

# **RURAL DEVELOPMENT COMMITTEE**

Friday 7 June 2002  
*(Morning)*

Session 1

£5.00

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## RURAL DEVELOPMENT COMMITTEE

### 14<sup>th</sup> 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)

#### COMMITTEE SUBSTITUTES

George Lyon (Argyll and Bute) (LD)  
Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)  
John Scott (Ayr) (Con)

\*attended

#### WITNESSES

Peter Argyle (Mid Deeside Ltd)  
David Beckley (Pig Industry Supplier)  
Jennifer Craw (Scottish Enterprise Grampian)  
Cameron Ewen (Farmer)  
Jim Knowles (Aberdeenshire Council)  
Margaret Lobley (Gordon Rural Action)  
Michael Rasmussen (Rasmussen Levie Chartered Architects)  
Robert Sinclair (Banff and Buchan College)  
Mike Stephen (Turriff and District Ltd)

#### CLERK TO THE COMMITTEE

Richard Davies

#### SENIOR ASSISTANT CLERK

Mark Brough

#### ASSISTANT CLERK

Jake Thomas

#### LOCATION

Stewart's Hall, Huntly



## Scottish Parliament

### Rural Development Committee

*Friday 7 June 2002*

*(Morning)*

[THE DEPUTY CONVENER *opened the meeting at 09:33*]

**The Deputy Convener (Fergus Ewing):** Good morning, ladies and gentlemen. Welcome to this meeting of the Scottish Parliament's Rural Development Committee. Mobile phones should be switched off.

We have received apologies from the convener Alex Fergusson, Alasdair Morrison, Irene Oldfather, Elaine Smith and Nora Radcliffe, none of whom can attend the meeting. We hope that the meeting will be interesting and productive.

## Subordinate Legislation

### Registration of Fish Farming and Shellfish Farming Businesses Amendment (No 2) (Scotland) Order 2002 (SSI 2002/220)

### Plant Health (Phytophthora Ramorum) (Scotland) Order 2002 (SSI 2002/223)

### Dairy Produce Quotas (Scotland) Amendment Regulations 2002 (SSI 2002/228)

**The Deputy Convener:** Item 1 on the agenda relates to three statutory instruments, with which we must deal before we move to the main topic of the meeting. The instruments are subject to the negative procedure. Do members have comments?

**Stewart Stevenson (Banff and Buchan) (SNP):** On the Registration of Fish Farming and Shellfish Farming Businesses Amendment (No 2) (Scotland) Order 2002 (SSI 2002/220), I invite the committee to join me in expressing displeasure that we have before us again an instrument that in effect just makes minor amendments to a previous badly drafted order. Too many orders have been coming to this committee and, I believe, other committees in a state of drafting disrepair. We should note that.

**The Deputy Convener:** No other members seem to have comments, but I think that Stewart Stevenson raises a reasonable point. Perhaps we can note it. I take it that there are no other points on the instruments and that members are content to make no recommendation to Parliament.

**Members** *indicated agreement.*

## Integrated Rural Development

**The Deputy Convener:** We move on to the main business of the day and the reason that we are here, which is our inquiry into integrated rural development in the rural economy of Scotland. This is the fourth and final of the Rural Development Committee's visits to various parts of rural Scotland. We have visited Galloway, Fort William and Lochgilphead. Today's meeting in the north-east follows a series of fact-finding meetings in the area yesterday. I thank everyone who gave us an interesting experience of their businesses yesterday, but principally Moray Seafoods Ltd, the Glendronach Distillery and Rizza's Ice Cream of Huntly.

The meeting will have three parts. First, we will hear from individuals who have experience of local businesses or other experience of rural development. At the end of the meeting, we will hear from the two main agencies. In between the two sets of witnesses we will have a break from the formal proceedings. During that period, we will ask members of the audience to participate and make points on the topic of our inquiry, which is the rural economy.

If members of the public know that they want to contribute during that period, I ask them to make themselves known to the clerk, Jake Thomas, who is at the side of the hall. If people decide, after listening to the evidence that we are about to hear, that they want to comment, they should please let Jake know. I will explain nearer the time how the procedure will operate.

I begin by welcoming our first panel of witnesses. We have Peter Argyle of Mid Deeside Ltd and Cameron Ewen, who is a farmer. I believe that we had misspelt Cameron's surname. We also have Mike Stephen of Turriff and District Ltd and Robert Sinclair from Banff and Buchan College. I invite each of you to give us a brief introductory statement that explains who you are, whom you represent and your interest in the issue. We will then move on to questions to bring out additional information. I invite Robert Sinclair to start the proceedings.

**Robert Sinclair (Banff and Buchan College):** Banff and Buchan College welcomes the opportunity to contribute to the inquiry. Our board of management has just completed the implementation of a long-term strategic vision to put in place several learning centres throughout the north-east of Scotland. Our main college is based in Fraserburgh, but we now have outreach centres in Huntly, Turriff, Banff, Peterhead and Ellon. We hope to deliver skills and education to the people of the north-east through those centres.

The centres were developed with a range of partners including Aberdeenshire Council, Scottish Enterprise Grampian and enterprise trusts in the area. I shall not go into the details of what the college does. I am aware that the Association of Scottish Colleges and the rural colleges group have already provided the committee with written submissions. I will focus on the future.

First, during the development of the network of learning centres it has been difficult to integrate with other partners. Most decisions have been ad hoc. We are a wee bit disappointed in the feedback from the local economic forum. We realise that it has been in place for only a year or so, but we would like feedback that enables our decisions to be better informed. We need to have integrated planning among all the bodies involved. That is the first barrier that we must overcome.

Funding is key for any organisation, and my colleagues will agree that cash flow is equally important. Operating a rural college is difficult: there are additional costs and, although the Scottish Further Education Funding Council's funding formula has a rural factor, we contend that it is not enough to cover the additional costs of operating in a rural area. The quantum of funding is important—especially in our very specialist area, which is fisheries training. We are the only mainland Scottish college that provides fisheries training. It consumes a large part of our budget each year but there is no strategic element in the funding formula to allow for the funding of such specialist provision.

The main problem with funding is its stop-go nature. Over the past few years, things have been very difficult: European moneys have been cut off and, in particular, we have been encouraged to go for growth. The board has put in place a strategy for growth but, having come to the end of that period, we are now being told to plan for a decrease in activity next year. Inevitably, in any business, it is the high-cost provision that gets cut—and that will affect rural and social inclusion delivery. Delivering to rural communities will become a problem for us.

As part of our quality control procedures, we follow up our students. We are aware of a drift from local communities to Aberdeen; people are migrating, which does nothing for rural communities. People are getting used to going to Aberdeen—they work there and they buy the retail offered in Aberdeen, which is to the detriment of rural businesses.

I thank the committee again for the opportunity to contribute.

**Mike Stephen (Turriff and District Ltd):** Good morning. I welcome the opportunity to talk here today. I am the chairman of Turriff and District Ltd,

a local enterprise company, which I established to try to help the economic prosperity of organisations and businesses in the area. I am also the vice-chairman of Enterprise North East Trust Ltd.

In 1998, I retired as the managing director of Grampian Country Food Group Ltd, which we started in Banff in 1980 as one company and which is now the largest independent, privately owned food agribusiness in the United Kingdom, with a turnover in the region of £1 billion and 11,500 employees.

In 1998, the family bought a 14,000 sq ft department store in Turriff. It is now known as Celebrations of Turriff. We have invested a substantial sum in the business—in extending it and in improving its fabric—and it now employs more than 40 people when it used to employ 10.

In 1999, I decided that there was a need to do something more positive to establish an organised body to represent the area and to help its economic prosperity. With assistance from Aberdeenshire Council and Scottish Enterprise Grampian, we established Turriff and District Ltd, which has a board of 13 people, 10 of whom represent businesses of different types and sizes and three of whom represent three of the local community councils.

Turriff needs such an organisation because the area has lost out quite badly. We have lost a number of local agri-related employers and a serious number of jobs have been lost. Turriff is not included in the objective 2 grant assistance area or in the Aberdeenshire towns partnership. As members will know, disappointingly Aberdeen has been excluded from a share of the £40 million-odd of LEADER + funding, which we hoped would help the third year of Turriff and District Ltd.

We have three major employers in the area. One is a company called Pelican, which has just paid off, or is in the process of paying off, another 80 employees—taking it from an all-time high of 450 employees down to 200. That represents a loss of more than £3 million a year in wages from one employer alone in Turriff. The other two major employers are struggling to make a profit and the future of the companies and the jobs may well be in doubt.

We need much more focus on creating employment in the area. Unemployment in the area is not high but that is because many people have to leave the area to go to Aberdeen to get work. That adds to congestion—on the subject of which I emphasise the urgent need for improvements to the A947, which is the main Aberdeen to Turriff road. We also anxiously await the Aberdeen peripheral route. Aberdeen is the oil capital of Europe and it must be the only major European city without a proper bypass.

We need to do more not just to help our existing employers to expand, but to help them to survive. We need a greater focus on attracting inward investment and a much clearer identification of the land in our area that is available for industrial development. We must do more to ensure the overall economic prosperity of areas such as Turriff and district. They are the backbone of the future of our county of Aberdeenshire.

I have a concern about imports. I have been involved in the food and agriculture industry for the past 40 years and I am concerned about the high quantity of food imports that is being allowed into the country from countries in which the same on-farm and in-factory hygiene practices that we follow are not practised. That phenomenon represents a danger to the health of our public and of our livestock. Another outbreak of foot-and-mouth disease is just waiting to happen. The effect of imports is such that, in our men's clothing department, for example, 15 per cent of the available products are manufactured in the UK and 85 per cent of them are imported. I shudder to think what will happen to our agriculture and food industries when the same figures apply to food on our supermarket shelves. Urgent action must be taken to control food imports.

09:45

**The Deputy Convener:** Thank you very much. I invite Cameron Ewen to make his opening remarks.

**Cameron Ewen (Farmer):** Good morning, ladies and gentlemen. I am a small farmer from Cornhill in Banffshire. I am sure that everyone is aware of the continuing crisis in agriculture, so they will not want to listen to another farmer whingeing on about the problems that we, along with other rural businesses, face. I did plenty of that last night.

We are still being encouraged to diversify. Plenty of young people in particular have good ideas for diversification projects, but there is a lack of funds for getting those projects off the ground. I am always amazed by the ingenious ways of raising taxes that the chancellor, like his predecessors, is able to come up with. Some recent examples are the aggregate tax, the climate change levy and the landfill tax, which were aimed at encouraging us to use renewable energy and to recycle produce. I wonder how we can tap into the funds that are supposed to allow us to do that. Perhaps that is where the committee comes in.

I will illustrate my point with an example. If our local council, or a group of farmers, were able to invest in a huge paper shredder, it would be possible to bale waste paper and use it for

livestock bedding. I do not have the figures to hand, but members will know that although waste paper is collected for recycling, a fair bit of it still goes into landfill. I am sure that it would cost less—next to nothing—to provide farmers with the paper to use for bedding than it does for the council to put it into landfill sites.

Much has been said recently about wind power and wave power. Most people support renewables, but why must the projects be so big? A project at Glens of Founland, just along the road, has been approved. Most farmers would be willing to have one or perhaps two windmills on their farm; they do not have sufficient land for a 20 or 30-turbine wind farm. Would not it be more pleasing to the eye to have single windmills dotted sparsely around the countryside than to have a great bunch all together? There might be fewer objections and the funds would be spread over a much bigger area.

On renewables, little is said about biomass, whereby farmers can grow crops such as willow or hemp to be harvested and made into energy. As cereal production is depressed, such crops could be an alternative cash crop. Mr Glyn Whitehead, who is leader of a group of Aberdeenshire farmers who have been trying to get such a project off the ground for a few years, is in the audience and he would be willing to answer any questions that the committee might have on the subject.

Those are a few thoughts to start off with, which we can continue to discuss as the day goes on.

**The Deputy Convener:** Indeed. I am sure that we will hear from the gentleman you mentioned later on. I ask Peter Argyle to make his opening statement.

**Peter Argyle (Mid Deeside Ltd):** I am chairman of Mid Deeside Ltd, which is a community economic development company. It was established in Aboyne in 1996 with a focus on economic development in the community. It was set up by the community, at the wish of the community, and it works with the community.

I am assured that the Scottish Executive is committed to the principle of community economic development, recognises the importance of community economic development organisations and encourages the work that they do in their communities. I note that the Executive proposes to continue to fund the establishment of new local rural partnerships through the rural partnership fund in order to put communities at the centre of the decision-making process.

In Aberdeenshire, community economic development organisations are genuinely community led—they decide their own approach to local issues. However, in many other areas of Scotland, community economic development

organisations are, in effect, part of the local authority. In some places, such organisations are accommodated and even staffed by the local authority. The Aberdeenshire approach is unique. It is the right approach. Communities must be allowed to develop local solutions to local problems.

Mid Deeside Ltd approaches its role through the development of projects that are designed to foster the local economy and which aim to address the key issues of social exclusion and rural isolation, as well as give the community an opportunity to influence its future. Our current portfolio of projects includes Scotland's only community-operated scheduled bus service, the provision of a community bus for recognised community groups, the planned restoration of a listed building in the centre of Aboyne and an annual event at which youngsters can explore the natural environment with Scottish Natural Heritage rangers. We are also negotiating with two local landowners for the community management and possible ownership of 110 hectares of woodland and a 4-hectare woodland on the edge of the village. The key objective of those two proposals is to ensure that free access is available to all, in particular to those with special needs. We have also developed an annual pipe band competition, which attracts some 10,000 people to the village.

To achieve all that, there is a huge commitment from community volunteers and the work is co-ordinated by two part-time staff members. Essential overheads for the office and administration are kept to an absolute minimum. Mid Deeside Ltd forms part of a network that includes the rural development department, Scottish Enterprise, Scottish Enterprise Grampian, Aberdeenshire Council and the local enterprise trusts. All those bodies have a role to play in delivering the Executive's vision for community economic development and they are all essential. However, only the community economic development organisations do not receive core funding.

I do not imagine for a moment that civil servants in Edinburgh, key officials in Scottish Enterprise or executive officers in Scottish Enterprise Grampian are left wondering whether there will be enough funds at the end of the month to pay their salaries. I do not imagine that the chairs of those organisations have to go to the private sector to seek charitable support or meet ministers to ask for a few thousand pounds to avoid insolvency. However, that is the reality for community economic development organisations in Aberdeenshire.

The Scottish Executive does not provide core funding. Scottish Enterprise Grampian does not accept that it has the remit or authority to provide core funding. Charitable trusts, the lottery and



other grant-giving bodies, although generous with project grants, do not provide core funding. There are policies such as community planning and the new proposal for community budgeting that offer funding, but that is by giving more work to community economic development organisations, rather than by meeting the costs of existing operations.

Core funding is a major issue for all community economic development organisations. Much time is spent chasing revenue when it should be spent developing new projects or building on what has been achieved. If communities are to be put at the centre of the decision-making process, secure, long-term funding must be provided. Community economic development is important and has a direct positive impact on communities. That should be recognised at the highest level. The necessary but modest funding must be put in place to enable that to happen.

**Richard Lochhead (North-East Scotland) (SNP):** Since the Scottish Parliament was established, there has been a new emphasis on rural development. Previously, the emphasis was on farming, fisheries and food, but now we have a minister with responsibility for rural development and a rural development department. It is a new focus and, supposedly, a new direction.

Have you noticed any difference in help to rural communities since the Parliament was established? Do you support the move away from the focus on the traditional industries of farming, fisheries and food to a more holistic approach to rural development? If you have not noticed a difference, how can one be delivered? I ask Robert Sinclair to answer first.

**Robert Sinclair:** We have not noticed any difference. Our main sponsoring Executive department is the enterprise and lifelong learning department, which is where most of the influence comes from. We welcome the more holistic approach and we are great believers in joined-up government. I whole-heartedly support more communication between the environment and rural affairs department and the enterprise and lifelong learning department about the problems of rural businesses and delivery of services in rural areas.

**Mike Stephen:** I am pleased that there is a move towards a more holistic approach. When I approached Aberdeenshire Council and Scottish Enterprise Grampian, I eventually received support for and funding to establish Turriff and District Ltd, which aimed to help the local economy. That was positive. The money from Aberdeenshire Council came from the release of Bank of Credit and Commerce International funding. I am not too interested in where the money came from; the main thing is that we got it. The funding was a positive indication of the

support that Aberdeenshire Council is willing to give. There are other encouraging instances of support. I understand that, through Scottish Enterprise Grampian, new initial funding is available in rural areas.

As I said earlier, my biggest disappointment is the fact that Aberdeenshire Council lost out totally on the £40 million plus LEADER + funding, which was intended to help the rural economy throughout Scotland. Aberdeenshire was excluded because it is considered to be rich.

**Cameron Ewen:** I have not noticed much of a difference. The main difference for farming is that the Minister for Environment and Rural Development seems to support agriculture and rural areas, whereas the Secretary of State for Environment, Food and Rural Affairs at Westminster seems to be against agriculture. The Holyrood minister does not have enough powers—his hands are tied—but he seems to support farming and the rural economy in general.

**Peter Argyle:** There has probably been some improvement. Some funding comes from Edinburgh for groups such as mine. The biggest advantage is that it is not quite so far from Aberdeenshire to Edinburgh as it is from Aberdeenshire to London, which means that ministers are more accessible. However, there is a long way to go.

**Rhoda Grant (Highlands and Islands) (Lab):** I have a question for Robert Sinclair, who spoke about learning centres. I have concerns about the funding of those centres and how they can be mainstreamed. A lot of development funding is available to encourage new learning centres, which are important for rural areas because they make education accessible to everyone. How should we work towards mainstreaming such centres to ensure that they survive?

**Robert Sinclair:** I share those concerns. We have promoted learning centres during the past two or three years and our strategy of having a network of centres is almost complete. However, that coincides with a prompt from the Scottish Further Education Funding Council to prepare to cut activity next year. We have already started those cuts. For example, we have reduced the number of rooms in use in Huntly from seven to four for next year.

The college has tried to mainstream learning centres. We do not keep separate budgets and we encourage our staff to view the outreach programme as an integral part of our activity. However, as a business, the college is beginning to analyse its high-cost activities, which are the social and rural inclusion activities. Next year, those activities will be cut. I recommend an increase in rural factor funding for colleges that operate in rural areas.

**Rhoda Grant:** Would that mean altering the funding formula so that colleges with outreach centres were given separate funding for each outreach centre or would it mean simply giving rural colleges more general funding?

**Robert Sinclair:** It is easy to say that rural colleges should have more funding. The first option you mentioned is an excellent idea, but learning centres should be funded only if they are effective. Criteria could be developed to prove that. If they were being effective, additional funding for each learning centre would be welcome.

**Stewart Stevenson:** I will ask my first question. If the convener lets me in later, I will ask a second one. I associate myself with the comments that Peter Argyle made about core funding difficulties. I have heard the same story from many partnerships and voluntary bodies that support public objectives, so it was not unfamiliar. Will you comment also on the structure of project funding—the three-year funding that organisations generally get? People have told me—and I would like to get other people's view on this—that getting most of the funding in the first year, less in the second and even less in the third is the wrong profile, because it is difficult to spend all the money in the first year and it is needed in the second year. Is that your experience?

10:00

**Peter Argyle:** I take it that Mr Stevenson is referring to the rural strategic support fund. It has to be said that it is not an easy fund with which to work. It starts at 50 per cent, drops to 32 per cent in the second year and to 16 per cent in the third year. Deeside Partnership, of which Mid-Deeside Ltd is a member, is now in its third year, so we get 16 per cent of eligible costs. A lot of work is done that does not fit into that category. Matched funding is supposed to be there to match the 16 per cent. You are right in saying that it is the wrong way round. As work develops and more work is done, the need for funding increases. The answer to your question is yes.

**The Deputy Convener:** Do you want to ask your other question?

**Stewart Stevenson:** Yes. It is on a different matter. Mike Stephen might want to address this question first. At other committee meetings, issues have been raised about business rates. Do members of the panel have views on whether the rate at which individual businesses pay rates should be based on the valuation of property or on the turnover that businesses achieve? Pubs and hotels are based on turnover; most other businesses are based on valuation. Do you have a view?

**Mike Stephen:** The size of the property and the use that the business makes of public services must be reflected in the rates that are paid. I do not pay the rates as my son signs the cheques, but I hear him moaning about fewer services being provided but higher rates being charged. Additional charges are now made for the removal of waste cardboard, of which we have a lot. We must bear that additional cost.

We also have a problem with Aberdeenshire Council, as it tends to cut back in areas in which it wants to cut back and spend money unnecessarily on other matters. For example, the council spends money on traffic calming measures, which the local public do not want in the town, yet it closes the public toilets and is now talking about doing away with children's play areas. The toilet issue has damaged our area as people from other counties have laughed at us and said that they will not go to Aberdeenshire. We have a wonderful park area in Turriff, called the Haughs. Bus loads of Sunday school children who have been there for picnics have had to go into the wood to do the toilet. Apart from anything else, there is a health and hygiene risk. Can we not influence Aberdeenshire Council to listen to what local people say the money should be spent on?

**Stewart Stevenson:** I will draw you back to a little supplementary question. Would it be useful in generating new businesses if their rating was based on turnover, as they start off with very low turnovers? That would allow more people to come into business without immediately taking on all the burdens of a valuation-based system.

**Mike Stephen:** Reduced costs in the early stages would be an advantage to a new business. Some new businesses could benefit from more doctoring to ensure that they have a viable business plan. It is all right to sit down and put figures down on paper, but how confident is the person that they will deliver those figures? A viable business plan and assistance would be beneficial to business start-ups if they are to achieve what they set out to achieve, especially in years 2 and 3.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** The witnesses have referred to the importance of the primary industries. Robert Sinclair said that the Scottish Agricultural College is extremely important for the fisheries and farming industries, and that the first things to go from the college's programme might be your partnership work with the fishing industry and the SAC. Do you think that the college should turn more towards new industries, or is its support for primary industries more important for the area? Does the area depend first and foremost on the primary industries?

**Robert Sinclair:** The area is heavily dependent on the primary industries. We are a broad college, and offer a lot of training for the oil industry on the back of the considerable engineering expertise that used to exist in the Fraserburgh and Peterhead areas, which now, unfortunately depend solely on the oil industry.

We tried in a small way to introduce training for the farming sector latest year. We have no locus in agricultural training, which was always done at Aberdeen College's Clinterty centre, which is just outside Aberdeen. It was apparent to us that the areas that we covered needed that training. We therefore instigated a programme last year with the Scottish Agricultural College. It was very innovative and was all delivered by videoconferencing. It made use of the college staff's expertise and was delivered using our premises. It seemed to work very well, and most of the programmes were quite well attended. The programme examined some of the issues that Cameron Ewen mentioned; we were, for example, delivering training in diversification for small businesses, which was offered over and above our normal curriculum.

We were trying to be innovative and to deliver cost-effective training. That was peripheral to what we were about however, and because of cuts in funding—or, as is the case this year, the very small increase in funding—increases in superannuation costs, increases in national insurance and increases in all the other taxes, we will be unable to sustain that level of innovation. We are entering a medium-term phase which will be steady as she goes. We will be offering training for the fishing industry and diversification training, but we will not be importing the expertise that it would otherwise have been possible to import.

**Mr McGrigor:** I was interested in Cameron Ewen's point about wind farms. I know of one farmer on an island off the west coast who has used an agricultural business development scheme—ABDS—grant to assist in constructing two wind turbines. Do you think that modulation, which might take some subsidies from farming and put them into supposedly environmental grants, could offer a way in which to spend the money in a rewarding fashion?

**Cameron Ewen:** First, I should point out that the ABDS does not cover this area; it applies only to the Highlands and Islands. I think that it is objective 2 funding that comes here. Modulation is a crude form of funding and is, in effect, a tax on agriculture. France is the only other country to have applied modulation to a certain group of farmers—just to the biggest farms—but it has now decided to scrap it, which will leave the UK using modulation on its own.

Last year, about 20,000 farmers and crofters were modulated. Of those 20,000, only 300 were able to benefit from modulation, so I do not think that it is a very fair form of support. That is why I emphasise the fact that the Chancellor of the Exchequer has taken funds that are supposed to be for renewable projects from us all. How can we tap into those funds?

On an earlier question about education, Robert Sinclair mentioned the Clinterty centre, where I studied. When I was there, 32 of us attended a full-time agricultural course; last year, there was no one on that course. Although the centre has successfully diversified into other rural industries, its agricultural engineering course has always been well supported. A large proportion of students on the course are seeking a certificate that will enable them to work offshore. That is not a problem, because many of those students might return to agriculture in future.

Members will be aware that the Scottish Agricultural College is struggling to get enough students. The Rural Development Committee and farmers must talk up rural industries, to enable us to attract the agricultural entrepreneurs of the future. If the current situation continues, those people will not come into rural industries.

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** My question is directed specifically at Peter Argyle and Mike Stephen, because it relates to issues of core funding. I refer Peter Argyle to the written evidence that he submitted to the committee. In referring to Scottish Enterprise Grampian, he states:

"it is a matter of considerable concern that Scottish Enterprise does not believe it has either a remit or the authority to support CEDOs in Aberdeenshire",

such as Mid Deeside Ltd and Turriff and District Ltd. He continues:

"There is a perception that SE Grampian does not recognise the value of CEDOs and, as a result, partnership working, even on local projects, has proved difficult."

Do you believe that Scottish Enterprise Grampian needs a social remit in order for it to help community economic development organisations? Highlands and Islands Enterprise has such a remit in the north-west of Scotland. Can Scottish Enterprise Grampian help CEDOs without having a social remit? Do we need Scottish ministers to change the remit of Scottish Enterprise Grampian, or does the problem lie in Scottish Enterprise Grampian? Does the company have the power within its current remit to assist you with core funding?

**Peter Argyle:** I am aware that Highlands and Islands Enterprise does things very differently from Scottish Enterprise Grampian. The issues that I raised in my written submission do not apply in the

Highlands and Islands. I do not know the exact nature of Scottish Enterprise Grampian's remit. If the company does not have a social remit, it should be given one. There is a clear need for community groups to be supported but, as I have said both today and in my written submission, Scottish Enterprise Grampian does not believe that it has the authority to support the core funding of such groups.

I am not saying that Scottish Enterprise Grampian—formerly known as Grampian Enterprise—was not involved as an active partner when Mid Deeside Ltd was set up in 1996. Some of the initial funding for Mid Deeside Ltd came from the LEADER II programme and was channelled through Grampian Enterprise. The original European regional development fund scheme ended in 1999, but we are only now starting to receive the replacement European funding, which should have been in place in January 2000. Since 1999, we have received no financial support from Scottish Enterprise Grampian.

We have always been keen to work in partnership with Scottish Enterprise Grampian, but that has proved to be difficult. Scottish Enterprise Grampian has been involved in a number of local projects, but we have found it very difficult to work with the company on those. We feel that Scottish Enterprise Grampian does not recognise the importance of the work that community groups are doing for the benefit of communities.

**Mike Stephen:** I have been more fortunate than Peter Argyle has. I was told unofficially that Scottish Enterprise Grampian now has a greater focus on helping the rural economy and that it has additional funds that are available to help projects such as Turriff and District Ltd. I was successful in obtaining some of the funding that was required for the project. Since then, I have submitted another two applications for assistance. One of those has resulted in our bid to host the British pipe band championships in Turriff in 2004 being accepted. Fifty per cent of the sponsorship for that bid was secured from Aberdeenshire Council—it was Bank of Credit and Commerce International money—and 50 per cent came from Scottish Enterprise Grampian.

I am keen to establish a business marquee at the Turriff show, which is one of the largest annual events in Aberdeenshire. Many people visit the show but do not visit the town. I thought that we should take the businesses from the area down to the show. We established a business marquee for the first time this year. Scottish Enterprise Grampian provided financial assistance for that.

**Mr Rumbles:** Have the moneys that Scottish Enterprise Grampian has helped you to access been for specific projects, such as the one that

you mentioned, or are they part of a core funding programme? Are you continually getting money to help you?

**Mike Stephens:** We received a one-off payment of £20,000 towards running costs. We pay a part-time co-ordinator to do secretarial work. Quite a bit of voluntary work is done—I do some of it and receive no payment, but that is another issue; it is not a problem. The funding that was provided to help Turriff and District Ltd get going triggered assistance from Aberdeenshire Council. The same applied to funding for hosting the British pipe band championships, which will attract thousands of people to the north-east of Scotland. Scottish Enterprise Grampian and Aberdeenshire Council both agreed to support the project and I am confident that we will get more support in future.

10:15

**Mr Rumbles:** Is the funding provided continually?

**Mike Stephens:** We take what we can get when we ask for it. We have had funding for years 1 and 2. We had earmarked the funding for year 3 to come from LEADER +, but that funding will not apply in Aberdeenshire, so we have no funding for year 3 and we might end up in the same position as Mid Deeside Ltd. We are working on it—we have funds to keep us going in years 1 and 2 and we will have to ensure that we have funding for years 3 and 4 and beyond.

**Mr Rumbles:** I will pursue that with the Scottish Enterprise Grampian representatives, from whom we will hear later in the meeting.

**Richard Lochhead:** My question is for Cameron Ewen. If I remember correctly, you had published in the esteemed *The Press and Journal* a couple of months ago an article about talking up the industry and the future of the family farm. North-east Scotland relies heavily on traditional industries, particularly the food industries, and there are primary producers, such as fishermen and farmers here. Clearly there is much pressure on family farms because of globalisation. The Government seems to favour giving a lot of subsidies to a small number of farmers rather than spreading them widely across the sector. There is no relationship between farming subsidies and levels of employment, so a farm could get £0.5 million of subsidies, regardless of how many people are employed on the farm, which I think is wrong and does not work in favour of family farms. Given that you run a family farm and that you support family farms, what will be the future for farmers in this neck of the woods?

**Cameron Ewen:** I like to be positive about the future, but the past few years have been difficult and we cannot afford to continue to work for next

to nothing. Most farms are family businesses. Although my mother worked full-time on the farm, keeping chickens or broilers and selling butter and cheese in the town, farmers' wives or partners must now work full-time off the farm. Their wages often support the business.

I like to think that there will be a future for the family farm, but our farm is only 180 acres and no farming family stays on any of the six farms that march it. People live in the houses, but the units have been swallowed up by larger farming businesses. At one time, our farm would have been considered to be of average size, but we are now considered to be a small farm. We keep having to run faster to stand still and that cannot go on. I like to think that we have a future; the growing world population must be fed.

My mother was keen for me to go to university—she wanted me to be the first in the family to do so—but I wanted to come home and farm and I will continue to do so, but we need a better outlook for the future. A lot of money is being made in the food industry. We have only to look at the profit margins of major supermarkets, agrichemical companies and fertiliser companies, which are now into the billions of pounds. We, as family businesses, must try to get a slightly bigger share of that.

When the common agricultural policy was set up, its objective was that the agricultural wage would be equivalent to the average industrial wage. It has failed in that. However, I hope that there will be a future for the family farm in the north-east and throughout Scotland.

**The Deputy Convener:** I thank the witnesses for their evidence, which has been wide ranging. We have covered a great deal of ground, which has been helpful to our inquiry. Our inquiry is into what constitutes successful rural development and what are the barriers to rural development. Are there barriers to creating new jobs and opportunities? Are there barriers that prevent existing businesses from achieving success? Each witness has given the committee much food for thought. The witnesses may retire to the public seats, but are welcome to stay for the rest of the meeting. I thank you again for your evidence.

I invite the next group of witnesses to come forward. We had hoped that James Gibb of Gibb's Refrigerated Transport would attend, but I understand that he is not able to be here.

I welcome David Beckley, Michael Rasmussen and Margaret Loble and invite you all to make opening statements. I also apologise to David Beckley. I understand that you are not, as the agenda says, a pig farmer, but no doubt your opening remarks will explain what you do.

**David Beckley (Pig Industry Supplier):** I am

not a pig farmer but I work in the pig industry. I work for a company called BOCM Pauls Ltd. As a sales representative to pig farms, I have the opportunity to meet a number of pig farmers in the area, and I have a broad idea of the problems that they have had, especially over the past three or four years.

As a member of the allied industries, my job depends upon a vibrant agricultural industry, particularly the pig industry. In the past three years, some other people and I have been involved in fighting for the future of the pig industry. In 1998, the pig industry started to go through a difficult period in which it lost vast amounts of money. We could see that the industry was going to reduce, which would have an effect on other allied industries such as the feed industry, haulage, vets, abattoirs, food processors and the building trade. The list goes on. We met MPs and the Government to try to get some help to see the pig industry through the problems.

In 1998, the sow herd in Scotland numbered 72,000. We now have only 50,000 sows and—I am afraid to say—that figure is still falling. That is a reduction of more than 20,000 sows or more than 400,000 finished pigs, which equates to a value to the economy of £24 million. As I said, that reduction has had a major effect on the allied industries. For example, sales of 100,000 tonnes of pig feed were lost. Some of the feed mills have the capacity to produce 50,000 to 60,000 tonnes of feed. You can therefore see that the feed mills in the country are operating under capacity. Some of them will have to close down; that has happened nationally.

The other rather worrying issue is that cereal producers will have been supplying 70,000 tonnes of grain for the 20,000 sows that we have lost, and to their progeny. That is having a knock-on effect on the rest of the farming industry, in particular the cereal industry. In the forthcoming harvest, grain will be priced at £50 to £60 per tonne, which is less than last year. That shows that there is a spectrum of problems that are about to hit the agricultural industry. Cameron Ewen is optimistic about proceeding, but we must also be realistic. If we are to keep the rural infrastructure going, such issues must be noted and somewhere along the line, there must be a catalyst to help us.

The other major issue is food imports, which Mr Stephen mentioned. We have worried about foot-and-mouth disease and swine fever and they might return. I have made inquiries and, apparently, there is swine fever in Spain, France, Germany and Belgium. There is Aujeszky's disease—which we spent a lot of money trying to eradicate—in Hungary. In Italy, there is swine vesicular disease. Those are notifiable diseases. There is a danger that imports of products from abroad without proper controls might hit us again

with a major disease problem.

It is vital that we get help and that we push forward on country-of-origin labelling. That is the only way in which the industry will be able to differentiate our products on the supermarket shelves for consumers. That the supermarkets are very strong was mentioned. There are a tremendous number of imported products on their shelves and a housewife would probably have great difficulty in finding something British. It is essential that the problem is sorted out sooner rather than later. The Food Standards Agency told me that it thought that that would be some years away, which worried me intensely.

**The Deputy Convener:** Would you conclude your remarks, please? I am sure that there will be an opportunity for questions.

**David Beckley:** I want to mention post-weaning multisystemic wasting syndrome and porcine dermatitis and nephropathy syndrome, which are new diseases. There is concern that the pig industry will experience grave problems, unless we can find some way of overcoming them.

I think that I have covered most of what I wanted to say.

**The Deputy Convener:** I thank you for raising serious issues. I invite Michael Rasmussen to make an opening statement.

**Michael Rasmussen (Rasmussen Levie Chartered Architects):** Good morning. I am Michael Rasmussen of Rasmussen Levie Chartered Architects, which is based in Aboyne. I have been in practice for 28 years, primarily in rural areas. For the past 10 years, I have run my own practice in Aboyne. I started working by myself from my house. We now have a staff of six people and we are looking to expand.

I have concerns about certain planning matters and how they impact on the rural construction industry and rural development. The salary bill for my practice alone is approximately £95,000 a year and it has an expected turnover of just less than £150,000. My practice deals primarily with domestic and historical restoration work, but there is some commercial work, general development and other works. At any one time, we work with between six and seven rural contractors and we place an annual spend on behalf of clients of between £3 million and £4 million. If associated professions are taken into account—surveyors and engineers, for example—our practice keeps approximately 70 to 100 people in work in rural areas.

Nine qualified architects are listed in Aberdeenshire in the Royal Incorporation of Architects in Scotland's yearbook. If unqualified practitioners such as building consultants are

added to that and the figure is grossed up, the rural construction industry turns over about £30 million to £40 million a year and there are, I guess—these are ballpark figures—about 400 people in employment. Those figures can be verified by planning and building warrant applications through the various local authorities.

I turn now to certain policy changes in planning and how those impact on rural economies' potential for construction and development. I will pass over the various difficulties with Aberdeenshire planning, which is being addressed and consolidated. Rural housing concerns us considerably. In effect, planning policy rules out rural housing in all but medium-sized settlements. That is of concern to many local farmers and it concerns us greatly. In the past, farmers could grow, so to speak, the odd house. Now, they cannot diversify in that direction. The local plans have also removed many small hamlets from being recognised settlements. That will drive populations to live in larger settlements and in the city of Aberdeen.

10:30

Farmers continue to be able to diversify through the re-use of redundant agricultural buildings—steadings—but the amount that one can do to such buildings has been whittled away in recent years. The North-east Scotland together—NEST—policy was out for consultation last year. It intended to allow steadings to be converted and extended, but intervention by the Scottish Executive changed that. I do not know whether the impact of that is fully understood. We can no longer extend a steading. If someone has a small mill that could be a viable property, it can no longer be extended. Many buildings that could have had another use cannot be used.

Central Government is keen on reducing transport and commuter links into Aberdeen. The effects of social engineering to discourage the use of cars are coming through in planning policy.

**The Deputy Convener:** I ask you to wind up.

**Michael Rasmussen:** In short, we are becoming very concerned about planning policy changes and how they will impact on the rural construction and development economy.

**The Deputy Convener:** Thank you. I am sorry to cut you short, especially because—as did the first witness—you raised many important points, to which I am sure we will return with questions.

**Margaret Lobley (Gordon Rural Action):** I am the development officer for Gordon Rural Action, which is a charitable company limited by guarantee that delivers a range of advice services throughout central Aberdeenshire. Our main base

is here in Huntly, but we also have offices in Inverurie and Ellon. We provide an advice and information service that is equivalent to that of a citizens advice bureau. Our service includes debt counselling, employment rights advice, a support service for carers, including young carers, and a volunteer centre, whose aim is to recruit, screen and place volunteers with a variety of organisations.

My responsibility is the Council for Voluntary Service. My role is to develop and to support the voluntary sector locally and to raise the issues that come from the voluntary sector in various joint planning partnerships. One feature of rural areas is that the pockets that continue to have empty houses are not located where the jobs and facilities are. Yet, we are told that we have skill shortages. My organisation has great difficulty recruiting suitably experienced and qualified staff.

There are two ways forward. One is to continue to bring people into the main settlements, but I do not believe that we will ever crack the transport issues, and we also have difficulties of access to buildings, particularly for people with disabilities. We should start to consider ways of taking services and opportunities out to where people are, in whatever way. My organisation has tried to do that. We have fixed advice centres, but we always offer a home visiting outreach service for all the services that we provide and for anyone who, for whatever reason, cannot come to us.

In the past 20 years, Gordon Rural Action has supported the development of a range of social enterprises. Social enterprises are grossly undervalued. Yesterday, I read the annual report of the Silver Circle in Strathdon. That organisation has the turnover of a small business, two part-time staff and a contract with Aberdeenshire Council to deliver day services, lunch clubs and transport for elderly vulnerable people. Although it has the same business needs as a small business, it is a social enterprise, which means that it is not always eligible for business support. It has succeeded because the local community suggested, developed and continues to support the idea behind it.

However, such development requires people working on the ground to help local folk to develop their ideas. That is where rural partnerships are so important. They encourage not just the usual suspects—by which I mean the people who would turn up to a public meeting anyway—but people who perhaps have good ideas but not the confidence to develop them.

I am involved with the Formartine rural partnership and the Marr rural partnership, both of which involve local people in the management of a member of staff who works on the ground. They are also able to distribute small but very valuable

amounts of seedcorn funding. Both partnerships have initiated planning-for-real exercises, and at the moment several local communities are gaining the confidence to participate in grass-roots community planning.

As far as the way forward is concerned, I repeat what someone said earlier: local partnerships and, particularly, rural partnerships need secure core funding for the foreseeable future to enable them to develop resources to support local communities. However, we also need much stronger links between local partnerships that work on the ground and strategic planners who hold the resources. There is a huge gap between those two levels. If we can get that right, we will have a master plan for good integrated rural development.

**The Deputy Convener:** I will open the questioning by pursuing the issue of housing and planning that Michael Rasmussen, Margaret Lobley and earlier witnesses mentioned. Michael, I understand that you feel that the planning law is simply too tight and prevents housing development and the other developments that you have described. Is that a result of national planning law, the local council's planning policy or a mixture of the two? Moreover, do you have a clear prescription for encouraging the development that you want?

**Michael Rasmussen:** The situation is a result of a mixture of national planning law and the local planning policy. At some of the seminars that we have attended at which planning officials have outlined their thoughts for the future, they have suggested that their hands are tied by directives from above. An example of that is the revision of NEST, which was initially supposed to take a tight approach to redundant agricultural buildings. Aberdeenshire Council wanted a more relaxed approach, but the Scottish Executive tightened things up again.

We are also concerned about the availability of land or properties for affordable housing. In Aberdeenshire, the west of the county and the Dee and Don valleys are particularly popular commuter areas from Aberdeen, which puts a lot of strain on elderly and newly married people and people on low wages. Scarcity of land is partly driven by planning policy, and we need a more flexible and pragmatic approach and more dialogue. As someone said earlier, rules exist for the guidance of fools and idiots.

**Richard Lochhead:** My question also relates to housing and is primarily directed to Michael Rasmussen and Margaret Lobley. Clearly, we have to retain young people in our communities. However, a source of frustration is that too often those young people are priced out of those communities and have to find work and affordable housing elsewhere. For example, two days ago, I

was contacted by a farmer from a north-east estate. Although the estate is littered with empty cottages, the landowner refuses to sell any of them to local people and would rather have them lie empty. Meanwhile, he is trying to punt development land for luxurious housing to bring in people who have lots of money so that he can get a good return for his land. What do you think we can do about such people? Do you think that they are holding up rural development? How can we address that ludicrous situation, which is bad for rural communities and for the landscape? If there are empty houses, surely the priority should be to fill them. Should there be compulsory purchase? Should such landowners be refused planning permission for new housing developments on their land until they do something about their empty houses?

**Michael Rasmussen:** That is a common problem. Without naming names, I can tell you that there are several landowners in Aberdeenshire who pursue that policy.

**Richard Lochhead:** Maybe you can send me a list of names.

**Michael Rasmussen:** It is a dilemma. I do not think that anybody would want to go down the route of compulsory purchase. I had not thought of it, but perhaps the withholding of planning permission on greenfield sites, which seems to be more attractive to certain landowners, until the question of redundant properties is addressed could be a way forward. The other thing that is helpful is the introduction and formalising of planning gain through the issuing of planning consent. For instance, an estate with several buildings might apply pressure to have land zoned in a revision to a local plan—that is another thing that is popular with landowners. Part of an agreement for planning gain would be that, in return for getting that consent, the estate would have to address the issue of redundant buildings.

Our practice gets regular requests from clients saying, “I’ve seen this building—what do you think?” We have to say, “Well, we know who owns it, so don’t even waste your time going to ask about it.” It is a problem in many parts of Scotland, but particularly in Aberdeenshire. Perhaps the solution is in the hands of MSPs.

**Mr McGrigor:** My question is for David Beckley. I am horrified to learn from your report that Spain is still building sow stalls, while we have done away with them, and yet our pig business is going down the Swanee, so to speak. You said that you had spoken to the Food Standards Agency. Did you also speak to the National Consumer Council?

**David Beckley:** Yes, we had a meeting with the National Consumer Council when the pig industry was really having problems, just to put forward the

facts on food safety and welfare and to see what angle the council was coming from. There did not seem to be any interest in animal welfare, which was extraordinary. That is something that we have been pushing forward in this country, and the pig industry responded very well. However, it seems that, to the consumer, value for money is more important than welfare, and that is what the National Consumer Council is looking at.

**The Deputy Convener:** Before I allow John Farquhar Munro to ask his question, I must apologise for cutting off Margaret Lobley, who was about to respond to Richard Lochhead’s question.

**Margaret Lobley:** My reference to housing was very much about people who could not even contemplate buying houses. In certain small communities, rented accommodation is going begging. However, if there are no jobs and no way of getting to jobs, the housing just lies vacant. That is a great pity, but we regularly see clients who would take up that housing if the other opportunities were there.

**Mr McGrigor:** Do you think that local people are the best people to identify the problems that are faced by communities regarding the services that you are providing? Is a bottom-up approach much better than a blanket approach by Government?

**Margaret Lobley:** Most definitely. Each community has its own issues, and the people in those communities know very well what needs to happen to address those issues. They do not ask for the moon. The larger agencies fear that people will make unrealistic demands, but they do not. They make realistic demands, they know what can be achieved and they want to be involved in achieving those aims.

**John Farquhar Munro (Ross, Skye and Inverness West) (LD):** I have two questions, the first of which is for Michael Rasmussen. In our travels around rural Scotland we hear similar pleas to those that that you have put to us this morning. Affordable housing in rural areas seems to be a big problem everywhere. There are several reasons why housing in rural Scotland is so expensive. I am sure that the committee and most reasonable people would accept that there is a distinct need for affordable housing in rural Scotland. However, if we were to achieve that to any degree, how could we retain those houses at an affordable level, given the fact that when houses in rural Scotland come on the market they are sold at an enhanced level? It is understandable that the person disposing of the asset wants the best possible return. How do we ensure that houses remain affordable within the communities?



10:45

**Michael Rasmussen:** That is a well-known problem. The only way to retain affordable housing is not to sell it but to rent it out. An outreach scheme from some of the city-based housing associations might be an answer. Various mechanisms have been attempted so that if people sell within a certain number of years of occupying a house that has been subsidised they have to pay back the money. However, 10 or 15 years down the line, that property will have market value. The only way to retain affordable housing is to rent it out, which is best done through a good landlord, a housing association or the local authority.

**John Farquhar Munro:** Would it be possible to ring fence those properties and retain them for local families?

**Michael Rasmussen:** Yes. An estate in Aberdeenshire has asked us to carry out a review of all its redundant properties. The number keeps changing, but on that estate there are approximately 25 such properties, from mills to steadings to cottages. In association with the owner's accountants and lawyers, we are coming up with a master plan that will probably take 10 to 15 years to execute. The family wants to retain all those properties to rent to local families or businesses. They will not all be leased as domestic properties.

**John Farquhar Munro:** My second question is for Mr Beckley, who made a plea in relation to the decline of the pig industry. We have heard similar pleas from all sections of agriculture. The saviour of the pig industry was presented as country-of-origin labelling so that home-produced products would be identifiable to the purchaser in the supermarket and shops. That has not happened, although there is support for the idea. What is the current impediment to country-of-origin labelling on home-produced products?

**David Beckley:** My understanding is that such labelling must be agreed in Europe. Discussions on country-of-origin labelling have taken place, but it must all be signed and sealed. The EC does not want UK products to have an unfair advantage over other European products. It is very frustrating, but it seems that it will take a long time before we will be able to differentiate our product properly.

The industry is pursuing several initiatives, such as the pork mark, to promote its product. However, some of the regulations mean that imported products that are processed in this country can be labelled and sold as British. Such issues need to be examined carefully to ensure that our labelling is accurate.

**The Deputy Convener:** I understand that Mike

Rumbles and Rhoda Grant want to ask questions, but I hope to have our questioning finished by 11 o'clock. We already have 10 members of the public who want to contribute in the informal part of the meeting.

**Mr Rumbles:** My question is for Michael Rasmussen. Our transport policy encourages a reduction in commuting and our enterprise policy encourages people to work from home. Is planning policy working against that? What was the reasoning behind the changes in planning policy that you mentioned? For instance, you referred to the conversion of steadings. I understand that steadings used to be able to be extended by 50 per cent, but that that cannot now be done. Is that right? Has there been a change governing the conversion of steadings from single occupancy to multiple occupancy? You seemed to say that Government policy on transport and the environment is encouraging one thing while planning policy is encouraging the opposite. Will you enlighten us?

**Michael Rasmussen:** There are two issues. Nationally, there is a great concern about commuter traffic movements from areas such as Deeside and Donside into places such as Aberdeen. Officials are trying to discourage commuting through such measures as park and ride. As architects, we are concerned that we are beginning to see attempts to control traffic movements through planning policy. For example, small hamlets have been downgraded so that they are precluded from expanding and the expansion of medium-sized settlements has been encouraged. For example, the local plan no longer considers Mr Rumbles's own area of Birse as a hamlet—

**Mr Rumbles:** I am relieved about that.

**Michael Rasmussen:** I am sure that you are. Birse is a collection of perhaps 12 to 15 houses, but it could take three or four more. Instead, people are being encouraged to go to places such as Banchory. I am not sure that that will do anything to reduce the number of traffic movements. Central Government and the Parliament need to consider other issues if they want to tackle that.

On the viability of redundant agricultural buildings, farmers should be able to diversify, as most of those buildings are of little or no value to modern agriculture. The planning legislation needs to provide a more flexible approach to allow farmers to realise those assets.

Let me give one final example. Yesterday, my partner visited three landowners in the Johnshaven area. One or two of the steadings that he was shown were massive. Under present policy, we had to advise one of the landowners

that we could not do anything with his building because it was so big. I think that the present policy allows for subdivision into three units, but if that very large unit could be divided into 12 units for affordable housing, we could find a use for that building and address other issues as well. We need flexibility and dialogue on planning instead of a hard and fast approach.

**Rhoda Grant:** I want to ask Margaret Lobley a couple of questions. Are the skills shortages that you mentioned due to the fact that people in the area do not possess the necessary skills or is there a shortage of people in the area who could learn those skills? Do we need to bring people into the area or do we need to retrain the existing work force?

**Margaret Lobley:** I cannot give a clear answer on that. I can go only on our own experience. Over the past two years, we have advertised jobs ranging from those that require professional qualifications to those that are purely clerical. We are lucky if we have four applicants for the jobs that we advertise and, if two of those applicants are suitably experienced or qualified, we think that we have done quite well. We have had problems in particular in the Huntly office; there has been no such problem in the Inverurie office. To be perfectly honest, I am not sure of the reason for the skills shortage.

**Rhoda Grant:** Is there a mechanism locally to feed in that information, so that the enterprise company, for example, could channel some of its energies into training for those areas?

**Margaret Lobley:** There may be, but I am not aware of one.

**Rhoda Grant:** I have a question on a big subject, so you may want to submit a reply in writing. You mentioned young carers and the support that your organisation tries to give them. It is a lot more difficult to do that in a rural area than in an urban area. We are running short of time, so could you quickly outline the main challenges in that area?

**Margaret Lobley:** There are challenges right from the beginning in getting statutory agencies—even schools—to recognise that if a kiddie is turning up late for school, there might be a reason other than that they do not want to go; for example, they may have significant responsibilities before they go to school. It is more complicated to provide support in a rural area than in an urban area. One of the services that we provide is summer leisure activities, so that those young people can regain some of their childhood. Collecting perhaps 15 children from across central Aberdeenshire to get them to Codona's in Aberdeen for a day out is a logistical nightmare, and it is also resource intensive.

**The Deputy Convener:** I thank all three witnesses for their clear, useful and positive suggestions—we do not always receive such suggestions. That is much appreciated. I assure David Beckley that his comments on swine fever, which were not addressed fully, will be relayed to the Minister for Environment and Rural Development, because I am sure that many people share the concern that, having just eradicated one animal disease, we are still exposed to the possible importation of another one. I invite all three witnesses to retire. You are welcome to attend the rest of the meeting.

I will now suspend the formal meeting, because a short comfort break is in order. Ten members of the public have indicated that they would like to participate in the informal session. I will explain after the break how that will operate, but the first four people I propose to call are Joanna Strathdee, Nigel Seligman, Glyn Whitehead and Ellis Thorpe.

10:56

*Meeting suspended.*

11:48

*On resuming—*

**The Deputy Convener:** We now continue our inquiry into integrated rural development. I invite Jim Knowles from Aberdeenshire Council and Jennifer Craw from Scottish Enterprise Grampian to come to the table. I invite both witnesses to make opening remarks, after which we will ask questions. Jennifer Craw will lead off.

**Jennifer Craw (Scottish Enterprise Grampian):** Good morning. I am the chief executive of Scottish Enterprise Grampian. I am delighted to have been given the opportunity to appear before the committee today.

Approximately half the population of the area that our local enterprise company covers and around 97 per cent of the landmass fall within Aberdeenshire. Therefore, issues of rural development are highly significant to us. We spend approximately half of our total baseline budget—nearly £8 million in the coming operational year—on such issues. An example of the many things that the expenditure achieves is the starting of more than 460 new businesses in Aberdeenshire in the past year, which, it is predicted, will lead to the creation of 700 new jobs in the next three years and the introduction to the economy of an additional £23 million of turnover.

Scottish Enterprise Grampian and the Scottish Enterprise network have already made written submissions. I would like to reaffirm Scottish Enterprise's commitment to integrated rural

development. We have been working to the agenda that the Scottish Executive set for us in "A Smart, Successful Scotland: Ambitions for the Enterprise Networks" for more than a year. "A Smart, Successful Scotland" is as vital to rural Scotland as it is to urban Scotland and it gives us a mandate for rural economic development.

It is acknowledged that rural areas face unique challenges, which can require more tailored and specific solutions. In Aberdeenshire, in addition to our core range of activities, Scottish Enterprise Grampian's rural work addresses key issues and problems, which include an aging population; isolation from quality communications and transport linkages; the well-known difficulties of farming and fishing, some of which we have heard about today; perceived peripherality from the rest of the country; and the existence of pockets of considerable deprivation, which do not share in the affluence of the Grampian region as a whole.

The committee knows from previous submissions that the Scottish Enterprise network has established a network-wide rural group to facilitate an effective and cohesive network-wide response to rural needs and opportunities. Within Grampian, we have set up a rural action team, on which Aberdeenshire Council is represented, to identify and co-ordinate our rural development activities. By focusing on creating employment opportunities to offset the problems of rural areas, such activities give areas of need the opportunity to share in the affluence in the more urban areas. The formation of microbusinesses and the development of rural e-commerce are particularly important components of such activity.

The committee is particularly concerned with identifying barriers and gateways to achieving successful integrated rural development. The joined-up partnership approach to rural work, which is displayed by Scottish Enterprise nationally and within Grampian, is key to that success. The community planning process is vital to the successful integration of national and local priorities and policies and to encouraging the empowerment of our rural communities and their active involvement in their development. That process should lead to a more coherent agenda, with clear priorities, roles and responsibilities.

I will conclude by highlighting another key ingredient of success in the rural economy, which is particularly important to our network—the stimulation of entrepreneurship. It is only by creating new and growing businesses and by working to ensure the sustainability of those businesses that the problems of a lack of opportunities in rural areas can be overcome.

**The Deputy Convener:** Thank you very much. I invite Jim Knowles to make his introductory remarks.

**Jim Knowles (Aberdeenshire Council):** Thank you for the opportunity to give evidence today. I am head of economic development at Aberdeenshire Council. My responsibilities, like those of Jennifer Craw, are pretty wide. They include business development, marketing, European matters, industry sectors and the rural sector, as you would expect, given that I am responsible for economic development in Aberdeenshire.

In 2001, Aberdeenshire Council produced a new strategy for economic development. I will quote from the council's vision, which is of

"an economy in which sustainable economic activity, steady growth, low unemployment and a broadening and strengthening of the economic base are established. This in turn will support a high quality of life for all those who live and work in Aberdeenshire."

Many people who live in Aberdeenshire work in the city. A survey was done at one time, which indicated that some 40,000 people from the shire travel to Aberdeen for work. As a result, there is some compatibility between those who work and those who stay in Aberdeen. Although different services must be provided for people, both councils are involved in that provision.

The economic strategy for Aberdeenshire contains nine objectives. I will not go into them, because I mentioned them in the evidence that I submitted previously. Instead, I want to focus on the challenges that face us, such as recognising the importance of our indigenous industries such as agriculture and fishing. We cannot ignore fishing in this area, because it is really relevant. Although people might not class energy as an indigenous industry, it has been here for 30 years and, as such, should be described as indigenous. Of course, we cannot forget tourism, which is important to rural areas.

This morning, there has been a lot of talk about community economic development. Without promoting ourselves too much, I should point out that Aberdeenshire Council is very much seen as a pioneer in such development in the north-east and was the first to introduce the bottom-up approach to involve people and to transfer ownership from councils to communities. Core funding, which has also been mentioned, is a real issue for those organisations. There is no point in setting them up for a short life; they need to have a future.

Challenges also include diversification. Although that is not for everyone, it is an option for certain sectors of industry. The skills gap that Bob Sinclair mentioned has to be addressed. We have identified gaps even in the construction industry which, as the architect from Aboyne pointed out, is a big employer in rural areas.

We must roll out information and communications technology programmes in rural areas, because at the moment they are too centred in urban areas. Although we could go to the extreme and talk about internationalisation, another important challenge for Aberdeenshire Council is peripherality within either the UK or the EU framework. Although we need to find innovators and winners, we also need to find investment. Our aims are sustainable communities and social inclusion.

I should finish by saying that I am glad that fishing has been mentioned. Rural issues include not only agriculture, but the challenges of Europe, the reduction in subsidies to farmers, the need to link training and job availability and the need to be involved in partnerships. To our mind, integrated rural development should encompass social, economic, cultural and environmental issues. There is no one-size-fits-all solution, and any such proposal needs to have flexibility.

**The Deputy Convener:** Thank you very much. Without being overly critical of Scottish Enterprise Grampian or the council, I point out that many people have mentioned the need to involve local communities in integrated rural development across all your areas of responsibility. What changes can be made to the current system to address those concerns?

**Jennifer Crow:** The community planning process is the ideal framework for bringing together all elements of the community, including publicly funded organisations and organisations on the ground. Sustainability has been raised. We have been involved in the early stages of funding organisations such as Mid Deeside Ltd because, along with Aberdeenshire Council, we recognise the value in such an approach to community economic development. We are not the only funding source. The issue that we must address is how to balance funding against core projects and core staff. We must consider all the funding mechanisms that are available to organisations. That can be done within the community planning process.

**Jim Knowles:** We have put many staff resources into community economic development, because it is high on Aberdeenshire Council's list of strategic objectives. In fact, as far as economic development is concerned, we are supposed to consider a community economic development solution before all others. We have also been involved in European programmes that provide funding. Indeed, we have had recent success, which has not yet been officially announced, and moneys will be coming from Europe to substantiate the community economic development groups and organisations in the area.

I cannot get away from the issue of core funding, as it is important for community development groups. The reality is that they spend most of their time looking the wrong way. They are always looking at what is behind them when they should be looking forward, to the future. Without core funding, they find that a real challenge.

**The Deputy Convener:** I am sure that people will be asking about the announcement and about how much of it they might receive for the areas that we have heard about this morning. Do any of the members who have indicated that they would like to put a question want to pursue that topic?

12:00

**Mr Rumbles:** I want to pursue it, as core funding is a key issue. We have heard about it in the past from Highlands and Islands Enterprise and Scottish Enterprise and again today from the grass roots, for example Mid Deeside Ltd.

The written evidence from Scottish Enterprise Grampian sets out:

"The key to effective community participation is motivation."

Surely you would like to add core funding to that statement, as such funding would ensure that community organisations have the financial backing to harness local people's enthusiasm to deliver local solutions to local issues. Highlands and Islands Enterprise has a social remit that enables it to do that. Why cannot Scottish Enterprise Grampian ensure that community organisations have that financial backing? Does Scottish Enterprise Grampian need a change to its remit or is it a matter of having the will to do so?

In your oral evidence, you said that the only way to promote community development is by job creation and support of jobs. However, other elements are involved. I want to focus on why you cannot help with core funding.

**Jennifer Crow:** There are two aspects to the question. Growing businesses is a key element of the smart, successful Scotland strategy and we are tasked and asked to do that. Business growth is as important in a rural context as it is in an urban context and we take that element seriously. Within the overall perspective of community development planning, we have a role to play in ensuring sustainable communities. Our role focuses on jobs and economic themes in the Aberdeenshire Council and the wider Aberdeenshire community plan.

A policy change is not required to change the core, heart and role of the Scottish Enterprise network in which we participate. However, I have to say that we are not the only source of funding. Other agencies are involved in funding community

economic development. We need to ensure that what we ask community economic development agencies to deliver allows a continuation of the grass-roots approach and the creation of solutions at a local level. The funding mechanisms need to allow for the flow of creativity and innovation.

I guess that what is required is to achieve a balance between those two things. If a core source of funding comes with prescriptive elements, which is not unimaginable, are grass-roots creativity and flexibility allowed for? The issue is one of balance rather than of Scottish Enterprise network or Scottish Enterprise Grampian funding.

**Mr Rumbles:** As Jennifer Crow has just said, the nub of the issue is that Scottish Enterprise Grampian could turn round and say, "We could do it as it is within our remit, but there are funding sources other than us." The issue is one of having the will to do it.

I want to press the witness on the point. We heard from Peter Argyle, the chairman of Mid Deeside Ltd, that he should not have to go cap in hand to different organisations. I understand that oil companies have helped Mid Deeside Ltd with sustainable funding. Jennifer Crow is saying that everybody is in favour of integrated rural development, community development and bottom-up development, but it seems that they are great, as long as somebody else does them.

The point of our inquiry is that we want people like Jennifer to come before the committee and say, "Yes. Okay, we can do it." We want to hear why you are not helping with core funding. It seems that you are saying that you would like to do so if you had the money, but other funding sources exist and so somebody else can do it. The end result is that nobody is doing it.

**Jennifer Crow:** We are not not doing it. We have supported Mid Deeside Ltd and we have supported Turriff and District Ltd. We provide support and funding.

**Mr Rumbles:** But not core funding?

**Jennifer Crow:** There has been core funding. In the early days of Mid Deeside Ltd—back before my time—there was core funding support. Core funding has been put into setting up Turriff and District Ltd. The difficulty is sustainability in the long term and the role of community economic development agencies in the whole structure of community planning. Is core funding the only role in relation to sustainability or do community economic development agencies have a remit to seek additional funding from alternative sources according to what they generate through projects and initiatives?

Scottish Enterprise Grampian is a key player in

that discussion and we have an important role to play, but we do not have the only role. I am not taking away from our responsibility. Community planning offers us the opportunity to discuss and address such issues, allowing us to understand the roles and responsibilities of all the players. That is the framework within which such issues should be addressed.

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

**Rhoda Grant:** I want to pursue a couple of points. I am interested in the support that is given to indigenous companies—small companies that already operate in the area. How can they access support to grow and develop? There seems to be a great deal of support for companies that move into an area and which might create jobs—they are offered rates holidays and sometimes have facilities provided for them. However, companies that already work in an area would get a huge boost from support to enable them to grow and develop. Is there any way that we could offer rates holidays or provide facilities for growing companies?

**Jim Knowles:** The inward investment framework in the north-east is not what it was 20 years ago. There will still be people who come and set up business here, but our way forward is simple: we should consider what is here at the moment, pick out the entrepreneurs—the winners—and help them to develop. In other words, we should not work with people only when they ask for money; rather, we should work together for development. There are, throughout Aberdeenshire, business development executives whose remit is to go into businesses, see what they are doing, consider potential growth and see whether we can help. We do not have a lot of money for business development, but we have some money that could encourage movement in the right direction.

**Jennifer Crow:** Growing indigenous businesses is a core part of our remit. As this is not an assisted area, we do not offer the same attractive incentives for inward investment that can be offered in other parts of Scotland. We have a longstanding role in growing businesses, which we deliver through two mechanisms. The small business gateway is delivered through the Enterprise North East Trust, which provides advice and assistance to companies that have up to 25 employees. We have just supplemented Enterprise North East Trust's contract for working with companies in rural areas because we are concerned about the survival rates of companies in those areas. We work in partnership with the council, offering one-to-one relationships with businesses to ensure that we support them through their growth and development.

**Rhoda Grant:** One of the questions that was asked this morning was about how businesses can access all the services that offer support. There are many agencies that can provide support for community businesses. People often find that there are so many different agencies that they do not know who will give them the support that they need. Perhaps there is a need for a one-stop shop where people can explain that they need a certain kind of help and be told who could provide it.

**Jennifer Crow:** That is available through the small business gateway telephone information service. That service is accessible by everyone and is the kind of one-stop shop that Rhoda Grant suggests. Through Aberdeenshire local economic forum, we are working on business support, how to reduce confusion in the local economy and how better to pull together our resources. The first step is to ensure that the small business gateway information service understands all the business support that is on offer across the agencies in the north-east. We are working through how to take a more integrated approach to working with some of the key businesses in the economy. That confusion is being addressed and we understand the issue.

**Stewart Stevenson:** I want to pick up on Jennifer Crow's observation that rural e-commerce is an important way forward; I will paint a bit of context before coming to my question. Jim Knowles identified fishing, farming, energy and tourism as important players in our local economy. Fishing is, at best, stable. Farming is in gentle decline—I am being optimistic. There is some untapped potential in energy and tourism has considerable potential. Rural e-commerce might have enormous potential.

However, I do not believe that there is such a thing as e-commerce; there are new electronic ways of accessing markets and there is potential for delivering some services electronically. The real point about the new channel is that it enables small companies in rural areas to start to deliver high-value services and goods to markets. In that context, we face three particular problems on which I want you to comment.

First, in Aberdeenshire, we have the highest density per head of population of addresses that do not receive a daily postal service. Businesses have difficulty in getting parcel companies to collect from them. At the root of the problems in development of e-commerce—I dislike the term, but I have to use it—is the fact that the telecommunications companies make outrageously expensive demands for providing broadband services. The only service that is available in rural areas is satellite, but that is denied to conservation areas, where we cannot install satellite dishes. How will we break the

logjam and get access to the new industry of e-commerce?

**Jim Knowles:** I was interested to see a recent communication from Consignia that indicated that there were problems with rural services and which set out how it would maintain postal services in rural areas. Quite a number of the problems were associated with Aberdeenshire postcodes. Our fear is that that is another negative for rural business. The reality is that if people do not get daily postal services as they do in the cities, there will be advantages in locating business in urban areas, rather than there being equality between urban areas and rural areas.

We are aware of the high cost of broadband technology, but the cities are getting it and rural areas should not be disadvantaged by high costs. As I understand it, the technology exists on the main roads, but not in rural areas, so if someone is adjacent to the A96 the technology is readily available. However, the high cost of taking it somewhere such as Strathdon in Aberdeenshire is a real challenge.

We could say that BT is the provider and that, in the main, it should provide the technology, but BT will say that it is far too expensive and that it would get no return for that provision. There is a challenge on the table to ensure that people who live and work in rural areas are not disadvantaged in comparison to people who live and work in urban areas.

**The Deputy Convener:** When we visited Moray Seafoods Ltd in Buckie yesterday, the company said that some of its customers, many of which are based in Spain and Italy, will not deal with it unless it has access to broadband ADSL in future. That is a stark example of the challenge.

**Jim Knowles:** That is definitely the challenge.

**The Deputy Convener:** Does Jennifer Crow want to reply to that question, or shall I move on?

**Jennifer Crow:** I am happy for you to move on.

**Mr McGrigor:** You mentioned the fishing industry, which is obviously very important. I know that people say that one job in the catching sector produces four or five jobs on land. I get reports from fishermen that our Government's interpretation of European Union rules is more of a problem than the rules themselves. You might want to comment on that. Is there anything that you would like to be done to help the fishermen and the processing sector?

**Jim Knowles:** A level playing field throughout Europe would be a great idea for the fishermen of different countries, but that does not exist at the moment. On fishermen and decommissioning, there must be a fund that allows fishermen to leave the industry with dignity. At the moment,

they cannot do that. Of course, people onshore who are involved in fish processing are dependent on the catching sector.

Here in the north-east, we do not have to look for our problems. There have been closures and what could be called a tightening up. Members will have heard about a major company in Fraserburgh that went into receivership recently. That company employs 700 in onshore processing. Members can imagine the effect all the way downstream to the catcher, through the fish markets and the primary producers. We have encouraging signs that the jobs will be saved but, if not, we will have a real problem.

12:15

**Richard Lochhead:** I have one question for Jennifer Crow and then one for Jim Knowles. Jennifer, it is always difficult when witnesses from enterprise companies come before the committee. It is difficult to pin you down. Everywhere we go in the country, we meet people from the enterprise companies, which are supposed to be the leading economic agencies in their region, and it is so difficult to pin them down. We hear a lot of spin, we hear people reading out the introduction to the LEC's annual reports and we hear a lot of agency speak, which we must then get through somehow. I want to pin you down and cut to the chase.

The committee is here to find out how the Parliament can break down the obstacles to rural development. You are on the inside—you head the biggest organisation in the north-east that deals with the issue and you deal with it day in and day out. All we want is for you—given your role and given all your experience and knowledge—to tell us about one, two or three obstacles so that the committee can go back to the Parliament and say, “We’ve spoken to folk in Grampian, including Jennifer Crow, and they have identified one or two obstacles.” Do not worry, Robert Crawford and Iain Gray will not read the *Official Report*, so you may say what you want.

Are there too many agencies? Are there a million initiatives? In Turriff, you have Turriff and District Ltd, the Enterprise North East Trust, Aberdeenshire Council, Scottish Enterprise Grampian, the Scottish Executive, Westminster and Europe. There is an umbrella of about a million and one agencies and initiatives. Are there too many agencies? Is there a lack of funding? Your enterprise company has the lowest level of funding in Scotland. Is that an obstacle?

**Jennifer Crow:** I will try to be as clear as I can. I believe that we come back to clarity of roles and responsibilities, with people having a shared purpose and agenda. The framework for community planning allows that to happen, but we

have to be clear, within the agreed priorities, on who is taking responsibility. It is important to have a variety of agencies that have different roles. How we integrate those agencies is the real challenge. We all need to get better at that and we are all working to do so. If we can respect our different roles while acknowledging that we have the same aims, that will lead to a much more integrated approach, with greater clarity on who is doing what and on where resources should be distributed to make things happen.

In order to bring success, we need clarity of purpose, roles and responsibilities, whether that is within the framework of rural economic development, community planning or the local economic forum. Those can all be integrated.

**Richard Lochhead:** Are not the local economic forums supposed to be addressing that matter?

**Jennifer Crow:** Yes—that is why I say that we are in the process of doing those things and that is why I have great optimism and enthusiasm for the community planning process. We are working on the confusion over who does what in business support issues; we want to make the process easier and to provide easier access, using our resources to deliver better services to our customers. Those things are happening. They have been instigated by the activities of this committee and by other committees in the past. We need to see those activities bear fruit and deliver that clarity of role and responsibility.

**Richard Lochhead:** The written submission from Jim Knowles has been echoed by several of the witnesses from Huntly and from elsewhere in the north-east. The submission mentions that there are 181 fewer shops in Aberdeenshire compared with 20 years ago. As we have heard today, there are empty shops in Huntly, as there are in just about every town and village in Aberdeenshire—I do not recognise the term “hamlet” in the context of Aberdeenshire—and there are also empty houses in our rural areas. Using his expertise and knowledge, can Jim Knowles advise the committee on how the Scottish Parliament can help to tackle that problem? Can he give any radical solutions for tackling the growing problem of empty shops and houses?

**Jim Knowles:** The figure of 181 fewer shops came from rural monitoring that we undertook in the area. We identified that 181 shops had been removed over 20 years. My written submission also mentions the fact that banks, libraries, doctors’ surgeries and churches have closed. All those are part of integrated rural development. Our challenge is that many rural businesses are, in reality, not viable. We can go forward only if there are viable businesses.

Our council has a framework to help rural shops. We make some money available—although not a great amount—for rural shops that want to expand the services that they provide. For example, a shop might expand by taking on the post office that would otherwise close, or the shop might become involved in photocopying or install an in-house bakery. There is some money to support such things.

However, as was discussed by Mr Esson from Huntly, the reality is that supermarkets have taken over the framework. The supermarkets have taken away the weekly or monthly shop from local retailers. That is a real challenge. The local shops in rural areas are seen as existing to provide things that we forget to buy at the supermarket or things such as newspapers that are needed each day.

**Richard Lochhead:** Is not it the council that gives planning permission to the supermarkets?

**Jim Knowles:** I am not a planner, so I must sidestep that question. There are obviously issues with planning and economic development, but I agree that the plans must be approved by Aberdeenshire Council where appropriate. The presence of the supermarkets is reflected by the fact that there are empty shops.

We have a view about what should be done with the empty shops and the empty houses in town centres, to which Richard Lochhead alluded. As Stewart Stevenson mentioned, we have a satellite office initiative, whereby instead of travelling 40 miles to work in Aberdeen, people can work from home or from local offices that have been set up for that purpose. Because of new communications, not everyone who works in Aberdeen needs to be in Aberdeen. We hope that some empty shops could be adapted for new enterprises. However, that will take time—it will not happen overnight.

Richard Lochhead will know that places such as Fraserburgh and Huntly all have the same problem of having many empty shops. That makes their town centres visually unattractive. Unfortunately, people remember those things when they visit. We are examining the problem, but it will take time to solve.

**The Deputy Convener:** On that note, I draw this evidence-taking session to a close and thank Jim Knowles and Jennifer Craw for their evidence. There is no need for them to resume their seats, as I am about to wind up the proceedings.

All who contributed today will wish to know what happens next and what we will do with the evidence that we have received. We also received evidence during our visits to Galloway, Lochaber, Argyll and Colonsay. Other people in Scotland have sent in written evidence. The next stage is that we will hold further meetings in Edinburgh to

take evidence. That will include evidence from the Minister for Environment and Rural Development. We will have a chance to put to him some of the suggestions and ideas that we have heard today. We will then produce a report, which will be made available. We hope that the Executive will take up and act upon that report, so that some of the barriers that we have heard about today can be lifted. That is our hope.

At this point, I must raise one issue with members. We need to consider whether we should submit a bid for time for a debate in the chamber in the autumn. Are we agreed that we should do that?

**Mr Rumbles:** I am not quite sure what you mean. The process is that we should publish a report, to which the Executive should respond within three months, and then we would have a debate in the Parliament. I am unsure about what is being suggested.

**The Deputy Convener:** If we are to have a realistic chance of being successful, any bid for time in the chamber must be submitted now. We would put in a bid now and discuss the shape and content of the debate in due course at a future meeting. Is that agreed?

*Members indicated agreement.*

**The Deputy Convener:** The time is 12:25. I am told that some other event is about to begin at 12:30. That event is a certain football match in which at least one of the committee's clerks has an interest. I understand that he plans to support one of the teams, but I am not quite sure which. I am therefore under strict orders to conclude the meeting by 12:30, which I fully intend to do.

I thank Aberdeenshire Council for being our hosts. In particular, I thank Adam Sinclair and Ian Smith, who helped us to set up the meetings here in Huntly. I also thank the businesses whose premises we were shown round yesterday and which gave us information about their problems and opportunities. Finally, I thank all those who have come along to contribute, especially the members of the public. We have heard some excellent ideas. I hope that the members of the public will feel that our meeting has been a worthwhile exercise. In due course, it will contribute to solving some of the problems of rural Scotland. On that note, I close the meeting.

*Meeting closed at 12:26.*



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