when I wrote to the committee in September, I am not consumed by day-to-day measurement of my share of the overall Executive budget; that is not how I want to deal with it. I explained when we met in May that our plans for 2002-03 were set out before the foot-and-mouth outbreak. I also said that the immediate significant costs of dealing with the disease fell to the United Kingdom Exchequer but that the Executive would have to make an assessment of its long-term impacts. That continues.

In the meantime, we addressed some of the short-term issues through our £10 million foot-and-mouth disease package, which included £2.5 million to assist the recovery of the agriculture industry. Through the rural partnership fund, we are also providing more than £2 million of match funding for sums raised by the voluntary sector to relieve hardship that has been caused by foot-and-mouth disease.

I continue to discuss with my counterparts elsewhere in the United Kingdom what additional common agricultural policy or Great Britain-wide measures might be appropriate. On the Executive's spending, we will have to take stock of the position in the 2002 spending review. At that time, we will make a judgment on the continuing problems for Scotland's rural areas and what priority we wish to accord them as we decide our spending priorities.

My basic point is that the relative size of my budget can increase only at the expense of other Executive programmes. When I wrote to the convener, I noted that the committee had not suggested which other Executive programmes could be reduced to give the rural affairs budget more.

I play my part in collective consideration of overall Executive priorities. I seek to use to best effect the resources that I secure in that process. As long as resources are finite—and they always will be—there is no escaping the need for hard

choices to be made between competing priorities.

On the allocation of cuts in my budget, and given what I have just said, the competing priorities meant that the budget reallocation was a classic case of having to adjust the management of finite resources to meet the needs of changing priorities.

I was, as I always am, party to the collective considerations. I believe that the contribution that has been made from my budget is deliverable without significant impact on my programmes. As the plans were set during the 2000 spending review, I considered first where there might be possibilities for savings based on later estimates. I then examined other areas in which we could expect to use end-year flexibility. For example, it was possible to consider giving up £3 million that was earmarked for spending in 2002-03 and 2003-04 for a new fishery protection vessel but still to allow that project to proceed—I am confident that we will be able to meet those one-off capital costs from EYF resources.

For the £1 million a year that is taken from the forward budget for Scottish agricultural and biological research institutes capital in 2002-03 and 2003-04, I am adding this year £2 million to the budget, to allow the bodies to advance their capital expenditure.

14:45

The final point in the convener's letter concerned the 2001-02 underspend. The underspend that matters is that which relates to departmental expenditure limit spending. The aggregate provisional underspend for my budget is some £66 million, but more than £21 million of that relates to CAP annually managed expenditure. The EYF rules do not apply to AME spending, because that is determined entirely by demand and is funded through the UK Exchequer. Therefore, demand rather than the budget determines the amount that is spent.

The provisional DEL underspend throughout my whole budget is some £44 million, of which £25 million is attributable to rural affairs. The committee will have ample opportunity to examine the detailed position later, but it is important to say that the larger underspend related to the rural development level 2 programmes. That was largely attributable to the European Commission's late approval of our Agenda 2000 rural development plan—the convener will recall that that occurred in December 2000—which our spending plans for 2001-02 assumed would be approved much earlier in the year.

Parliament will shortly see the Executive's autumn revised budget, in which we will propose the allocation of the 2001-02 EYF resources.

Proposed additions to my rural affairs portfolio will amount to some £44 million, including £25 million for the fisheries decommissioning scheme.

As time is short, I have tried to address the principal points that were raised in the convener's letter. I will pause there. Mr Dalgetty and I will be happy to answer the committee's more detailed questions.

**The Deputy Convener:** Just under 30 minutes are available, so I ask members to be succinct, if not brief.

**Dr Murray:** Minister, when you and I discussed the budget at stage 1, I think that we agreed that the aftermath of foot-and-mouth might change some of the budget priorities, particularly the way in which modulated funds were used. How are the foot-and-mouth issues being addressed? How is that money being allocated from the budget?

**Ross Finnie:** There are two distinct elements in the modulated funds. Fifty per cent of the funding is tied absolutely to the descriptions in the rural development regulation. The remaining 50 per cent is funded directly from the Treasury and is more flexible. It is curious that in some of the fundamental elements to which we direct expenditure to support agriculture, foot-and-mouth may have changed the pattern of demand, but I am not sure whether it has changed the nature of demand. The geographical spread of applications for the programmes may have changed, but we are unaware of a range of other elements on which the agriculture community seeks more support. However, the level of desire and applications has increased and changed geographically.

**Dr Murray:** You will be aware that Dumfries and Galloway Council and Scottish Borders Council, for example, sought additional funding to help with marketing and promoting the industry. Has it been possible to provide that from the budget?

**Ross Finnie:** I will deal with the marketing issue. I do not wish to be disrespectful to Dumfries and Galloway or any other part of Scotland, but we must understand that improving the consumption of or increasing customer confidence in red meat throughout Scotland, with particular emphasis on the Scottish quality beef and lamb labels—I hope that members saw in their newspapers at the beginning of the week that Quality Meat Scotland has just launched a campaign—has as much to do with other parts of Scotland as it has with Dumfries and Galloway.

**Richard Lochhead:** The figures are easier to interpret than in previous years, but it is still quite difficult to scrutinise the department's budget. I looked through our notes and noticed that Forest Enterprise had capital charges of £40 million and a total budget of £56.4 million for 2000-01. That £40

million under the heading of capital charges—whatever they may be—is the equivalent of two thirds of the overall fisheries budget.

The end of the previous financial year coincided with the fishing crisis. As we know, the Executive decided not to fund a tie-up scheme, for which the fishermen had sought £5 million. Am I right to say that, at the same time as the Executive was turning down that request for £5 million, the rural affairs budget was underspent by £25 million? If I heard the minister correctly, he said that £25 million of the £44 million underspend was directly related to the rural affairs budget. Does that mean that the minister had full discretion over that £25 million?

**Ross Finnie:** Richard Lochhead has raised two questions. I am glad that, like me, he finds the figures slightly easier to understand. Convener, you will appreciate that I am reluctant to make the figures too easy, as that would remove the mystery behind being an accountant and, as I am a professional accountant, that raises a conflict of interests for me.

Let me make a serious point. I do not accept Richard Lochhead's proposition. I am reluctant to get into an argument with you, Richard, about the figures that you quoted—that is, the £5 million against the £25 million underspend—but I do not accept the proposition behind that £5 million. I recall from the Scottish Fishermen's Federation submission that the fishermen were not looking for a one-off payment. We have had this argument before: your view is that the request was for £5 million, but that is not my view, because there was also some recurring expenditure. We will not agree about that, but, in the context, I did not think that I had £25 million available at the time. Having secured £25 million, I made a judgment and, with the agreement of the Cabinet, I decided to spend that money on a decommissioning scheme. That was a reasonable priority in relation to the fishing industry at the time.

**Richard Lochhead:** I will make a point about future flexibility. The £5 million would have been a one-off payment for that year. You are right to say, minister, that there would have been recurring payments. That issue will not go away, because the cod recovery plan covers a five-year period. I hope that you will accept that the £25 million payment for the decommissioning scheme was not a one-off payment, as future investment will be required. The World Wide Fund for Nature said today that if we do not invest, we will lose our fishing industry.

If there was a £25 million underspend at the end of the previous financial year, will the budgets have flexibility in future in order to enable your department to respond to the continuing difficulties in the fishing industry? The European Commission

is working up new proposals, which will require investment from the Scottish Executive, but are you making allowances for that investment?

**Ross Finnie:** As I said, we will be announcing the details shortly.

**David Dalgetty (Scottish Executive Environment and Rural Affairs Department):** The revised autumn budget will be announced within the next two weeks.

**Ross Finnie:** The matter is under consideration. Several issues are involved, including the final position on the cod recovery plan and paid tie-ups. We must also consider which element of the fishing settlement the fishing industry will be expected to make its living from, whether through quota or other mechanisms that are brought into play.

We are sensitive to all of that and to the timing of reports, which may be difficult. The problem in some cases with EYF moneys is that, to get them spent, you have to have them on programmes PDQ. We are cognisant of the need to be aware of developments in the fishing industry.

**The Deputy Convener:** As the minister is a chartered accountant, perhaps I could ask him a technical question that arises out of his last response. I understand that the DEL proportion of the underspend in the financial year to 31 March 2001 was £45 million. Of that, around £20 million was for fish decommissioning and £25 million was general underspend. Am I right in saying that the EYF rule allows 75 per cent of the underspend to be carried forward to the next year? If so, a quarter of the underspend—£6 million—cannot be carried forward and is therefore lost to the rural development budget.

**Ross Finnie:** No. That is not necessarily the case. Any Government has to take a view on its overall commitments. The Minister for Finance and Local Government agrees with other ministers that 75 per cent of any departmental underspend will, except in certain circumstances, come back to the relevant minister for adjustment. The Cabinet will review the 25 per cent to ensure that particular pressure points in the overall Executive budget can be managed properly.

**The Deputy Convener:** Does that mean that £6 million was lost, but that it may be returned?

**Ross Finnie:** That is possible. It depends on the arguments that are made for it. The matter has to be seen in the round. As I said at the outset, we have to look at the overall Executive budget and to where its priorities lie.

**Mr McGrigor:** In agriculture circles, there is a strong feeling that the top-slicing of modulation—taking money away from what might be called agricultural grants and putting it into environmental

grants—takes money away from agriculture at a time when agriculture needs it. At stage 1 of the budget process, you agreed that there was a case for revisiting the priorities for modulation. Would you consider doing that now? Would you put more money back into agriculture rather than into schemes that a lot of farmers cannot get on to, such as the rural stewardship scheme?

**Ross Finnie:** Bids may be unsuccessful, but it is wrong to say that farmers are not eligible to apply for such schemes. Under current regulations, the only persons who can access the moneys that are put into such schemes are persons in agriculture. As Jamie McGrigor is well aware, a wider debate is taking place across Scotland among those who are associated with land management and wider rural development. They wish to have access to rural development schemes because of the very title of those schemes. At present, those schemes are for the purposes of agriculture only.

I do not share Jamie McGrigor's view. I expect the agriculture community to make a range of production outputs. Clearly production—whether livestock, arable or potatoes—is a key element. We also expect the agriculture community to make a significant contribution to the environment. If it is to do that, we must have schemes that compensate people for participating. As we are moving with the flow of European policies, it is better that we move our schemes in that direction.

15:00

**Rhoda Grant:** I seek clarification. The budget lays out that CAP support will fall during the next few years. The explanation is that enlargement and the like will affect it. Are the figures in the budget—I want to say guesstimates—an assumption or are they based on any other research or knowledge that you have?

**David Dalgetty:** I have lived for many years with the methodologies for assessing those numbers. With the introduction of modulation and the need to forecast the revenues that would be raised by rates of modulation and therefore how much money we have to spend on rural development measures such as agri-environment measures, we are trying to refine our forecasting methodology for forward CAP spending. It is difficult to forecast the sterling value of a range of CAP measures for two or three years ahead on the basis of decisions not yet taken by the Commission and the Council of Ministers on the rates of payment under those schemes. We try our best to make those forecasts as realistic as possible. The best we can do is try to limit the risks of being too far wrong in our forecasting.

**Rhoda Grant:** Why is spending on crofting grants and loans falling?

**Ross Finnie:** Some savings in that area were planned, but the revised baseline for 2000-01 still leaves scope for growth. It is slightly lower than we originally budgeted when those figures were published, but the £3.4 million is still ahead of the outcome figures by well over £1 million. Although I have made some reduction in the spending, it has not reduced the scope for more grant to be allocated than in 2000-01.

**Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):** I was tempted to ask hard technical questions but, not being an accountant, I might have got the wrong end of some of them. I will therefore stick to a general point.

I am interested in some of the policy directions and the vision that the forward strategy for agriculture sets out. Will you reassure us that the budget that has been set is adequate to meet those policy commitments? Is there flexibility to deal with those commitments in the years to come?

**Ross Finnie:** There are two points to make on that. One of the first things that we have to consider is one of the big questions that were in my mind when I embarked on the strategy. As the minister, I have to distribute £500 million to £550 million pounds' worth of support to the agriculture sector. I could think of all sorts of good reasons why I should do that, but it struck me that it is a substantial level of support. I wanted to have a better handle on what the output and outcome would be.

I am not necessarily of the view that we need more money in agricultural support in general. We need to do two things. First, over time—a relatively short period, I hope—we need to refocus some of the support. Secondly, within the context of the strategy, we need to try to do what has been needed for some time, which is to recognise what has been found in far too many operations in agriculture—that the level of subsidy masks market signals.

While I believe that there are good structural reasons for a substantial level of support in Scotland, we have to try to improve dramatically the actual amount that any individual farm achieves from its produce. I do not want the strategy to be thought of as requiring another multimillion pound spend. It aims to ensure that the agriculture community, all other things being equal and given the level of support that it has, can reach a more sustainable level of production on its own.

**Cathy Jamieson:** I have a short supplementary question that relates to something I raised at stage 1. The budget papers show that support for agricultural training does not have any money allocated against it for the next three years. In the

context of the forward strategy, can I be assured that the door will not be closed to considering providing some support?

**Ross Finnie:** There is certainly not no support. The Scottish Agricultural College provides a substantial amount of training. It is included in the SABRIs' budget, under Scottish Agricultural College. You will also have noted from the extensive discussions we had with the enterprise networks and others that the historical treatment of agriculture as something apart is no longer acceptable. People in rural communities and in agricultural settings should have equal access to all the training and support mechanisms that are available to other industries. Whisper it gently: I am hoping that someone else's budget, in another place and in another committee, might contribute to that. I am sure that you will support that even if I am criticised for it.

**David Dalgetty:** This is to do with the conventions of the draft budget. A line in the draft budget that is less than half a million shows as a zero. There is actual expenditure between £300,000 and £400,000 a year directly in support of land-based training.

**Ross Finnie:** That is the Lantra Trust rather than the SAC.

**David Dalgetty:** That detail comes out in the in-year budgets but not in this level of document.

**Cathy Jamieson:** I appreciate that.

**The Deputy Convener:** Midnight oil has obviously been burned by Mr Dalgetty.

**Mr Rumbles:** There is an indication here of £84 million being spent on rural development—on all the agricultural support schemes and so on. How do we obtain general figures from the Executive about specifically rural issues such as rural transport initiatives, rural enterprise initiatives and social inclusion initiatives in rural Scotland, in which the committee is interested? Your budget quite rightly focuses on agriculture—that is what you are responsible for directly—but you are also responsible for rural policy in general. I feel that the committee should have at least some idea of how much the Scottish Executive is focusing on issues such as rural transport, rural enterprise and social inclusion.

**Ross Finnie:** The committee asked that question some time ago—we have done some work on that issue. There are major programmes that have been hugely enhanced, particularly through the transport budget. As you rightly say, there was the money that was paid on the remote and rural health initiative through Raigmore hospital. All those issues are germane; they are matters in which I take a close interest.

I am trying to remember—we did some work on

trying to get some broad headings and handles. As I said earlier, extracting and unwinding the detail was hugely complex and the benefit was not proportionate to the time and effort involved.

**David Dalgetty:** As far as I am aware, the work is on-going.

**Ross Finnie:** We will have to hurry it along. I have been so involved in foot-and-mouth that I may have lost sight of where the information that the Rural Development Committee requested is. I saw a preliminary report that set out what might and might not be possible. I also saw headings that I thought might be helpful to the committee and to the Parliament. I will take that matter on board.

**David Dalgetty:** The issue may also be one of focusing on ministers' approaches to the spending review. If there is any way in which we can get a clearer view of that for the Parliament, we might as well start at the front end of the planning process, which is the spending review and ministers' approaches to cross-cutting issues. That would mean that, at the end of the spending review, we could try to drive out some numbers that make more sense.

**The Deputy Convener:** It is always possible to underspend, but the underspend in the year to March 2001, even looking at it in DEL rather than total terms, seems extraordinarily high. Is the minister concerned that the situation may be likely to recur? If so, might there be a danger of pressure on the rural development department's core budget from Treasury sources and from the Minister for Finance and Local Government?

**Ross Finnie:** No. As I said in my opening remarks, the current underspend for my department is £44 million of which £25 million is for rural affairs. The substantial proportion of that is the level 2 programmes budget underspend, which happened because we assumed that the plans would be approved very much earlier than was the case. They have now been approved. That means that, in the following year, I will have a whole year's expenditure.

Given the source of the current underspend, I do not expect that I will continue to have the same degree of underspend. Now that the rural development plans and the level 2 programmes are approved, I have no indication that the level of applications will do other than take up the following year's budget.

**The Deputy Convener:** Thank you, minister. Other members had supplementary questions, but we have to draw the line somewhere as it is approaching 3.15. I thank the minister and Mr Dalgetty for giving evidence today and for answering our questions.

That concludes the evidence taking on stage 2 of the budget process. I remind members that our stage 2 report must be made to the Finance Committee by 7 November. That requires us to agree our report by 6 November, which is the meeting after next. The *Official Report* of this meeting will not be available to the clerks until the end of this week. In view of that tight timetable, it may be helpful to follow the practice that we adopted in previous years of appointing two reporters, one from the Executive parties and one from an Opposition party. Is that acceptable to the committee?

**Members indicated agreement.**

**The Deputy Convener:** In that case, I ask for nominations.

**Cathy Jamieson:** I nominate Elaine Murray.

**The Deputy Convener:** Does Dr Elaine Murray accept the position?

**Dr Murray:** I do.

**Richard Lochhead:** As I dropped out of my professional accountancy exams at the age of 20, I cannot call myself a mathematical genius, but there is one among us—Stewart Stevenson. I nominate him, even though, because he has a clash with another committee, he is not here today.

**The Deputy Convener:** I will ignore the confession but accept the nomination.

Is it agreed that Stewart Stevenson and Elaine Murray work on a report once the *Official Report* of this meeting is available?

**Members indicated agreement.**

## Subordinate Legislation

### Highlands and Islands Agricultural Programme and Rural Diversification Programme (Scotland) Amendment Regulations 2001

**The Deputy Convener:** The first piece of subordinate legislation is the Highlands and Islands Agricultural Programme and Rural Diversification Programme (Scotland) Amendment Regulations 2001 (SSI 2001/319). We are the lead committee for the regulations. Do members have any comments? Are members content with the regulations?

**Members indicated agreement.**

15:15

**The Deputy Convener:** The regulations extend an important deadline for some farmers as a result of difficulties with the restrictions consequent to foot-and-mouth disease. It might be helpful if the Executive emphasised the importance of complying with the amended deadlines, as I am sure that those deadlines will creep up on the farmers in question. Perhaps it would be useful for the committee to convey that sentiment to the Executive—I am sure that we want everyone to take advantage of the extended deadlines.

**Members indicated agreement.**

### Farm and Conservation Grant Amendment (Scotland) Regulations 2001

**The Deputy Convener:** The next piece of subordinate legislation is the Farm and Conservation Grant Amendment (Scotland) Regulations 2001 (SSI 2001/321). Are members happy with the regulations?

**Members indicated agreement.**

**The Deputy Convener:** The same general comments apply to those regulations, as they also extend a deadline, for the same reasons.

### Feeding Stuffs and the Feeding Stuffs (Enforcement) Amendment (Scotland) Regulations 2001

**The Deputy Convener:** The final piece of subordinate legislation is the Feeding Stuffs and the Feeding Stuffs (Enforcement) Amendment (Scotland) Regulations 2001 (SSI 2001/334). We are not the lead committee; we report to the Health and Community Care Committee. Are members happy with the regulations?

**Members indicated agreement.**

## Amnesic Shellfish Poisoning

**The Deputy Convener:** The committee is to consider an interim paper from the reporter, Rhoda Grant. I invite Rhoda to address her interim report.

**Rhoda Grant:** The paper is a little out of date. I had hoped to have it at our previous meeting, but for various reasons that did not happen. Things have moved on, and rather than delay it any further I felt that it was important to put the report to the committee as it is, to ensure that it turned up on today's agenda.

As I understand it, the trigger levels were one of the issues of concern as they were set at a very low level. The working group was considering that issue. My understanding is that it has recommended to the veterinary group that the trigger levels should remain. The whole process is back with the veterinary group, which will have to consider it.

Those of us who were involved in this issue last year will remember that the trigger level for action on box closures was 20 micrograms per gram. The trigger level—I cannot say “now” because it has not been approved—that is being considered is 4.6 micrograms per gram. That would mean the boxes would be subject to end-product testing and the live market would not go ahead in the same way as it has. Although it would probably mean that white meat could be sold all year round, the bureaucracy attached to ensuring that scallops picked at that trigger level would make that very difficult. I am concerned about it and am keen to hear the committee's thoughts.

**Elaine Smith (Coatbridge and Chryston) (Lab):** I would like some clarification. I have read the report but there are some things that I do not quite understand. Under “trigger levels” you say:

“When the action level is exceeded in the whole animal ... the tiered approach can be operated, thereby allowing the harvesting and marketing of the edible parts of the scallop which would otherwise not be accessible”.

Are there parts that are always accessible for eating and that do not cause any problems?

**Rhoda Grant:** The white-meat part of the scallop rarely contains any toxin. The parts that are more often thrown away tend to have the highest toxicity. The edible parts tend to have a lower toxicity, although the roe tends to have a higher toxicity than the white meat, which is seldom affected at all. With the lower allowable level of toxins, the market would almost become white meat only. Anyone who buys scallops is aware of the possibility of buying the white meat of scallops imported from outside the European Union for very little money. Divers and small businesses here would have great difficulty

competing against that if they were selling only the white meat.

**Elaine Smith:** What is the Commission trying to do about the level? Is it trying to balance the interests of the industry with those of safety? Should the trigger level be higher? If it were, would that not particularly threaten the safety of the consumer?

**Rhoda Grant:** The problem is that there has not been a lot of work on determining the level that is dangerous. The 20 micrograms per gram level was almost plucked out of the air following an outbreak in Canada. It was used as the safe level. As far as we know, nobody in this country has ever been poisoned by amnesic shellfish poisoning, even before we started testing for it.

The reason behind the trigger level is to take into account the fact that two scallops side by side may display very different levels of toxicity. Testing is carried out in boxes: a few scallops are picked and tested. Under the present system, if their toxicity level is less than 20 micrograms per gram, the box will remain open. The argument against that method is that the scallop beside the one tested may have a much higher level of toxin. The trigger level has been set so low that end-product testing offers a high level of protection.

Following meetings with representatives of the Food Standards Agency, I feel that we need to do more work to find out what the exact safe level is. I understand that all the research that has been carried out on the subject is being brought together. That means all the papers that have been written on the matter, even if that is not an awful lot. I do not think that that will be completed until the end of the year, however. I am concerned that the European standing veterinary committee will make its decision before the information is available and may have to change it. It has taken a couple of years to get that committee to examine the system.

**Elaine Smith:** This committee is in a difficult position on this issue. We hear that there is not enough research. We might wish to comment on that shortage and the need for more.

Recommendations are made at the end of Rhoda Grant's report. It would be good if the Health and Community Care Committee would examine the issue. I propose that Rhoda remains the reporter if she so wishes and that she reports back on what she has referred to in section 2 of her report—on what the standing veterinary committee comes up with in the end.

**Richard Lochhead:** This is clearly a big issue for the industry. The fisheries on the west coast have enough to contend with without another adverse development. It is important that we strike a balance between safeguarding public health and



ensuring the viability of the industry, which has gone through tough economic times over the past few years, particularly on the west coast.

I suggest that we send a copy of Rhoda Grant's report to the various organisations that represent the industry, perhaps with a covering letter from the convener outlining that we still have an interest in the issue and that we are continuing to monitor it, and asking them whether they have any comments, to apprise us of their current views.

**Mr McGrigor:** I congratulate Rhoda Grant on her report. As far as I know, the only cases of ASP have been in Canada and involved mussels—there has never been a case of humans being poisoned by ASP in scallops. Scallops are a high value food: they are used in Coquilles St Jacques, including those served abroad. Scallops are considered a prime Scottish food. At the moment, Chilean scallops of inferior quality are taking up that market, which we do not want to lose.

A portion of Coquilles St Jacques has an average of three whole scallops. That is hardly likely to poison anyone, even at a level of 20 micrograms per gram. It is ludicrous to bring in a level of 4.6 micrograms per gram. As much as I put public safety first, that level means that some of the closed sea boxes may never re-open. They may never be able to meet an average level below 4.6 micrograms per gram.

The scallop fishermen and growers are in a wretched position: they have been sitting earning nothing and, despite endless appeals from MSPs, they have received no compensation. The FSA is going over the top.

**The Deputy Convener:** It was the European Commission, not the FSA, that recommended the lower level of 4.6 micrograms per gram.

**Mr McGrigor:** I thought that the report was written by the FSA.

**The Deputy Convener:** No. I believe that the FSA stated last week that it did not make that recommendation, which I believe was made by the European Commission.

In the interest of my constituency, I echo Jamie McGrigor's words. The impact on the Mallaig fisheries would be quite devastating if a level of 4.6 micrograms per gram were introduced. I also echo something Rhoda Grant said: there has been no instance of humans catching this illness. I acknowledge that it is an extremely unpleasant illness, but there has been not one case with the existing level. That seems to indicate that the existing regulations have had a degree of effectiveness.

**Rhoda Grant:** The convener has clarified the point about the Food Standards Agency. It carried out the consultation and responded on Scotland's

behalf, but it did not propose the figures. I should also say that a level of 4.6 micrograms per gram would not close the box; it is a trigger level that allows for end-product testing to take place in that box. The box will never be closed, whatever the problem is.

When end-product testing is used, the live market is lost. A system of traceability is required to ensure that scallops coming out of boxes that have reached the trigger level are being processed and tested properly.

That is more of a worry to small rather than large fishermen. If you are dealing with huge quantities of scallops, you have to have one in a batch tested. Depending on how the batch size is set, that will not be so difficult. However, because of the scale involved, it is a more expensive proposition for a diver to have to have one or two of their scallops tested.

We are not happy with the trigger levels and we need to point that out to the Minister for Health and Community Care as well as to the Health and Community Care Committee. We also need to look carefully at the process for tracing scallops, as that is where problems could arise for small fishermen. If the system is to be totally bureaucratic, it will be expensive. That would make it uneconomical, whereas if a sensible process for tracing were introduced, that would make things a bit easier. Given that the European veterinary committee will make the decision, I do not know how much influence we will have on that process, but what I describe may be worth doing.

**Mr McGrigor:** I take your point about the live market, which is not a big percentage, but it is valuable.

**Rhoda Grant:** That market is lucrative.

**Mr McGrigor:** Would it be possible to have two testing systems—a live-product test and an end-product test for the scallops when they are processed? The tests would then happen before processed scallops entered the food chain, which is surely the safest time for testing.

15:30

**Rhoda Grant:** That is basically what will happen. At present, the boxes will be tested as normal. That will allow the live market to continue. However, when the trigger level is reached, the live market will be stopped because scallops will have to be end-product tested.

**Mr McGrigor:** But the new trigger level will mean that there will be no live or dead market.

**Mr Rumbles:** Does Rhoda Grant know why the European Commission hit on 4.6 micrograms per gram as the trigger level?

**Rhoda Grant:** No. The industry wants that information. The Food Standards Agency said that it is willing to give me, as reporter to the committee, the information that it submitted during the original consultation. The only problem is that we cannot obtain the information that other countries submitted, because it is confidential. We have no access to that information. All that we know is that the figure appeared from somewhere and was chosen because of the variability of scallops in the same box. We do not know who argued for 4.6 micrograms per gram because we have no access to other countries' submissions. We have no access to the reasons for recommending that level.

**The Deputy Convener:** I am happy to let the topic run on, because members have many questions. The committee will want to decide what it can agree to do.

**Elaine Smith:** Does Rhoda Grant think that it would be useful for her to meet members of the European Parliament to discuss the issue?

**Rhoda Grant:** The problem is that the process involves the veterinary committee, not the European Parliament. The change is not to the directive but to the way in which the directive is implemented. MEPs are not involved. Few politicians are involved in the process, which involves vets and experts. That is why it is difficult for us to have an input.

**John Farquhar Munro:** Perhaps we should ask some of our Irish colleagues how they have sustained their shellfish fishery in the past two years. They have complied with European regulations in a different way. As we have heard from Rhoda Grant and others, it is absurd that we should now have a trigger level of 4.6 micrograms per gram when we did not have a problem at 20 micrograms per gram.

The high value in the scallop is in the live sale. If that is restricted by a much reduced trigger level, the scallop industry will go into sharp decline. We should make the strongest protests about the proposed trigger level to our European colleagues or to the Scottish Executive. I do not think that the scallop industry will be happy to accept the new level. We should give it our support.

**The Deputy Convener:** John Farquhar Munro has reminded us that the issue is not new. Many of us have considered it for a long time. We have made inquiries about the method by which the Irish Government took different measures. At the risk of committing a minor diplomatic gaffe, I say that we have not received a reply. Whatever methods are being employed are not being fully shared with us. I am writing down the suggestions that have been made and I propose to sum up shortly, if members wish it.

**Cathy Jamieson:** Notwithstanding the fact that this has not necessarily been a matter for the European Parliament, the politicians there have a role and can certainly be of assistance in asking questions of the Commission and trying to get information. If a decision has been made to put this proposal forward, it is reasonable and legitimate to ask for the information on which that decision has been based. I do not know why we could not do that. We should try all the channels to get that information, so that Rhoda Grant can put further proposals to us.

**The Deputy Convener:** There is a large measure of consensus in all the views that have been expressed. I thank Rhoda Grant for the work that she has put into writing this paper. Is the committee happy to approve the terms of the paper?

*Members indicated agreement.*

**The Deputy Convener:** The recommended action in the paper is that we refer the report to the Health and Community Care Committee. I suggest that we accept that recommendation. Is that agreed?

*Members indicated agreement.*

**The Deputy Convener:** Several other suggestions have been made, which we should incorporate in our response. First, Elaine Smith suggested that more research is needed into the science behind the proposed new trigger level. Various members questioned the basis for the recommendation of the new limit of 4.6 micrograms per gram. It would therefore be in order for the committee to express its grave concern that the proposed new trigger level does not appear to be based on valid scientific data—at least, no data that have been communicated to us.

Secondly, John Munro and Richard Lochhead made the point that if the trigger becomes law, it will have an extremely detrimental impact on shellfish fishermen in Scotland and a potentially terminal impact on the livelihoods of many fishermen. If that view is agreed, we should consider to whom our opinions would most appropriately be conveyed, in addition to the Health and Community Care Committee. I endorse what Cathy Jamieson said: parliamentarians of all forums have a role to play, and individual members can take up these issues with elected members of all parties.

Does the committee feel that the various other bodies to whom we could make representations should be in receipt of the views that we have reached today and a copy of the paper? I am thinking in particular of the standing veterinary committee, which has the primary responsibility for making a decision, and the Food Standards Agency, which also has a role to play in Scotland.

I think that it was Rhoda Grant—forgive me if I am wrong—who suggested that we should also convey our views to the Minister for Health and Community Care as well as the Health and Community Care Committee.

Finally, Richard Lochhead suggested that as time is probably short, it would help if we conveyed Rhoda Grant's report and the consensual views that we have reached to fishing representative bodies such as the SFF, the Mallaig and North West Fishermen's Association and other interested bodies. I am sure that the clerks can provide a list of other bodies that would be affected.

If I have missed out any suggestions, I would be happy to incorporate them in our response.

**Mr Rumbles:** We heard from Ross Finnie that ministers have direct access to the European Commission in matters for which the Parliament and the Executive have responsibility. We should therefore not just pass the information to the Minister for Health and Community Care, but request that she find out what the limit of 4.6 micrograms per gram is based on.

**The Deputy Convener:** That is a sensible suggestion to supplement what we have agreed.

**Mr McGrigor:** We have been talking about the scallop fishermen; we have perhaps forgotten the scallop growers. Scallop growing is considered to be a fish farming industry of the future. If it is stifled at birth, as it were, the west coast will lose a potentially big industry for the future. It is therefore very important that the scallop growers, as well as the fishing interests, receive our comments.

**The Deputy Convener:** That point is well received by the committee.

Do members have any further views, or have we set out a clearly agreed line of action based on the work that Rhoda Grant has undertaken on behalf of the committee?

**Members** *indicated agreement.*

**The Deputy Convener:** I hope that the expression of such a clear and strongly held view will show the committee's desire to protect our industry and safeguard public health.

**Richard Lochhead:** I have a final point. Would it be worth while inviting other Cabinet ministers to attend the committee over the next year or so, to discuss what their portfolios do for rural Scotland? We always receive the same answers. I am not criticising the minister—for understandable reasons, it is difficult for him to answer some of our questions and that makes it difficult for us to get the answers. Can we decide now to invite other Cabinet ministers to attend the committee for half an hour or so each over the next year?

**The Deputy Convener:** Every year we are required to complete our budget process, and today we have taken evidence to allow us to do that. We always have the opportunity to call before us other ministers, especially in relation to the impact that their departments' spending has on rural development. I am sure that that opportunity is always open to us, to be used when it is appropriate and bearing in mind ministers' other commitments.

*Meeting closed at 15:41.*



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