

RURAL DEVELOPMENT COMMITTEE

Monday 13 May 2002
(*Afternoon*)

Session 1

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RURAL DEVELOPMENT COMMITTEE

13th Meeting 2002, 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)
*Richard Lochhead (North-East Scotland) (SNP)
*Mr Jamie McGrigor (Highlands and Islands) (Con)
Mr Alasdair Morrison (Western Isles) (Lab)
*John Farquhar Munro (Ross, Skye and Inverness West) (LD)
Irene Oldfather (Cunninghame South) (Lab)
*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)
Elaine Smith (Coatbridge and Chryston) (Lab)
*Stewart Stevenson (Banff and Buchan) (SNP)

*attended

WITNESSES

Ken Abernethy (Argyll and the Islands Enterprise)
Shona Anderson
Ian Cleaver (Highland Heritage Ltd)
George Harper (Argyll and Bute Council)
Leslie Howarth (Vestas-Celtic Wind Technology Ltd)
Stephanie McDougall (McDougall's of Oban Ltd)
Robert Millar (Kintyre Initiative Working Group)
Kenny Robison (Isle of Gigha Heritage Trust)
Billy Ronald (Farmer)
Patrick Stewart (Clyde Fishermen's Association)

CLERK TO THE COMMITTEE

Richard Davies

SENIOR ASSISTANT CLERK

Mark Brough

ASSISTANT CLERK

Jake Thomas

LOCATION

The Council Chamber, Lochgilphead

Scottish Parliament

Rural Development Committee

Monday 13 May 2002

(Afternoon)

[THE CONVENER *opened the meeting at 14:00*]

The Convener (Alex Fergusson): Good afternoon, ladies and gentlemen. I welcome committee members, witnesses and members of the public to today's meeting of the Scottish Parliament's Rural Development Committee. It is a great pleasure to be here in Lochgilphead. The weather is getting better all the time and I am sure that, when we drive back this evening, the area will be at its most beautiful.

I ask everybody to check that mobile phones have been turned off—one usually rings within the first five minutes of a meeting.

We look forward to an interesting and productive meeting. Later this afternoon, we hope to involve as many of you as want to make a contribution, but I shall explain that when I come to it. As we have quite a lot to get through today, I move straight to item 1 on the agenda.

Subordinate Legislation

**Loch Ewe, Isle of Ewe, Wester Ross,
Scallops Several Fishery (Variation) Order
2002 (SSI 2002/185)**

**Little Loch Broom Scallops Several
Fishery Order 2002 (SSI 2002/186)**

**Registration of Fish Farming and Shellfish
Farming Businesses Amendment
(Scotland) Order 2002 (SSI 2002/193)**

**Animals and Animal Products (Import and
Export) (Scotland) Amendment (No 2)
Regulations 2002 (SSI 2002/196)**

The Convener: Item 1 concerns four Scottish statutory instruments, which are subject to negative procedure. We do not have time to delay any of them because we must report on them today. I have had no notification that members wish to speak to the instruments, which are SSIs 2002/185, 2002/186, 2002/193 and 2002/196. Do members have anything that they wish to say?

Richard Lochhead (North-East Scotland) (SNP): My comments relate not to the SSIs directly but to the subject of scallops. I want to use this opportunity to say quickly that there is concern on the west coast about the fact that people have been waiting for three years for the Government to introduce technical conservation measures for the scallop fishery. As the committee is meeting on the west coast today, and as we are dealing with a couple of SSIs that concern scallops, can we use this opportunity to agree to draw up a brief letter to the minister to ask for a report on the state of play regarding those conservation measures? The delay is causing concern among fishermen on the west coast.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): We have a lot of items to get through today. I thought that our discussion was to be based on the SSIs.

The Convener: I do not disagree with what Mr Lochhead said, but I am bound to say that we must deal purely and simply with the SSIs. The question whether we should write a letter to the minister is not on the agenda, but we shall ensure that it is on the agenda for our next meeting.

Richard Lochhead: Fair enough. That is fine.

Stewart Stevenson (Banff and Buchan) (SNP): I want to record my displeasure at the fact that both 2002/193 and 2002/185 have drafting errors, which the Subordinate Legislation Committee has drawn to our attention. The errors are not such that we should delay implementation

of the SSIs, but we should make our views and displeasure known.

The Convener: Members will have noticed from their papers that the Subordinate Legislation Committee highlighted several drafting errors. I have no difficulty with drawing the Executive's attention to those as well.

With those comments, are members content that we pass the statutory instruments without further comment?

Members *indicated agreement.*

Integrated Rural Development

The Convener: Item 2 is the main purpose of our being in Lochgilphead this afternoon. For the benefit of members of the public, the committee is continuing with an inquiry into integrated rural development. We want to find out what makes for successful rural development, and to find out what barriers people perceive to be standing in the way of that aim.

This is the third in a series of meetings that we are holding around the country. Today's meeting is in two parts. First, we will hear from individuals who are involved with local businesses or have other particular interests and experiences of rural development and secondly, we will hear from two of the main agencies that have local responsibility for promoting such development. In between the two sets of witnesses, we will have a break from the formal proceedings and ask members of the audience for their comments. We are very keen to hear those experiences. Committee members have made it clear from the outset that we want to hear from people at the coalface of rural development, if I can put it that way. I will explain how we will conduct that part of the meeting when we get there, which I hope will happen at 3.30.

For the first part of the meeting, we have eight witnesses, whom we will take in two panels. I welcome the first panel of witnesses: Shona Anderson was formerly a shop steward at the Jaeger Man Tailoring factory in Campbeltown; Leslie Howarth is from Vestas-Celtic Wind Technology Ltd; Robert Millar is from the Kintyre Initiative Working Group; and Kenny Robison is from the Isle of Gigha Heritage Trust. I thank all four witnesses for giving of their time to attend this afternoon's meeting.

I invite each witness to give the committee a brief introduction to his or her point of view. I hate to stress the word "brief", but I am afraid that I must. The benefit of these evidence sessions lies more in witnesses' responses to members' questions than in any opening remarks. Although we have quite a tight schedule, we will endeavour to fit in as much as we can. I ask Shona Anderson to kick off.

Shona Anderson: Good afternoon. I am a former employee of Jaeger Man Tailoring and took part in the redundancy negotiations, on behalf of the GMB union, for the hourly paid workers. Although the closure was not unexpected, it still came as a shock to the work force, many of whom were all members of the same family and some of whom were the only working people in their households. The closure has had a devastating effect on the morale of people in the town, the majority of whom have been employees in the clothing industry all their working lives. Their

lifestyle and attitudes have changed. They have gone from working a straight Monday-to-Friday week to doing shift work or night-shift work or even working only at weekends.

During the 90-day consultation at Jaeger, a partnership action for continuing employment—or PACE—response team was set up. Two meetings were held, the first in September and the second in May. A list of former Jaeger employees was given to the response team, which was to compile a questionnaire and circulate it to the names on that list. The questionnaire is being compiled and should be completed by the end of June, which will coincide with the first anniversary of the Jaeger closure.

The people of Campbeltown are very concerned about their future as far as long-term employment is concerned. For example, they want to know that they can make various financial commitments. They are very resourceful people and were not prepared simply to sit back and wait for something to come along; they went out and got themselves part-time or temporary full-time jobs or permanent full-time positions. However, we need more than one industry in the area, otherwise we will put all our eggs in one basket. We hope that lessons have been learned from the past, and we look forward to a positive future.

The Convener: Thank you for that beautifully brief statement.

Leslie Howarth (Vestas-Celtic Wind Technology Ltd): I am the senior management adviser at Vestas-Celtic Wind Technology Ltd. At present, there is no better way to contribute to the promotion of integrated rural development than to harvest and garner natural and sustainable resources. As the weather today demonstrates, the natural resource is wind. Now that the world leaders in wind turbine technology have set up a facility, the European Union and the UK and Scottish Parliaments are all sending out a clear directive, which is “Go for it”.

However, barriers exist. For example, we have an anomaly right here on our doorstep. The democratically elected representatives of Argyll and Bute Council recommended the approval and development of An Suidhe wind farm. However, the Scottish Executive has chosen to ignore that local decision and has listened instead to quangos whose ideals are based on procrastination. That has had an adverse effect on the real issues and totally contradicts Government policy and thinking on energy, economics and—significantly—rural development. We are now in the 21st century and the wind of change is upon us. We want to wake up, come into the real world and look at the big picture.

Cynics and sceptics will tell us different, but we

must move forward. A public inquiry will cost companies and the public purse several hundred thousand pounds and will postpone or prevent inward investment to Argyll of up to £25 million, of which 75 per cent could be spent with local companies; the employment for one year of 70 full-time employees on construction of the project; the employment of another four full-time employees during the 20-year operational period; and the payment of more than £6 million in corporate and personal taxes from the project's cradle to its grave. The alternative is to burn a mountain of coal that covers 4.5 acres and is 250ft high—a great option.

A wind farm would be an excellent opportunity for Gigha, which is a newly formed community. Given the technology and the manufacturing facility that are on its doorstep, and the experience that is available to it, it would not have to get involved in expensive feasibility studies. Initial estimates indicate that one V52 turbine—an 850kW unit—could bring in £50,000 to £100,000 per annum. Other similar schemes could be pursued throughout Argyll and Bute. Technology is available and we should be able to tap into and take advantage of it.

Robert Millar (Kintyre Initiative Working Group): Good afternoon, ladies and gentlemen. I represent Kintyre Initiative Working Group, which was set up after the closure of the NATO base at Machrihanish. The group consists of various local committee representatives who have the common aim of improving the economy of Kintyre. I welcome the committee to Argyll, but it is disappointing that you could not take time to visit Kintyre and experience at first hand peripherality, remoteness and the devastating effect that an unemployment rate of more than 7 per cent has had on the area.

The saga of the Campbeltown to Ballycastle ferry is long running; it would be appreciated if the committee put the matter at the top of its agenda. Last week in Campbeltown, the First Minister gave his backing to the ferry and said that it would go out to tender in May. Mr McConnell said that ministers would report to Audit Scotland because of the high cost per job that is involved. The ferry is a vital link for the whole west of Scotland.

Agriculture has faced a destructive downturn in recent years, in particular in milk production, which plays a lead role in the Kintyre economy. Argyll and the Islands Enterprise must contribute resources to assist agriculture during this depression, especially in the agricultural business development scheme and the forward strategy for Scottish agriculture.

Scottish Natural Heritage must become accountable. We accept that it must make designations, but that can be achieved by

meaningful consultation between farmers and SNH. SNH must heed farmers' concerns, instead of taking the high-handed attitude that it takes at present. The Scottish Executive's environment and rural affairs department staff should administer all environmental schemes, because those staff are independent and the department has a proper appeals procedure. Many decisions that affect the rural economies of Kintyre and Argyll are taken in Inverness with little input from the Argyll area.

The Convener: Last, but not least, I call Kenny Robison.

Kenny Robison (Isle of Gigha Heritage Trust): Good afternoon, ladies and gentlemen. I am the vice-chairman and director of the Isle of Gigha Heritage Trust. I am also a dairy farmer on the island. There are eight directors in the trust, seven of whom were elected from the community, and one of whom represents Highlands and Islands Enterprise. We work closely with HIE, AIE, the community land unit and Argyll and Bute Council. The big success story, as far as we are concerned, was the recent successful buy-out of Gigha by the community. We are confident that that will prove to be the ideal route to integrated rural development for Gigha.

When I came to Gigha 20 years ago to farm, 180 people lived there. Now, there are just 98. There were 26 children in the primary school—now there are only six. There were more than 20 children at either Oban High School or Campbeltown Grammar School, but now there are only two. There were 10 properly tenanted farms—now there are just three of us. About one third of the island is in vacant possession and rented on summer lets, which is fine if you want to sell an estate to best advantage, but not good for rural development.

The main reasons for the decline were a lack of investment by successive landlords and a decline in the fortunes of farming and fishing. Recently, a survey was carried out on the island's housing stock and the results suggested that most housing was substandard. That was a clear indication of underinvestment. Now, we have the opportunity to address that problem ourselves. We hope to attract small businesses to Gigha, but the lack of housing will not help. There is an excellent primary school on the island and the ferry timetable now allows children to come home at night, which might tempt young families to stay.

14:15

We can now solve many of our problems, but we remain a remote community and transport is a problem over which we have no control. Transporting goods from the central belt to Kintyre and then across to Gigha is certainly a major

consideration for anyone who wants to set up in business on Gigha. I am a dairy farmer and it costs me between £6,000 and £7,000 per year more to farm on Gigha than it costs my friends in the south-west of Scotland. Goods in the shop must be more expensive and, because supermarkets are now accessible, the locals do the bulk of their shopping off the island.

I realise that Gigha is unique and that community buy-outs might not be right in every situation. However, communities should be given more responsibility. Responsibility for rural development is too fragmented and a community development manager might be needed to draw the various strands together and maintain an overview of the whole project. We are in the early stages of island ownership and community management, but we are confident that, with the help that is available to us, we can take Gigha into the future and that there can be sustained rural development.

I thank the committee for allowing me to give evidence.

The Convener: I thank all the witnesses for their brief and informative statements. Members may now ask questions.

Stewart Stevenson: I want to ask Shona Anderson a couple of questions, as she spoke first. She mentioned many people who worked for Jaeger moving from full-time work to part-time work—at least, I understood that she said that. Has that distorted the unemployment levels in Campbeltown?

Shona Anderson: Will you explain your question?

Stewart Stevenson: Elsewhere, I have seen companies withdrawing from rural areas and a decline in the quality of jobs that are available. If people find other jobs, we cannot see a change in the unemployment rate but there is, nonetheless, underemployment. In your opinion—that is all we can ask for—has underemployment increased in Campbeltown as a result of the Jaeger closure?

Shona Anderson: Yes.

Stewart Stevenson: How many people have been affected?

Shona Anderson: Overall, 161 people were employed by Jaeger. Some 137 people registered for unemployment benefit, of whom 66 are now employed and 24 people are still claiming benefits. A person from the jobcentre said that someone went down there to sign on for the first time just two weeks ago. I do not think that that person understood fully that they should register if they were in a part-time job. I think that some people are taking two part-time jobs and living off their redundancy money to save them from signing on.

Eventually, that money will run out. What will happen if a person has two part-time jobs and earns perhaps half the wage that he or she earned at Jaeger?

Stewart Stevenson: So some of the traditional indicators might not tell us the whole story about what has happened in Campbeltown and other areas.

Shona Anderson: No, they would not.

Rhoda Grant (Highlands and Islands) (Lab): I want first to ask Shona Anderson a question. What happened when workers lost their jobs? Was advice or information made available to them? Were there special training courses?

Shona Anderson: There was an open day in the factory on 22 June—it might have been before that; I cannot remember the date offhand—which involved the three colleges in the town, AIE and the employment services. An intensive information technology course—a basic computing course—that lasted for five days was available to all employees. They were also given information about individual learning accounts, in case they wanted to pursue further training. However, when the factory closed we were unsure what training was available and what funding was available for training. I took up that point with Maureen Macmillan at one of the Kintyre initiatives, and she wrote to Ken Abernethy. I have her letter with me, along with Ken's reply. I received it only on Friday, and I will circulate it to the people who have asked me about further training and funding for it.

Rhoda Grant: What kinds of jobs are available? What kind of training are people looking for to get jobs in the local market?

Shona Anderson: That is the snag: they do not know what to train for. Apart from Vestas, which has given a boost to the community, they do not know what training to pursue—whether IT training, in case an IT company moves into the empty call centre, or whatever. They just do not know what to train for. They can go on different courses at the colleges—on tourism, for example—but the majority are IT courses. People are bewildered about what to train for regarding their future employment.

Rhoda Grant: I have a question for Robert Millar. You said that there are problems in agriculture, especially in milk production. Can you expand a little on how that could be dealt with through the forward strategy?

Robert Millar: Yes. I wrote down some notes, in case the question came up, so that I could answer accurately and not take up too much time.

The Convener: Well forecast.

Robert Millar: Dairy farmers have suffered a

price cut of 3.5p per litre since January. In Kintyre, we have to make an additional 0.25p per litre repayment to cover the cost of the waste-water pipeline from Campbeltown Creamery. That equates to a 3.75p per litre reduction in price since the beginning of the year and a loss of £1.3 million to the total Kintyre economy. That might not seem to be a large figure, but considering that the population is just under 10,000, that is a large drop in income to the total economy. It is a UK milk price and UK milk producers require political assistance to achieve stability.

The Competition Commission split up the milk boards and will not allow any group to control more than 25 per cent of the market. Arla Foods is a farmer-controlled business that handles 95 per cent of the milk in Denmark and 16 per cent of UK milk. In the UK, four or five processors and four or five retailers handle 90 per cent of the fresh milk supply, but there are 300 buyers. Splitting up the boards has left the market totally fragmented and farmers are very weak in the marketplace, having no control. The Dutch milk industry is similar in size to that of the UK, but there are 60 buyers rather than 300.

A climbdown by the Competition Commission would be the sensible thing, but perhaps a regulator should be appointed to set the price of milk and protect individual milk producers from the ravages of corporate exploitation. We have reached the point at which we cannot continue to produce milk. I will lose 4p on every litre of milk that is produced on my farm this summer.

The situation is unsustainable and even by expanding my business to achieve economies of scale, which is what every other industry has to do, I will only increase my losses. There is no question but that the price is well below the cost of production. We cannot carry on like that. We have left a low price to come back to an even lower price. The 1970s was probably the last time that I was paid as low a price as I will be paid this summer. In 40 years of producing milk, I have never had to produce milk without knowing the price, but at the moment, we have no idea what price we will be paid in May.

Richard Lochhead: We hear often that rural communities can make progress through community planning, which gives them power. At the same time, there is tension between communities and the many quangos and agencies that exist. A few minutes into today's meeting, SNH took another hammering. I ask Shona Anderson, Robert Millar and Kenny Robison how we can and should empower communities, and whether that is what we should do. Will they comment on the role and number of agencies and quangos? Are there too many and are they accessible enough?

Shona Anderson: Before anybody in a rural area can make a commitment to becoming self-employed, there must be other stable employment in the area—another one or two industries must exist. For many people, the only work environment that they know involves going into work on Monday morning, working until Friday and being paid. Such people have never thought about starting up on their own. If there were a stable economy in Campbeltown and the surrounding area, people might have the courage to start up on their own.

The Convener: Are you saying that help is not available for people who want to start their own businesses?

Shona Anderson: Help is available, but people who want to start up businesses must have enough confidence to do so.

The Convener: So more help could be given to help people along that route.

Shona Anderson: Not directly, but if the economy were stable—if there were one or two other industries that employed people—perhaps someone would have the confidence to open up a shop or to start a small business.

The Convener: Thanks. I wanted to clarify the point. I am sorry that I interrupted you.

Robert Millar: I mentioned SNH earlier. Richard Lochhead asked about quangos. Is that a media term or is there an exact definition of a quango? Perhaps I should have used the word “quango” when I was talking about SNH.

The Scottish Executive runs SEERAD, which is an excellent service that covers agriculture. Whether we agree or not with SEERAD, at least it has an appeals procedure. In our area, SNH is seen as a quango that is taking over. SNH thinks of itself as bigger than the Executive and it does not listen—it is as simple as that. It is hard to say whether there are too many quangos, because of the difficulty with the definition of a quango. I could mention many complaints about various organisations but, at the end of the day, most organisations work with us. However, I am afraid that SNH does not work with us. For example, SNH has totally ignored public opinion in relation to beavers in mid-Argyll and the designations in Arran.

The Convener: You said earlier that SNH must become more accountable and less high-handed. Why are SNH and land designations barriers to rural development?

Robert Millar: They are barriers because we are no longer in charge of our destiny and we cannot make decisions. Many farmers accept that there must be designations and that money is attached to them. Members might not believe it,

but most farmers are environmentally friendly; if they were not, the countryside would not look like it does today. However, there are great differences between SNH's view of what is environmentally friendly and farmers' view of that.

Kenny Robison: We are in favour of communities taking more responsibility for themselves. The lifeline was thrown to Gigha just in the nick of time. Life on the island was becoming unsustainable for a community of 98. The shop was on the verge of closure, which would have had spin-offs. If the policy had been continued, there would have been nothing worth bothering about on Gigha.

As I said in my introduction, we work with HIE, AIE, Argyll and Bute Council and the community land unit, all of which have been helpful to us. We would consider working with other organisations, as long as it was wholly to our benefit to do so.

14:30

The Convener: That is quite understandable.

Does Mr Howarth wish to comment?

Leslie Howarth: I would say this about sexual equality: now not only man but woman cannot live by fresh air and scenery alone. What will we inherit? In 25 years, a young man will turn round and say, “Okay. I have beautiful scenery and plenty of fresh air, but where is the money to feed my wife and family? Where are the jobs for me?” Job creation should be the priority, first and foremost.

The Convener: Has Richard Lochhead's question been answered?

Richard Lochhead: Yes. I will come back in later.

Mr Rumbles: I would like to pursue that point with Leslie Howarth. At our committee meeting in Lochaber, we had a presentation from witnesses who sit on the other side of the fence from Leslie. The tourism industry was particularly concerned about the proposed proliferation of wind farms. I was not quite clear about the local example that you gave of Argyll and Bute Council's planning committee approving an application for a wind farm, which the Scottish Executive called in. As I said in Lochaber, personally, I am very much in favour of wind farms and wind farm development. The key point is that we must ensure that local people make the right decisions about where wind farms are located. Part of the role of the planning process is to ensure that both sides get a fair hearing. I am not clear about what you are advocating. Are you saying that there should be no appeal process in the planning system?

Leslie Howarth: There should be such a process, but we should not go to the extent of

holding a public inquiry. It took more than a year—it may even have been more than two years—before the application reached the planners, and everything was supposed to have been sorted out by that stage. The council, which heard all the pros and cons—in this very room—approved the application and recommended that it should go ahead, but we are back to square one. Queen's counsel and all the rest of it will cost a lot of money, just to go through the whole rigmarole again. In the meantime, the Government is telling us that we are going for a renewables target in 2010 not just of 10 per cent but of 18 per cent, as the First Minister said last Monday at the inauguration of the Vestas factory. Where is the logic in that approach?

Mr Rumbles: I am sure that the percentage will be higher than that once those targets have been reached.

Leslie Howarth: What do the power companies think about the targets when they see the situation in which we are involved?

Mr Rumbles: Do you accept that there should be a process—

Leslie Howarth: No one says that there should not be a process, but surely we could have an alternative to a public inquiry. Written representations could speed up the process. We are moving backwards, not forwards.

Mr Rumbles: May I ask a question on a different topic, convener?

The Convener: While we are on the subject of wind farm development, I wonder whether I could ask a brief question. I can, because I am the convener. [*Laughter.*]

A comment that often comes my way is that the Executive and the Government are committed to renewable energy—if I may use that broad term—yet all the money and development seems to be in wind farms and wind power. What is the balance between wind, wave and tidal energy and other forms of renewables?

Leslie Howarth: We are seeing a natural progression in which wind farms have moved fastest and furthest. Offshore developments and wave energy are coming along fairly rapidly. One does not go to the back of the queue first—one pushes on with what is ahead and with what has been proven. One does not take a step backwards—one develops and makes the most of what is winning.

Mr Rumbles: I have a question on a different topic. I direct this question to Kenny Robison of the Isle of Gigha Heritage Trust and perhaps to Robert Millar as well. One of the initiatives that the Executive is introducing in the Land Reform (Scotland) Bill that is before Parliament is the

tenants' right to buy. I take the view that giving people a chance to purchase their farms is a helpful step in establishing sustainable rural development. Do you feel that that is a positive step?

Kenny Robison: The situation is now reversed for me. I am both a tenant and part of an organisation that is a landlord, so I am between two stools. The tenants' right to buy is definitely a step forward. It will be a big improvement, but it should be available only if the land is for sale.

Mr Rumbles: It is a pre-emptive right. The proposal is that the tenant has first refusal.

Kenny Robison: It would be a step too far to say that someone could turn up on the owner's doorstep and say, "I want to buy my farm."

Mr Rumbles: The Executive's current proposal is that there should be a first refusal.

The Convener: I think that the wording in the legislation explains that it is a pre-emptive right to buy when a willing seller and a willing buyer are in position. We should make our comments on that basis as that is the proposal.

Robert Millar: That is the point that I wanted to make. It must be ensured that there is a willing seller and a willing buyer and that the right to buy does not interfere with the present legislation for letting farms, which includes the five-year, or short-term, tenancy and the 15-year tenancy. We must ensure that that situation continues, because the only chance that a young farmer has to make a start is to get a tenanted farm, and we do not want that to be disrupted. There should be a pre-emptive right to buy only when there is a willing seller.

Mr Rumbles: That is the current proposal, so you will support it.

Robert Millar: Yes. It would make quite a difference to rural development, provided that other tenancies continue.

The Convener: Sorry, provided—

Robert Millar: Provided that short-term and long-term tenancies carry on.

The Convener: The proposed tenancies?

Robert Millar: Yes.

Mr Jamie McGrigor (Highlands and Islands) (Con): My first question is to Leslie Howarth. What or who led to the public inquiry over the An Suidhe wind farm? I accept that there is a dispute over whether wind farms should go in certain areas. Does Vestas have plans to work with the offshore sector, to establish offshore wind farms? Apart from the Highlands, where is your market base?

Leslie Howarth: Could you repeat your first question?

Mr McGrigor: My first question was what or who led to the public inquiry?

Leslie Howarth: The Scottish Executive.

Mr McGrigor: What pressures led the Executive to take that decision?

Leslie Howarth: Only the Scottish Executive can answer that question. I think that I know where the pressure came from.

The Convener: Feel free to share that knowledge.

Leslie Howarth: Scottish Natural Heritage and Historic Scotland were the main objectors in the first instance. The objection was all about scenic views, but let us consider it this way. There are 24 hours in a day and, generally speaking, 50 per cent of the time it is dark, so we are down to the wind farm being in vision for 50 per cent of the day. If we take the weather, in winter and summer, into consideration, there will probably be visual effect for about 25 per cent of the day. If a bus comes along the Dunoon road and stops at St Catherines and the passengers look across to Inverary and see about 21 hubs and 24 blades on the hilltop, are we saying that they will stop the bus and say that they will not go there now? I cannot see that happening. Perhaps someone can explain the situation to me.

Mr McGrigor: My second question is to Mr Robison, who talked about bringing in small businesses to Gigha. I totally agree with that; it is a brilliant idea. Are European rules and red tape holding back local industries that are involved in the production of food such as cheese?

Kenny Robison: Someone who wanted to go into the food industry, particularly the cheese industry, would face barriers. I am not an expert in the area so I do not know exactly what the barriers are, but I know that people in the industry are critical of the amount of legislation. All the rules and regulations cost money and people who want to start small businesses, particularly on islands such as Gigha, do not have that much money.

Mr Rumbles: I want to follow up that point. Every time we discuss this matter, we hear that rules and red tape are a barrier. I do not want to put you on the spot—I am aware that you have said that you are not an expert—but I want to ask the question that I asked when we were in Lochaber. What do you mean when you talk about red tape? A lot of so-called red tape is health and safety legislation, food safety legislation and so on.

Kenny Robison: I am sorry, but I cannot answer your question.

Leslie Howarth: Mr McGrigor asked about Vestas's involvement in offshore wind farms.

Vestas is greatly involved in that area and is about to start one of the biggest units in Europe off Denmark. There is the possibility of large developments off Ireland and the west coast of England.

The west coast of Scotland is a big market. Ireland could become a big market. We expect that Ireland would take up the bulk of the next three years' production, which we hope would include production at An Suidhe. Campbeltown was chosen not by sticking a pin in a map. Its location was important—not to mention the fact that it has a deep-water harbour facility—as was the fact that the shipyard had recently closed and a lot of the shipyard workers' skills are allied to the skills that will be needed to build the towers and assemble the cells. At the time, it looked likely that there would be a ferry, and that is still a possibility.

Mr McGrigor: Would it be a disaster if the ferry were not given the go-ahead? I spoke to the police in Lochgilphead today and heard of concerns about the amount of road traffic that might be caused if there were no sea service to take the turbines out.

Leslie Howarth: Vestas is the leading company in the world. It has used its initiative and has chartered a vessel to help out until a ferry service starts. When the ferry service starts, Vestas will use it 11 or 12 months a year. The company needs the ferry service and is looking for it to be in place next year.

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I am sure that members of the panel will be delighted to hear that, wherever we go, we hear criticisms of unelected quangos. I am sorry to hear the same story today.

I will address my remarks to Mr Howarth. I agree that if the planning authority in an area, which is usually the local council, makes a democratic decision to give approval to an application, that should be sufficient. Unfortunately, that is not what happens, but that is a debate for another day.

As you will be aware, there is a debate in Skye and the Western Isles about where wind farms should be located. Within local communities, there seems to be a tremendous amount of support for such a scheme, not so much because it is for a wind farm but because it will create employment and sustainable development for the future. You are right to say that the Scottish Parliament and the Executive support the concept of renewable energy. I know that the initiative in Assynt, which is similar to Gigha, is currently enjoying a considerable revenue stream from its involvement in power generation for the grid. If we were to develop Argyll's capacity for renewable energy generation through wind farms, what possibility would there be to connect to the grid? I know that

there has been a suggestion that Gigha might get involved. If that happened, could the power generation be connected to the grid?

14:45

Leslie Howarth: No. We are only talking about one unit on Gigha. If we were considering a very big wind farm, planning might be a problem. I am not an expert, but I do not think that one unit would be a major problem. If there were another wind farm in that location, there might be a problem.

John Farquhar Munro: I have had information that power generation companies, such as Vestas, have been asked to subscribe a tremendous amount of money to connect the Kintyre peninsula to the grid.

Leslie Howarth: I cannot comment on that—not because I do not want to, but because I have no information on the subject.

Rhoda Grant: Kenny Robison mentioned small businesses and business confidence in Gigha since the buy-out. Could any measures be taken to encourage people to set up small businesses? What would be the right climate for people to do that?

Kenny Robison: One problem in Gigha is that almost all the houses are taken up. People need a house to live in and because they cannot commute to Gigha, the choice is limited. If there were something to connect a new-build house to setting up a business, that would be encouraging.

Rhoda Grant: Gigha does not have a problem with acquiring land for housing, because the island is community owned. What are the housing problems on the island? Is it just a case of getting a housing association to take an interest?

Kenny Robison: We are pursuing that at the moment, although we have to prioritise the money that is available and that we are earning. We are only eight weeks into community ownership and it is a little early to talk about future priorities. However, the main reasons for pursuing the community buy-out were housing, the creation of new businesses and bringing people on to the island. We want to increase Gigha's population because at the moment it is unsustainable. One way in which to bring people to the island is to create employment and the best way to do that is to encourage people to set up small businesses of their own.

The Convener: Thank you for your input, the helpful way in which you have answered our questions and for giving time to give evidence to the committee. You are welcome to stay for the rest of the afternoon's evidence.

I welcome our second panel of witnesses. They

have seen the format, so I hope that they are relaxed and are looking forward to giving evidence. Perhaps "looking forward" is a bit optimistic. It is nice to have them with us.

The witnesses are: Ian Cleaver from Highland Heritage Ltd, Patrick Stewart from the Clyde Fishermen's Association, Stephanie McDougall from McDougall's of Oban Ltd, and Billy Ronald, a hill sheep farmer who farms black-faced sheep, which is my former breed.

I invite each of the witnesses to give a brief introductory statement to explain how their experience is relevant to integrated rural development and to state their interest in the issue, following which we will open up the discussion to questions and answers.

Ian Cleaver (Highland Heritage Ltd): I am a coach tour operator. I own my own hotels and coaches. I bring circa 30,000 people per annum to the area and I provide 200,000 bed nights annually. I employ 100 people and am a director of AIE and Argyll, the Isles, Loch Lomond, Stirling and the Trossachs Tourist Board.

My personal concerns are planning, water and sewerage difficulties for new developments and the irrelevance of the training that the catering colleges provide. My other and more general concerns are potential planning blight due to the insensitive siting of wind generation stations in the midst of the finest scenery in Europe and the serious lack of investment in our roads, particularly the Tarbet to Ardlui section of the A82, the condition of which is shameful in a modern country. It is high time that something was done about that embarrassment and affront to our national dignity.

In the next 10 years, this area of Argyll is likely to change dramatically. Large tracts of our beautiful scenery will become a wasteland of first world war proportions as millions of tonnes of forest timber are removed and endless convoys of heavy trucks degrade the roads. To top it all, an army of 100m-high wind turbines will be on every exposed ridge. My main preoccupation with wind turbines centres on the complete lack of research on their impact on tourism. Tourism appears to be one of the best options that the area has for the future. It does not seem sensible to undermine what may for some be the only option by needlessly devastating the local environment.

I must mention the desperate plight of the farming industry of the upland areas, the islands and the coastal fringes. The situation has become so serious that we cannot be far away from farmers walking out of their farms, as the farms have no value left and the farmers have no income. Depopulation is a fact of life in some areas of Argyll and the islands. The local planners

and the Government of Scotland must address those issues urgently so that all the various industries can prosper without destroying each other. That can be done only with well-thought-out and strategic planning and with investment in the infrastructure.

Patrick Stewart (Clyde Fishermen's Association): I am grateful to have been given the opportunity to speak to the committee, because integrated rural development is an important topic. I bring to the committee's deliberations 30 years' experience as secretary to the Clyde Fishermen's Association and as a solicitor practising in this rural part of Scotland. My experiences in both those roles are important in considering integrated rural development.

I hope that I return from giving evidence more quickly than did the fishermen from Tarbert who went to give evidence in the sheriff court in Rothesay and took two days to get back. Mrs MacNab said, "There are men going to the moon and back quicker than you get from Rothesay, and there are not that many pubs between here and Campbeltown."

It is easy to identify the barriers to rural development—let alone integrated rural development, which must be a higher form of rural development; we are here to discover what it is. When the First Minister was in Campbeltown last week to open the Vestas factory, I took the opportunity to ask him whether he understood what integrated rural development is. The reticence that he showed in his reply leads me to believe that only the convener is able to reveal that mystery to us.

The most germane example of a barrier that I can think of relates to wind farm development. This is not a story for or against wind farm development, but it gives an example of the sort of problems with which the committee must deal. The story relates not just to the devolved Administration in Scotland, but also to the non-devolved Administration at Westminster against which the Scottish Executive has to struggle. It is not a story about this area, because I thought it appropriate to use an example that would not cause the director of development, who is sitting behind me, to bristle.

I am talking about the application for the establishment of a wind power facility on the Ayrshire-Lanarkshire border, which has been held up by various objections. Some of those objections have come from local organisations such as Prestwick airport, which is concerned about the effect that wind turbines will have on radar, but the most important have come from the Ministry of Defence. The whole south of Scotland is designated as a tactical low-flying area, and the Ministry of Defence objects to every application for

the establishment of a wind power facility there.

When one takes up the issue with the Scottish Executive, one finds that there is a certain amount of concern about the problem, but a lack of initiative in dealing with it. We are told, "Please let us know how you get on," rather than asked, "Can we do something to help?" The planners are stuck. They must recommend refusal of the application, because the Ministry of Defence is immovable on the subject. It does not even approve of the suggestion that having wind turbines gives its pilots something to practise flying around. It sees the application as terribly unfair and will not be moved.

That is an example of a situation in which the devolved Government in Scotland requires to take on the sovereign Parliament—the Scottish Parliament is not sovereign. I wonder which of them will win.

Billy Ronald (Farmer): I am a tenant farmer from Oban and am married with two children. My wife and I own a farm shop and butchery, at which we process our own beef and lamb. As the convener indicated, I am linked to the Scottish Black-faced Sheep Breeders Association. I am also a director of the Oban livestock centre.

At the moment, we are overburdened with legislation. I know that that has a great deal to do with foot-and-mouth disease, but we now find that we have to employ professional people to fill in forms and to keep the overwhelming number of farm records that are required. As a result, we are not able to employ stock persons to help us to look after the livestock. We are subject to an increasing amount of animal welfare legislation. We feel that everything is coming down on our heads.

Many of the problems are caused by scientists making rash statements in the papers, which they qualify with the words "could be". They should not be allowed to do that, as it causes a great deal of trouble in the farming industry, especially in livestock farming. If I said that BSE was caused by scientists, would not that be a rash statement? I could get done for saying something like that, so surely scientists can get done for making statements that are not supported by evidence, although I accept that that is probably not an issue for the committee.

Some of the best developments in our type of farming are taking place under the countryside premium scheme and the rural stewardship scheme—which is about integrating nature conservation with farming. The only problem with such schemes is that they are available not to everybody, but to a chosen few who are wheedled out through a points system. That is stupid. Such schemes are good for farming and especially for the livestock farming industry, and they could be

developed more. The public are more responsive to such moves to bring nature and farming together. It is a shame that only a few people are involved, rather than everybody.

Another proposal that I would like to make is for a push towards local co-operatives. I do not know how we would go about establishing them—farmers are not the best at co-operating with one another—but monetary advantages for machinery rings and labour rings, for example, would bring people together more.

More decisions should be taken locally, which would allow different rules for different situations, weather conditions and areas, instead of one umbrella rule from Brussels.

The Convener: Thank you. You have made many points to which I do not doubt that we will return.

15:00

Stephanie McDougall (McDougall's of Oban Ltd): Good afternoon, ladies and gentlemen. I work in my family's retailing business in Oban. Members may be interested to hear that it is a third-generation family business, so it is a rare entity.

My concern is the health of the rural high street and I will bring business rates to the committee's attention. Three minutes will hardly do the subject justice but, in a nutshell, I feel strongly that the method of calculating business rates is unfair and produces disparity. In Oban, it is certain that business rates are placing undue pressure on the local economy.

I am sure that the committee is aware of the basis of calculation. Regional assessors examine property, to which they attach a value—the rent that they estimate that the property could achieve if it were put on the market for rent. The assessor looks for actual rental evidence, wherever possible, and sets his values in line with that.

For example, my family owns the building from which we trade, so the assessor considers the rents that my neighbours pay and places a value on our property based on that. Consequently, if one of my neighbours agreed to a rent increase or a new business started nearby and paid a rent that was slightly over the odds, my rates bill would increase at the next valuation, as would that of every other business that traded on the street. In short, we have a property tax the equity of which depends on market forces to produce fair and reasonable rents.

Oban has been in decline since the mid to late 1990s, but its property market has been quite ruthless. Rental prices have not yet dropped. As shops have closed, they have been re-let at the

same price, so although established businesses say that trade is in decline, we are all stuck with sky-high rates bills. I will give the committee some statistics. The top rental price in Oban, on which our rates are based, is £330 a square metre. Fort William—which is 50 miles away and has a larger population—is priced at £170 a square metre. It is dearer to rent property in Oban than in St Andrews, which has a top rental price of £310 a square metre.

I have heard surveyors say that the market will correct itself, so the rating system assumes that if rentals are too high, market forces will act to reduce prices. That is fair enough, but the reality is often that shops must close and sit vacant before rent is reduced. The system relies on the closure of shops as its safety valve. That is hardly a good state of affairs for fragile rural economies.

Many attribute the decline of Oban's town centre to the fact that a retail park has come on stream, which has virtually doubled the retailing space in Oban. In the past few years, the town centre has been stripped of car parking spaces, and Argyll and Bute Council has introduced charges for those spaces that remain. However, even though those events have had a profound effect on the traditional trading centre of the town, they are considered irrelevant by the rates assessor, who cannot adjust bills until rentals drop. That angers many local traders.

In contrast, the rates bills of hotels and licensed properties are calculated on the basis of turnover. That seems much fairer—it may be the light at the end of the tunnel. If a business found its turnover slipping away, at least its overheads would, over time, reduce in tandem. Conversely, the rates bills of larger supermarkets, which are the rates winners at the moment, would probably rise. Supermarkets in retail parks are generally charged discounted rates as their premises are classed as warehouse property.

My three minutes have probably long expired, but I will conclude by saying that I would very much like the Scottish Parliament to turn its attention to the rating system. The rural high street could be better sustained by a more flexible and reactive system.

The Convener: Thank you. If that was more than three minutes, it was well worth it—you packed it in well.

Stewart Stevenson: I want to ask all the witnesses a question that no one has been able to answer for me. Is any identifiable economic contribution of any kind made to rural areas by having Ministry of Defence aircraft—and the aircraft of other NATO countries—flying around at low level?

Patrick Stewart: We could probably encourage

planespotters to come here instead of going to Greece.

Stewart Stevenson: In a way, that answers the question—there is absolutely no contribution. We get no revenue, and no flight crews come into our local airports to spend money. There is no contribution, yet we pay an economic price.

Patrick Stewart: We are getting the defence of the realm assured.

Stewart Stevenson: Yes indeed—but the planes of many countries other than our own are flying around. To consider things from the other side, can anyone put a value on allowing low flying?

The Convener: Mr Stewart said that the MOD objects to every application in the south of Scotland, but there are wind farm developments in the south of Scotland.

Patrick Stewart: Those developments came about before that MOD policy was adopted at the beginning of last year. The chap who was supposed to be objecting had fallen asleep at his desk—I am serious—and woke up to the fact that, while they had not been objecting, pilots had been reporting wind farms in their way. Consequently a decision was taken to object to every application.

Stewart Stevenson: If that is genuinely what has happened, the MOD should buy up-to-date maps. All civil aviation maps have all the wind farms on them.

Mr Rumbles: In the relationship between the devolved Administration, and the sovereign Parliament and national Government, planning has been devolved by that sovereign Parliament to the Scottish Parliament. Therefore, questions of planning rest with the Scottish Parliament and the Scottish Executive. The MOD may have a standard practice of objecting to every application, but a final decision will be made in Edinburgh.

Patrick Stewart: That is the theory.

Mr Rumbles: That is the practice.

Patrick Stewart: No.

Mr Rumbles: It is. Can you give us some evidence for your comment?

Patrick Stewart: Planners in East Ayrshire said that they would have to recommend refusal as the Ministry of Defence had objected and the reasons for the objection had not been dealt with.

Mr Rumbles: That is one reason why the Scottish Executive can call in planning applications.

Patrick Stewart: Earlier, I did not even get to fishing, but this is raising similar interesting points. The Scottish Executive could, on behalf of Scottish

interests, take up the cudgels with the Ministry of Defence, but it has seemed inert on the matter that you raise. That is not an argument for or against any change in our form of government, but it is an example of the problems that arise in a country where different levels of administration attempt to achieve the same things.

Mr Rumbles: That is an interesting point. The Scottish Executive Minister for Environment and Rural Development is about to make an announcement about a commitment to major targets in this area. Ministers would not do that if they thought that the Ministry of Defence had a veto on the matter.

The Convener: Frankly, I do not think that we should be either attacking or defending the Executive at the moment; we are here to find out what people perceive as barriers to rural development.

Mr Rumbles: That is why I was pursuing that question.

Mr McGrigor: My first question is to Ian Cleaver, and regards the problems that you think wind farms will generate for tourism. Many of the existing wind farms—or at least the ones that I know of—are of a certain height. I do not think that many wind turbines are much over 200ft high. However, people to whom I have spoken have objected that planning applications have been changed to cover a smaller number of much higher turbines. Are you completely against wind farms, or do you think that, with proper strategic planning, we could have a perfectly good wind farm industry and maintain the tourism industry? That is obviously what we would like.

Ian Cleaver: My view is that wind farms should be set up in suitable designated areas and not scattered around the countryside. They should exist in harmony with other industries that bring employment into this county. There is no sense in having wind farms in some of the most beautiful places in Scotland, so that the photographs that appear in every calendar would have to show a line of wind turbines. Such areas could be completely spoiled and could become quasi-industrial.

There are areas where wind farms could proliferate, which the Scottish Executive could designate if it saw fit. That would be an extremely good thing. In fact, such areas could become tourist attractions in their own right. However, if they are simply spread around the county, wind farms could become an ecological mess. Does that answer your question?

Mr McGrigor: Yes.

The Convener: Okay, Jamie? In that case, I call Rhoda Grant.

Mr McGrigor: No—I am not finished. Will I get in again, convener?

The Convener: If you want to finish now, please do so.

Mr McGrigor: No. I would like to know whether I will be able to ask any more questions.

The Convener: You will.

Mr McGrigor: In fact, I think that Mr Stewart wanted to come in on that point.

Patrick Stewart: When you are discussing integrated rural development, I assume that you are talking about a new concept coming in and upsetting an existing industry, and about how the two are reconciled. Over the centuries in the fishing industry new, saviour industries have been brought in. The most recent example has been fish farming, which has been an ecological mess all over the west Highlands and which has affected the fishing industry.

Today, we have been hearing about offshore wind farms, which will no doubt be set up in fishing grounds without so much as a by-your-leave to the fishing industry—unless you are successful in introducing some form of integrated rural development, in which the existing interests and the perfectly legitimate new interests are reconciled.

Rhoda Grant: My questions are for Stephanie McDougall. Do you have a rough idea of how many shops are empty in Oban town centre? Are they owned by one owner or by a proliferation of owners? If rents are obviously too high in some places, is there one person or a group of people who could do something about that?

Stephanie McDougall: It is a complex situation. The rates were calculated in such a way that the assessor picked the prime property in the street, which is charged at the full rate. In that prime area in Oban, only one property is currently empty. However, the way in which the system works means that the areas that fan off from the central area of the town are not charged at the same premium rate. An example of that would be a property that was a hundred yards up the street away from the prime property area in Oban. The assessor might charge 95 per cent of the going rate for that property, as the area is considered to be a quieter, less desirable place in which to trade.

The one property in the town centre that has lain vacant for close to three years is a danger sign. In the peripheral zones, which are rated less harshly—the rate decreases depending on the proximity of the property to the town centre—a number of small shops are vacant. At the end of last week, the figure was six. Small businesses have moved into those vacant shop premises. It is interesting to note the level of rent that new

businesses are paying for those premises.

15:15

Rhoda Grant: What sort of businesses are moving in and taking over the vacant premises? Are charity shops, which attract rate relief, involved in any number?

Stephanie McDougall: Charity shops are a bone of contention. I am sure that the committee is aware that charity shops do not pay rates. That means that they do not face the double whammy of rent and rates and can afford to pay more rent. The number of charity shops in Oban is increasing. In the past month, two such shops have opened, one of which is run by the Royal National Lifeboat Institution. Another empty property is being used by charities in rotation.

Rhoda Grant: In the first part of my question, I asked what sort of businesses own the shops. Is it one person or are a number of shop owners involved? Would it be possible to speak to those people about rent levels?

Stephanie McDougall: Private property companies own several of the premises along the main street in Oban. That means that, when small businesses are in dialogue about their rent, it is with a faceless company. The small business has to send lawyers' letters to a faceless property company. I feel strongly that the relative bargaining positions of the prospective tenant and landlord are a factor in driving up rents. It is in the landlord's interests to keep rents at a high level in order to maintain their income.

I have heard about national companies that own property. They sell it to a property department or a separate company that is linked to the national company. In effect, those companies rent back the shops to themselves. In such cases, it is easy for the company to flatten its profit figures. It can charge a high rent, which shows up on the balance sheet and makes the company less prone to company taxes.

Richard Lochhead: For the record, we should say to Patrick Stewart that it is the people of Scotland who are sovereign—not the Scottish Parliament or the Westminster Parliament.

The Convener: Can we have a question please, Richard.

Richard Lochhead: Stephanie McDougall raised a number of interesting issues about high street shops and shops in villages and towns. I am interested in those issues, as the Government does not have nearly enough powers to intervene to deal with empty shops, and especially those that have been empty for years. The issue is an urban as well as a rural issue, as it relates not only to the high street but to housing estates. Should

measures other than rates relief be taken to regenerate the high street? Should they be taken in particular to deal with shops that have been abandoned or that are not kept in good condition?

Stephanie McDougall: That is a difficult question to answer. The question of business improvement districts will crop up in a few years' time, as various proposals are afoot to bring more investment to the people who are trading on the main streets of Oban. I am sorry; I would need to think about the question. My present concern is that market forces are used to set this property tax.

Richard Lochhead: I agree with your sentiments. The present Government has helped to kill off town and village centres. It has favoured the multinationals and big business, especially in respect of retail parks. That issue is on the political agenda. I welcome the contribution that Stephanie McDougall made today.

My other question is for Ian Cleaver. You said in your opening statement that we need well-thought-out strategic planning. If you go into the economic development department of any local authority or local enterprise company, you will get a million different documents that are supposed to provide that. Where have we gone wrong? Why do our rural communities not have well-thought-out strategic plans?

Ian Cleaver: The main pillars in Argyll and the west Highlands are fishing, forestry, farming, the energy industry and tourism. Those are probably the main base industries in the area.

It is quite obvious that the old-fashioned way of forestry planting was not terribly clever and did not contribute a lot to the countryside. With a little planning and forethought—and with mixed hardwood planting, which will come along in the next generation of forestry planting—the whole place could look a lot better.

You probably all drove here today, so you will have come through areas that have been clear felled. Remember that all those trees were planted 40 years ago. The whole area will soon look like that and will do so for about five years before replanting takes place. We must think about how forestry is done and whether it is clever to plant forests right up to the roadside. It is probably not clever, as your average tourist is then unable to see the scenery that he came to see.

Farming has great difficulties that can be solved only at a Government level and not locally or by any local plan. The tourism industry is buoyant in some areas but not so buoyant in others. There is quite a bit of overprovision in the tourism industry—

Richard Lochhead: If I may just intervene

there, although I appreciate that you have views on tourism and farming, we are trying to identify obstacles to rural development. Why has that planning not happened so far? Are the mechanisms wrong?

Ian Cleaver: In the past, forestry was not planned. Forestry needs to be planned to integrate with farming and tourism. I do not want to go on about wind farms all the time, but there is a similar problem with the siting of wind farms. If wind farms are strategically sited in the correct places, they will not impinge on the other industries. However, they will do so under the present proposals.

Patrick Stewart: When the Highlands and Islands Development Board was started, it had specialist departments. For example, it had a fisheries department whose staff knew all that there was to know about fishing. What they did not know, they soon found out because they came round and asked people. However, the HIDB did not have the resources to do much about what it wanted to do.

Today, HIE and the local enterprise network have the resources, but they no longer have the knowledge. They do not ask people what they want or what their aspirations are. We have dealt with the conflicts, but we must develop policies if the problem is to be tackled. The gathering of information can be done only at a local level, so the LECs should be primed to do that. The LECs should have people who are prepared to find out what the problems are and to discuss with local people what the solutions might be.

The LECs should also make use of the information about wider things that comes down through HIE. We ignorant people who live in the countryside may know nothing about new technology that could help us to solve such problems. The node should be at the local level but we should have information flowing downwards and upwards.

The Convener: I have a brief question for Billy Ronald, who mentioned the rural stewardship scheme and the countryside premium scheme. When the committee discussed the statutory instrument that introduced the rural stewardship scheme, we voiced considerable concern about how it would be presented. The minister agreed to review the scheme at the earliest opportunity and to keep us informed of developments. As a result, we are very aware of those concerns.

You have successfully altered and diversified your business with your farm shop. Do you think that diversification is the be-all and end-all for farmers, or does it suit only some farms and not others? Furthermore, you mentioned the continual red tape and form filling that you had to deal with. In the early days of the Parliament, the Executive

established a committee to examine ways of cutting down such red tape and bureaucracy and proposed a series of measures to help the farming industry with that problem. Are you aware of that committee's existence and, if so, do you feel that it has had an impact?

Billy Ronald: On your first question, I feel that we have been lucky with our farm shop, because of our location. That said, farmers going into other areas that they know nothing about is not the be-all and end-all. For a long time, we put in a lot of work and went to a lot of trouble without getting much money in return. We were lucky because we are situated right beside a busy main road, whereas most farms are off the road and out of the way. It also takes a lot of money to start up a different business.

As for form filling, I know that the Executive is trying to make things easier. However, it tends to change everything every year. For example, one year we might have to check through our field numbers in the integrated administration and control system forms one way and then check through them in a different order the next year. The problem is dealing with silly things like that. The Executive should try filling in the forms itself sometime. We have to do it once a year, and if we make one mistake, we could lose our whole business. Sometimes I do not understand the way the Executive thinks. It has reached the stage where we employ someone to fill in the forms for us, because we just cannot afford to fill them in wrongly.

Mr Rumbles: The convener actually asked whether you were aware of the appeals mechanisms for farmers. Until the minister established those mechanisms, farmers could very well have lost their businesses or money if they had filled in the forms wrongly. It would be helpful to find out whether you are aware that those mechanisms have been established.

Billy Ronald: I am aware of those mechanisms, but I cannot understand them. I am just not sure whether it would be detrimental to us if we took that route. I feel that people who appeal or question something are always the first to be pointed out the next time something happens.

Mr Rumbles: Thank you for that answer, but that was not the point that I was trying to make. You seemed genuinely worried that you could lose your business if you made a mistake. However, a mechanism exists to ensure that people in your position do not feel that way. If you still feel that way, we have to examine why that is.

Billy Ronald: The process did not feel that way to me. I feel that I might have a genuine appeal or concern if I have done nothing wrong, but if I have filled in a form wrongly—without meaning to—

there does not seem to be much point in appealing.

Mr Rumbles: My real question is for Ian Cleaver, who made a comment about the forestry industry. As a constituency MSP for a tourist area in the north-east, I know that clear felling is resisted in Deeside. Certainly, the Forestry Commission is very attuned to the tourism industry in the north-east. Are you saying that the commission is not so attuned in Argyll? Have I correctly picked up what you are saying?

Ian Cleaver: I think that, 40 years later, the sins of the fathers are being visited on the sons. The Forestry Commission is committed to cutting and felling trees that it paid for 40 years ago. That is not the present generation's fault. We must get things right for the future.

15:30

Stewart Stevenson: I want to return briefly to business rates in Oban. Reference was made to what I will term captive property companies to which properties are transferred. They are often vehicles for transferring profits to offshore tax havens. To your knowledge, are any of those wholly owned property companies registered in Guernsey, Jersey, the Isle of Man or Gibraltar, for example?

Stephanie McDougall: I am not aware of any that are, but I am not terribly au fait with background information on directors of those companies. They are simply on my doorstep.

The Convener: I promised Jamie McGrigor that I would let him say something, but he should keep his comments as brief as possible.

Mr McGrigor: My questions are for Billy Ronald and Patrick Stewart. We hear about added value in products. Ross Finnie said that getting added value back up the chain is one of the keys to sustainable employment in the Highlands. Billy Ronald has managed to add value through his butcher's shop. In agriculture, is the key point that there should be added value for agricultural products in the Highlands? Similarly, will Patrick Stewart say whether the same applies in respect of fishing industry products on the west coast of Scotland? That is as a brief as I could make my questions.

The Convener: Answers should also be as brief as possible.

Billy Ronald: That is a good approach for farmers in the west of Scotland. I spoke about co-operation; that is the only way in which things can be done. One change that needs to be made concerns local hotels that sell produce that is supposedly local but which comes from places such as Botswana. That practice needs to be

stamped on so that more local produce is used locally—otherwise, there is not much point in producing it. It must be sent away, as local people do not use it.

Patrick Stewart: Economic pressures mean that activities on the periphery are being eradicated and there is a preference for the centre. Companies that had processing factories in places such as Campbeltown have withdrawn them and established them in the centre. Therefore, added value that used to take place in the local community takes place in Bellshill or Motherwell, for example. However, I am pleased to say that, in the fishing industry, there are fishermen such as Kenny MacNab and Archibald McMillan who also do some form of added-value processing. That seems to be on the up and up, so perhaps we are seeing the start of something. There is no doubt that adding value, particularly for foreign markets rather than the UK market, reaps dividends and is to be encouraged.

The Convener: I am sorry to say that there is no more time and we must draw this part of the meeting to a close. I thank the witnesses for taking time out of their busy schedules to attend the meeting. I think that Patrick Stewart asked me to define integrated rural development, but I am afraid that he will have to wait with bated breath until our report is published in the autumn. I hope that that will provide him with an answer. The witnesses are welcome to join us for the rest of the afternoon.

15:33

Meeting suspended.

16:17

On resuming—

The Convener: We now resume the formal part of the meeting. To conclude today's evidence, we will hear from representatives of two of the main local agencies with responsibility for promoting and supporting rural development. I welcome Ken Abernethy, who is from Argyll and the Islands Enterprise, and George Harper, who is from Argyll and Bute Council. I ask you to give a brief introduction that explains your agency's role and interests in the issues. The briefer the introductions, the more questions we can fit in. I would like to wind up as near to 5 o'clock as possible, but we will try to ensure that everyone's questions are asked and that you make your points.

Ken Abernethy (Argyll and the Islands Enterprise): I am the chief executive of Argyll and the Islands Enterprise. I will give some of my views about what works and does not work and the reasons for that.

The Argyll economy is not one economy, but many microeconomies. The area that AIE covers has 19 islands with five or more people. Of the population of 67,000, about a third are island based. Argyll has areas of relative economic success and population growth. For example, in north Argyll and mid-Argyll, the unemployment rates are 3.1 per cent and 2.6 per cent, against the Scottish average of 4.4 per cent. On the other hand, we have areas such as Kintyre, which continues to suffer depopulation and has an unemployment rate of 7 per cent, which is the second highest in the Highlands and Islands. All the areas are depopulating, except mid and north Argyll, Mull and Cowal. The message is that the measures that have been taken over recent years, which may have worked well for much of the mainland in the Highlands, are not solving the problems of our most fragile areas.

Let me give members a brief view of the measures that work. Community organisations are addressing some of the issues that the market is unable to address. For example, on Coll and Jura, petrol is supplied by community businesses, because the private sector was unable to supply it, and the Mull and Iona Community Trust is in the process of reopening a butcher's shop in Tobermory on Mull.

There are measures that are not working so well. The old Highlands and Islands agricultural programme, which was completed in 1999, was very successful in Argyll—about 26 per cent of all grants awarded went to Argyll. However, in my view, the present incarnation is clumsy and results in unnecessary delay in the processing of clients' cases. I would like changes to be made to the system.

Transportation is the key issue, particularly in the islands, as the frequency and affordability of services are inadequate. For example, it is not possible for a pupil from Coll or Colonsay to get home at the weekends during the winter months. I do not believe that it is possible to build a stable, balanced community in those circumstances.

I identify three barriers to development, the first of which is transportation. Without a step change in the level of service, it is difficult to envisage how peripheral areas will be able to participate fully in the advances that have been made elsewhere in the Highlands. The second barrier is funding for learning throughout the area. The conventional funding formula for further education has failed to provide adequate coverage in the area. If we are to measure up to the commitment of skilling and reskilling the work forces in our most fragile areas, we must work out a new way of funding the organisations that are prepared to work in those areas.

The third barrier is state aid rules. Under present

aid rules, the maximum assistance applicable is 30 per cent, whether a business is in Lochgilphead, which has an unemployment rate of 2.6 per cent, or Tiree. The reality is that, in the most fragile areas, the requirement to find private capital of 70 per cent is a barrier to significant developments. On many of the islands, construction costs alone are estimated to be 20 per cent greater than construction costs on the Highland mainland—I am not referring to costs in the central belt. Although those conditions are embedded deep in the European Union's structure, consideration should be given to how a derogation for our most fragile areas might be secured.

George Harper (Argyll and Bute Council): I thank the convener and members of the committee for their kind invitation to participate in the meeting. I am the council's director of development and environment services. My remit covers most aspects of the council's involvement in rural development. I am sure that members are aware that the council fully supports any initiative that will sustain the future not just of rural Scotland but of remote and island communities. I do not want to concentrate on the problems, but I must briefly state them. I want to concentrate on opportunities and on how, by working through community planning and partnership, we can develop opportunities.

Transportation is obviously a significant problem that impacts on the attainment of integrated rural development. The success or otherwise of accessibility is based on transportation. For example, the width and alignment of roads in the Highlands and Islands are often substandard. That applies particularly to the secondary road network, which is used by local industries such as forestry and aquaculture. The level of fares for ferry services is a major factor that adversely impacts on the cost of living. Unlike other countries in the EU, the UK makes only limited use of the option to designate air services as a public service obligation. There is a need to consider in greater detail how modes of transport could be better integrated and resources deployed more efficiently to enhance transport opportunities. Let me give members a soundbite about service provision: it costs £350 to empty a bin on the island of Iona, but only £50 on the mainland.

The council is pursuing all eligible sources of European funding for rural, remote and island communities through transitional objective 1 funding and INTERREG programmes. We are making progress with that work through the Conference of Peripheral Maritime Regions of Europe, Euromontana, islands networks and, of course, the Highlands and Islands partnership. The council and its partners actively seek to promote the area as a welcome home for

renewable energy, about which we have heard a lot today. We are pressing ahead with the council's drive towards having sustainable communities.

Argyll and Bute is home to the first commercial wave energy device, which is inIslay. We are working on the concept of having a green and renewable island, reflecting all aspects of our biodiversity plan. Through the agricultural forum, the council seeks to raise awareness of opportunities for farm diversification. The formation of an aquaculture policy development group has allowed consideration of the implications of the industry for the local economy. We are working on a three-islands partnership and on digital communities—we are taking information technology to our remote and island communities.

I will leave the committee with two key issues to do with service delivery. One thing that makes it difficult for the children of Argyll and Bute to learn their physics, French and history is the physical geography of the area. As well as what has been said today, I have noted many comments on planning—on economic development versus the environment—from Lochaber and, indeed, from Dumfries and Galloway. Our emerging development plan is a positive planning document that acknowledges the need for investment in rural, remote and island communities. In our plan, we do not want Argyll and Bute to be set in aspic.

The Convener: I thank both witnesses for being so succinct and for putting so much into so brief a presentation.

Stewart Stevenson: Mr Abernethy, I think that I heard you say that you have 90 islands inhabited by more than five people.

Ken Abernethy: Nineteen.

Stewart Stevenson: Nineteen—I thought that 90 sounded slightly high. However, that does not change the question, which is this: if nothing is done, how many such islands will there be in 10 or 20 years' time?

Ken Abernethy: I believe that there will be a very small number. There is a watershed population figure. Previously, I thought that that watershed was around 100 people, but when I look at Tiree I revise the figure upwards. With a limit of 100 people, it is difficult to imagine how even basic services can be maintained. In the informal session, Averil Watson described the difficulties of providing medical services. There is a general practitioner on Coll and one on Colonsay, but it is difficult to imagine that being maintained.

We must be able to get children to and from school, as I do not think that many people will want to wave goodbye to their kids as they go off

to Oban for several weeks. Those children would be going with few other people—things are not like they were 30 or 40 years ago. To answer your question, I think that, unless we can do things differently, the number of islands that could sustain a population will drop to around 10.

Stewart Stevenson: George Harper suggested an air service to take kids home at weekends. Is ensuring that children can get home, which would in turn ensure that their parents were happy to remain on the islands, the key point to address if the number of inhabited islands is not to reduce?

Ken Abernethy: It is difficult to see how we could get kids to and from Colonsay without using air links. That is probably true for Coll as well. We have to do a battery of things. We have to have more frequent ferry services. For technical reasons, that can probably be done only by increasing the number of short ferry crossings. For example, with a launch point on the north-west of Mull, there could be six or seven sailings a day to Coll and Tiree, instead of six a week.

With better technology, there could be faster ferries. A current study is considering ways of improving the service toIslay. That could be done by moving the terminals and making the crossing shorter, by using fast vessels or by using two smaller vessels instead of one large one and having those small vessels shuttling. Moreover, we could have more air services. For an island inhabitant to get off the island and do a day's business is a major issue, whereas it is possible to get from the mainland on to a number of islands, includingIslay, to do a day's business. One option—although it is more expensive—would be to have two smaller vessels and have them crossing at the same time.

Stewart Stevenson: So transport is key to the future of the islands.

Ken Abernethy: Absolutely.

Mr McGrigor: I think that you mentioned the Midwinter report and said that implementation of its recommendations plus the full payment of the special islands needs allowance would amount to some £7 million per annum. Am I correct in saying that?

George Harper: You are correct in saying that that was stated today, although it was said not by me, but by a speaker during the informal session.

Mr McGrigor: Is the figure more or less correct?

George Harper: Yes.

16:30

Mr McGrigor: That is a lot of extra money. How would you use that money to increase employment in remote rural areas?

George Harper: One of the most significant problems is communication. It is easy to move within the central belt or in some rural areas, but because of the physical geography of Argyll and Bute and the nature of the coastline, there are considerable add-on costs for supplies, materials and the delivery of basic services.

We are involved in the European financial schemes. When I was representing the council in Brussels two weeks ago, I heard several times about the advances that the Scandinavian countries have been able to make in communication between the Jutland peninsula, Norway and Sweden because of their public service obligation approach. Effectively, getting from point A to point B is subsidised there. Recognition of the need for such subsidy is critical to survival in remote and island communities.

To answer the question directly, I believe that that money would obviously be useful in improving communication in the physical sense—transport.

Mr McGrigor: If we go back 50 or 60 years, there were still thriving communities in rural areas. I am not sure whether the transport was worse or better then, but planning was certainly easier. A more flexible planning system would allow people with good ideas to provide houses for people who wanted to work in specific businesses. Do you agree with that? Do you think that we need a more flexible approach to planning in the Highlands?

George Harper: I will give my personal view. I have been involved in planning for 29 years. For my sins, I am among other things a chartered town planner and I have a strong view on the matter.

Planning is becoming increasingly tied up with bureaucracy. Consultation is extensive and we sometimes experience paralysis by analysis before we can actually do anything. That is why members of Argyll and Bute Council have put to the First Minister a development plan that reflects a development or financial investment strategy to meet the needs of the indigenous population.

Time after time I have sat in this council chamber and heard pleas for a farmer or a crofter to be able to build a house for his or her son or daughter to allow them to stay in the area—otherwise, the son or daughter would move to the central belt. Any rural policy that we develop requires that critical understanding of planning.

Stewart Stevenson: Do the planning restrictions that are often put on the development of an additional house on a farm, which limit that house's use to agricultural purposes, also present a difficulty for people in raising the necessary finance to build it?

George Harper: Yes. That problem is frequently cited, including last week, when I attended a

meeting of the council's Oban, Lorne and the isles area committee. More specifically, the problem is the restricted availability of mortgages or loans, which relates to what is referred to as a section 75 agreement—referring to section 75 of the Town and Country Planning (Scotland) Act 1997.

Rhoda Grant: Will you expand a little on what you said about further education? Why is it more expensive to provide further education in remote and rural communities and what kind of funding would make it a realistic possibility?

Ken Abernethy: I will do that with pleasure. Traditionally, no further education has been supplied in Argyll, which has been a disadvantage to the area in two respects. First, it has been a disadvantage to the development of businesses, which have been unable to update the skills base in the area. Secondly, it has been a disadvantage to individuals who live in the area, whose access to further education has been restricted.

As a result, Argyll and Bute Council and AIE joined together to form Argyll College with a view to setting up an organisation that was dispersed throughout the area. That got going a few years ago, and Argyll College now has 10 locations for supported learning, which are scattered over the most fragile areas. That is an expensive way to provide further education. However, the reality is that the market had its chance to provide further education under the old way. There was virtually no penetration from such colleges as James Watt College and Clydebank College under the student unit of measurement—SUM—payments, which enabled them to conduct some activities in Campbeltown and Dunoon. However, there was no depth to those activities. If someone on Tiree really wanted to study something, they had to leave the island. That might have been fine if they were going to do a degree—although it might not have been—but it is certainly not suitable for most further education courses.

We require to evolve a new method of funding for organisations that provide education for sparse populations. A certain weighting can be applied to the SUMs for what are regarded as rural areas, but that applies to places such as Perth. We need a new paradigm that acknowledges that, when we are dealing with more sparsely populated areas, we must find some way that really meets the cost. Argyll College has been evaluated and is seen to be efficient. However, at present, there is no mechanism that acknowledges the unique approach that the college is taking.

I do not know whether that is an adequate answer. I cannot tell you a sum of money.

Rhoda Grant: Does the lack of further education funding limit the number of courses that are available in the learning centres?

Ken Abernethy: To date it has not done so, because Argyll College has been working on development funding to demonstrate what could be done. The demand for Argyll College's services has been strong. Inevitably, the lack of funding will restrict the types of courses and, over the longer term, the places in which the courses can be offered. That will be the harsh reality if, after the demonstration period, sufficient funding is not found to provide supported learning in places such as Mull and Tiree.

Richard Lochhead: I have two questions, the first of which concerns bringing high-value jobs to the area. We all welcome the investment by Vestas. I understand that that is a manufacturing facility. Manufacturing jobs are welcome when there are no jobs, but, in the longer term, they are a bit more fragile than best-value jobs. Denmark is the same size as Scotland and has a renewable energy industry. Vestas is owned by people in Denmark. All the design jobs and knowledge-based jobs are in Denmark. Why on earth cannot we create industries such as that in our rural areas? Why can other small nations do it but we cannot?

Ken Abernethy: I wish that I could answer that. I feel strongly about the topic. It is not just Denmark. The same is true of a number of other countries, such as Norway, Finland, Sweden and Switzerland, which are home to multinational companies. We have very few multinational companies left in this country. I wish that I knew how one could reverse the process. I used to work for a Scottish-owned multinational. I do not know why we do not have the confidence to retain and develop our own businesses. It is important that we do that. I would not have had the opportunities that I have had, if I had not come through the head office of an organisation.

Richard Lochhead: That is interesting. Even the salmon farming industry in this part of the world is owned by people from Norway and Holland, which is disappointing.

At our evidence-taking meetings, we have discussed whether, if central Government has, for example, £100 million to spend on rural development, that funding should be spent on infrastructure, which would presumably have to be done at a national level, or given to local communities through community planning so that the communities could build up their local areas. Where do we get the best value for our pound? Is spending on infrastructure at a national level the best way to help rural areas, or is it better to give money to local communities by devolving the cash?

Ken Abernethy: My personal vote would be for infrastructure. Unless people can move around the country easily, they cannot use their skills to

develop the communities.

Mr Rumbles: I want to direct a question at George Harper. Professor Midwinter's report is full of statistics and financial comparators. I am from Aberdeenshire. I am well aware of the problems that councils face over budgets, as the council there has faced those problems for a number of years. The statistics that I am presented with in Aberdeenshire often show Argyll by way of comparison.

One of the statistics, which I note is not included in the report, is the percentage per head of population of the money that is given by the Scottish Executive in the local government settlement. If the comparator is taken as 100 per cent, the statistic that I am aware of is that, per head of population, Argyll receives something in the order of 130 per cent whereas Aberdeenshire receives close to 89 per cent. I want to ask George Harper—and Ken Abernethy if he would like to come in—whether he recognises that statistic? Are we talking about the same statistics and are we comparing like with like?

George Harper: I have heard those figures. I hear what Mike Rumbles is saying, but one of the fundamental problems in Argyll and Bute is the basic cost of servicing facilities. I talked earlier about the cost of emptying a bin on the island of Iona, in comparison with the mainland. When we calculate the cost of bringing a teacher off Tiree to attend a course we often say that, if we added another £5 to the figure, it would be possible to land at JFK airport in New York.

Speaking as someone who delivers front-line services, I would say that it is difficult to deliver services in a geographically disparate area, at one end of which are the fringes of Glasgow and the Glasgow green belt and at the other end Coll, Tiree and our initiative-at-the-edge island of Colonsay. The council feels strongly that there are add-on costs to the basic cost of service provision in Argyll and Bute. The physical scale and variety of Argyll and Bute lead to add-ons in the cost of service provision in its islands and its rural and peripheral communities.

Mr Rumbles: I want to press you on that point. It strikes me that your case would be strengthened if all the statistics were available. I have only glanced at the report and may not be giving it its full weight. What you said reinforces the point that you have a good case to make. However, a detractor could say that all the statistics are not presented. If you were clear about your case, you would lay out all the comparators. Do you see what I mean?

George Harper: I do indeed. I reiterate that, a number of years ago, when the council presented its case for a special islands needs allowance, all

the facts and figures were presented. I was a member of the working group that provided the background information for Arthur Midwinter's report. The document to which Mike Rumbles refers is a condensed version of that report. I assure Mike Rumbles that all the facts and figures, covering every aspect of service delivery, were given to Professor Midwinter.

The Convener: I will put a brief question to both witnesses, starting with Ken Abernethy. You mentioned in your introduction that you felt that the current incarnations of certain agricultural schemes were not effective—that they were not cutting the mustard. Will you expand on what you said?

Ken Abernethy: We are talking about the Scottish Executive environment and rural affairs department schemes. The enterprise companies deliver the marketing and the secondary processing elements of those schemes. However, approvals of sums more than £10,000 have to be made by a SEERAD-chaired committee, which sits in quarterly diets. I believe that that system is poor on two counts. First, it is clearly much better if the approval is done by the same organisation that does the investigating. People can build up an understanding of how best to present the case and get it through. Remember that we represent the interests of the client rather than anything else. Secondly, quarterly diets are not acceptable. Businesses cannot wait that long.

Another thing that I discovered fairly recently is that clients are expected to fill in two sets of forms. That is just lunacy. I know that that is a relatively small thing, but something must be done about it.

The Convener: Must they fill in duplicate forms?

Ken Abernethy: Yes. Clients must complete a SEERAD form and an enterprise form for the same project. That is patent lunacy.

16:45

The Convener: You may think that, but I think that I am not allowed to comment at the moment.

As has been pointed out, quite rightly, we have heard an awful lot about wind farms today. Given the part of the world that we have come to, that is probably understandable. One suggestion that we heard was that certain areas of Scotland should be zoned as being suitable for wind-farm development. Presumably, that would leave other parts free from such development. Does George Harper have any comments on that suggestion?

George Harper: There was considerable dialogue with the Scottish Executive on that issue when we initially discussed the first and second rounds of the renewables obligation and how that would tie in with the planning process. The issue

has been addressed strategically in the planning guidance and in the current referrals regime, which is not as restrictive as it used to be. Previously, applications were referred to the First Minister whatever the council's view. Now, the referral relates to a set of criteria.

Given the physical geography and configuration of Argyll and Bute and the incidence of prevailing wind, the area will always be the number 1 area for wind farms. At the same time, as Ian Cleaver pointed out articulately, there is a conflict of interests between the wind farms and the very virtues that we extol to attract tourists. It is very difficult indeed to get that critical balance right and to equate the two things. That is why there has been so much dialogue about wind farms.

By way of background information for committee members, I inform them that the council was aware of such things nine years ago. I and a considerable number of councillors visited the lake district to look at two of the first wind farms in the UK, then came back and developed our in-house policy. In doing that, we had a dialogue with the Scottish Office planners. The strategic component is obviously important, but there is a classic question of development versus the environment. That is a difficult question to answer.

Richard Lochhead: I have a question on a different topic. Do both witnesses agree with many of those who have given evidence today that out-of-town retail parks have an unfair advantage over local high streets? If so, what should be done?

Ken Abernethy: I honestly do not know the answer to that. I do not understand enough of the mechanics of how the ratings work. However, providing people with access to retail parks also has an advantage. The retailers in the community never welcome retail parks, but the reality is that people shop in places such as Tesco not because they are made to do so but because they want to. One would need to be careful about depriving people of the opportunity to shop in the way that they wish to shop. History shows that restricting what people are allowed to do in an area can result in one more strike against that area. People will choose to live in places where they can do what they want to do.

Having said that, I think that there is an issue about how to ensure that there is a level playing field. For example, I was unaware that supermarkets such as Tesco are treated as warehouses for rating purposes. Obviously, a lot of work must be done to strike some kind of balance. However, it could be damaging to take the simple view that we should not allow the development of retail units. The world is more complicated than that.

George Harper: From a planning perspective,

the local authority is not allowed to get involved in issues of market viability. The council, in developing its two-tier planning system, is well aware of the viability and vitality of town centres. That is also covered in national planning policy guidelines and related circular information. Before permitting a supermarket on an edge-of-town location, we must go through the sequential test routine, which effectively means examining a series of concentric circles. We examine the centre of the town, but if no sites are available, we gradually move out to the periphery.

The impact of large stores is directly proportional to the size of the community. In Argyll and Bute, in towns such as Oban, which has a population of around 8,000, and Campbeltown and Dunoon, which have populations of 5,000 or 6,000, the impact of a large out-of-town retail store might be devastating. My members and I are critically aware of that when we decide on planning permission for such proposals, because they can have a detrimental impact on the viability and vitality of town centres. That evidence was demonstrated today in various forms.

The Convener: If there are no further questions, we will set a first by finishing the meeting before the scheduled time. I thank everyone for that.

As I said, the meeting is the third in a series of meetings being held outwith Edinburgh. We are now over the halfway mark; visits to Colonsay and to Huntly in the north-east are still to come and there will be one or two more meetings in Edinburgh to tie up the evidence for our report. We look forward to hearing more experiences. It is interesting that there are commonly perceived hindrances to rural development and a common purpose in what people want to achieve. We hope to publish our report in the early autumn. We hope that the report will be beneficial and highlight matters to which the Executive might pay attention to fast-track a proper rural development strategy.

I am sure that I speak on members' behalf when I say that the meeting has been enjoyable and interesting. I thank everyone who has made the meeting possible, particularly our hosts, Argyll and Bute Council and especially Deirdre Forsyth, Fiona McCallum and James McLellan, who helped to set up the meeting. I also thank Councillor Donnie MacMillan, who is the chair of the mid Argyll, Kintyre and Islay area committee, for welcoming us at lunch time. We are in his ward—I hope that we will leave it relatively undisturbed.

I thank the witnesses for coming to the meeting. Without their presence, we would not have achieved much. We were told at the outset of the inquiry that we would hear only whingeing and negative statements, but I do not accept that. The wealth of ideas and entrepreneurship that exists in rural Scotland is being demonstrated to us starkly.

Some of the ways in which that entrepreneurship and enthusiasm are prevented from getting off the ground as easily as they might are also being demonstrated. That is the purpose of the inquiry. I thank the witnesses for playing their part in it.

Meeting closed at 16:53.

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