

# **RURAL DEVELOPMENT COMMITTEE**

Tuesday 11 February 2003  
(*Afternoon*)

Session 1

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## RURAL DEVELOPMENT COMMITTEE

### 6<sup>th</sup> Meeting 2003, 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

\*Nora Radcliffe (Gordon) (LD)  
Mr John McAllion (Dundee East) (Lab)  
Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)  
John Scott (Ayr) (Con)

\*attended

#### THE FOLLOWING ALSO ATTENDED:

Mrs Margaret Ewing (Moray) (SNP)  
Tavish Scott (Shetland) (LD)

#### WITNESSES

Councillor Raymond Bisset (North East Scotland Fisheries Development Partnership)  
Hansen Black (Shetland Fishermen's Association)  
Danny Couper (Scottish Fish Merchants Federation)  
Professor Tony Hawkins (North Sea Commission Fisheries Partnership)  
John Hermse (Scottish Fishing Services Association)  
Carol MacDonald (Cod Crusaders)  
Hamish Morrison (Scottish Fishermen's Federation)  
Mike Park (Scottish White Fish Producers Association)  
Jim Watson (Sea Fish Industry Authority)

#### CLERK TO THE COMMITTEE

Tracey Hawe

#### SENIOR ASSISTANT CLERK

Mark Brough

#### ASSISTANT CLERK

Catherine Johnstone

#### LOCATION

Town House, Aberdeen



## Scottish Parliament

### Rural Development Committee

*Tuesday 11 February 2003*

*(Afternoon)*

[THE CONVENER *opened the meeting at 13:32*]

### Scottish Fishing Industry

**The Convener (Alex Fergusson):** Good afternoon, ladies and gentlemen, and welcome to Aberdeen. Fergus Ewing, Irene Oldfather and Elaine Smith send their apologies for not attending the meeting. However, I welcome visiting members Margaret Ewing and Tavish Scott and local member Nora Radcliffe, who is a committee substitute. I also welcome witnesses and members of the public. I thank Aberdeen City Council for laying on a lunch that has put paid to the strict diet that I have been on for the past few months.

The committee will focus solely on issues that face the Scottish fishing industry. We want to consider recent negotiations on European Union proposals and priorities for negotiations on issues that have still to be resolved. We want to consider in particular the potential impact of those proposals on Scotland's fishing industry and on fisheries-dependent businesses and communities, and how support should be provided to deal with that impact. The role of parliamentary committees is to scrutinise the policies and laws that the Scottish Executive implements. To that end, we are here to gather information.

Today, we will hear at first hand from some key organisations and—I hope—from interested local people. We will listen to their concerns. The committee has been keen to meet outside Edinburgh whenever possible and to hear directly from people who might not be part of the normal representative organisations. The committee will hold another meeting on the fishing industry in Edinburgh next week, when we will hear from more witnesses, including the Minister for Environment and Rural Development and others who participate in the decision-making process.

Today, we will take evidence from several witnesses. Later, members of the audience will have the opportunity to express their views and concerns. The committee has pioneered that procedure. I hope that it works as well today as it has in the past. Please feel free to say anything that you want to. You will not have a long time to do so, but we will try to accommodate everybody

who has something to say on this difficult issue. Forms should be on the audience seats. If you want to say something, just hand a form to an official. I will say more about how the process works later. That session will take place after we have heard from the first two panels of witnesses. I am optimistic that we will fit in everybody who wants to speak, but if we do not, I apologise.

I ask witnesses to make their opening statements as brief as possible, to allow members more time for questioning. The first panel comprises representatives of fishing industry bodies. I welcome Hamish Morrison of the Scottish Fishermen's Federation, Mike Park of the Scottish White Fish Producers Association and Hansen Black of the Shetland Fishermen's Association. Good afternoon, gentlemen. Most of you know how the committee works.

**Hamish Morrison (Scottish Fishermen's Federation):** The important part of today's business will be dealing with the committee's questions, so I will not take too long to rehearse the history. Suffice it to say that the wrong-headed regulation that was passed on 20 December last in Brussels in the Council of Ministers, with outrageous connivance from the Commission, has been well reported and is well known. I am anxious to assure the committee that, for the SFF, how we reached the current position is not forgotten and the process is not at an end. We continue to seek ways of ensuring that such a stitch-up—if I may use the vernacular—does not happen again.

We have the so-called interim regulations, which we must cope with for at least half a year, although the regulation says that they will last for a full year, until the end of December. The reasonable worry has been expressed that, given the circumstances in which the interim arrangements were made, we might be stuck with something like them indefinitely if we are not careful and determined. A big priority for us all is ensuring that we are shot of the interim arrangements as quickly as possible.

However, while the arrangements are in place, we must try to manage the fleet and keep it viable. The Executive has responded to that challenge with a package of three measures. One was to introduce the days-at-sea scheme—many of us have suggested how that might be improved. The second and most controversial measure was a large-scale decommissioning programme. The third was a novelty in fisheries management: transitional aid. The SFF has so far made representations on two of those measures: the days-at-sea scheme and the decommissioning. I will be happy to give copies of our memorandum to the clerk on its completion. Our reaction to how the transitional aid should be awarded and

disbursed is work in progress, but it, too, will be submitted when it is ready.

**The Convener:** Thank you for that statement and for its brevity.

**Mike Park (Scottish White Fish Producers Association):** Like Hamish Morrison, I will be brief. Our written submission spells out the problems that we foresee in the forthcoming period. Like Mr Morrison, I would say that the industry is once again at the wrong end of a bad deal from the Commission. It seems to be a regular occurrence for us to come back with the worst deal of anyone around the North sea.

The public perception seems to be that £50 million will sort out our evils but, as that sum has to be distributed, it will not. What is being promoted is a wide-scale destruction of the fleet. Over the past three years, the Scottish industry has implemented any and all measures coming from the Commission to save stocks of cod, haddock, whiting and other species. Once again, it seems that we have to reduce our fleet by another 100 vessels. We find that out of order. It is unfair and unjust and we must find a way of spending the £50 million more wisely.

**The Convener:** Last but certainly not least is Hansen Black.

**Hansen Black (Shetland Fishermen's Association):** I echo the views that my two colleagues have expressed but I will add something from the Shetland perspective. Shetland is very much a fish-dependent area. About 17 per cent of our productive economy is directly linked to the white-fish industry and about 530 jobs in Shetland are directly linked to it. It is hard to describe what took place before Christmas as real negotiations, because there was not a lot of negotiating, but the terrible deal that we ended up having imposed on us will have a devastating effect on our economy. We are at a loss to see a way out of the situation.

**The Convener:** Thank you all very much. I now invite questions from members.

**Stewart Stevenson (Banff and Buchan) (SNP):** Let me quote a couple of sentences from a document that I have with me:

"The scarcity of North Sea ... stocks owes much to the effects of industrial fishing by Danes and Norwegians".

The second sentence is:

"It should be borne in mind that some 80% of the Danish and Norwegian ... catches go for non-human consumption purposes ... whereas 80% of the U.K. catch is sold for human consumption outlets."

The interesting thing about those quotations is that they are 28 years old. They are taken from a briefing given to MPs in the House of Commons on 20 January 1975.

Today's Scottish fleet has voluntarily taken on tremendous conservation measures, including escape panels and large mesh, but it is now being forced to fish less than other countries' fleets, particularly the Danish fleet. The Danes use monofilament nets with tiny holes, which catch everything, as was the case when the herring was under attack nearly 30 years ago. The Danes are allowed to catch everything that swims into their nets, with nothing escaping. Meanwhile, the activity of our industry is limited to a few days a year and a very limited quota, despite its conservation-oriented equipment and the conservation-mindedness of the fishermen. To what extent is that fair and reasonable?

**The Convener:** Do you direct that to anyone in particular?

**Stewart Stevenson:** Well, Mike Park's light has come on. Let us hear from him.

13:45

**Mike Park:** The industrial fishery is split into two sections. One is the pout industry, which takes 200,000 tonnes. The pout that are taken are small, immature fish and, on that basis, we can put up a credible argument that the fishery is being wiped out. The other section is the sand-eel fishery. The argument against it is that it takes the food stock from the cod. If we are to have any chance of saving stock in the North sea, it is essential that the food stock is available for the resource. The large haddock stock in the North sea is starving to death without that food resource.

Although Mr Stevenson is correct—the industrial fishery is, in anyone's language, abhorrent and wrong—there are two separate arguments. The pout fishery should be banned immediately. The sand-eel fishery should be phased out, perhaps over a three-year period. There can be no argument now for taking fish from the North sea using mesh that you can barely get your pinkie through. That is wrong and every section of the industry would fall in behind what Mr Stevenson says on that.

The problem within the Commission as far as industrial fishing is concerned is that monstrous companies such as Nutreco and Unilever are spending vast amounts of money on lobbying to keep the fisheries open. They have a target of 450,000 tonnes of farmed cod by 2030—450,000 tonnes of farmed anything takes the equivalent of 2 million tonnes out of the biomass. We must stop that now because, as people get more dependent on farming fish, more resources will be taken from the ecosystem. Mr Stevenson is entirely correct.

**Stewart Stevenson:** Last year, the Danes caught something in the order of 1.5 million tonnes in their industrial fishery—pout, sand eel and a

variety of other small fish. What is your estimate of the white-fish bycatch that the Danes are sweeping up when they catch those small fish, allegedly for industrial fisheries?

**Mike Park:** There was an interesting article on the front page of the *Fishing News* last week by David Smith, I think. He wrote about the huge disappearance of haddock stocks in 1966, I think, although I stand to be corrected. If you relate that to the sand-eel or industrial landings at the time, you can see where the haddock went. The Danish total allowable catch for their industrial fishery is 1 million tonnes, for which the accepted bycatch is 15,000 tonnes. Fifteen thousand tonnes of fish of the size that the Danes are catching could be promoted to 90,000 or 100,000 tonnes, which is double our current quota.

The small fish that the Scottish industry catches are just below the minimum size, whereas the fish that the Danes are catching are barely 1in or 2in long, although the Norwegians are in fact the worst culprits in relation to the pout catch. The Danes are taking 15,000 tonnes out of the biomass through the legal fishery alone. There were 12 offences in Denmark at the end of the year, in which people were caught with 80 per cent of their total catch of industrial fishing. Followed through to a final figure, the projected amount of edible fish is 300,000 to 400,000 tonnes. The scale of the problem is enormous and that should be relayed to the public.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** My first question is to Hamish Morrison on the SFF's policy priorities. In your submission, you state:

"a more worrying outcome is that the Commission will do nothing in the hope that the Scottish Executive will soon tire of supporting the fleet and bankruptcy will bring a permanent end to white fishing. It is not difficult to see how this outcome might be achieved but why remains a mystery."

Can you shed light on that mystery? I cannot help feeling that you must have some idea of what this is about.

**Hamish Morrison:** I guess that it proceeds from a total misunderstanding of the scale and nature of the white fishery in the North sea and the west of Scotland. The Commission is under the impression that far more vessels have been targeting the stock than is the case. It is possible to believe that the same failing in understanding afflicts the Executive. How else do we explain a decommissioning scheme of the size that has been proposed to take out 15 to 20 per cent of the effort on white fish?

We must get to the bottom of the issue. The old mantra of too many boats chasing too few fish has long since been overtaken by events. Fishermen

tell me that, when they fish in the North sea, they are away for the best part of 10 days or more and never see another fishing vessel. The overkill that is in the mind of the Commission and, perhaps, the mind of the Executive is to a large extent the result of the failure to comprehend the scale of the effort that is being deployed.

**Mr McGrigor:** That brings me on to my second question. In your submission, you state:

"it is understood that UK Government has already conceded a 15% fleet decommissioning plan in exchange for a more liberal interpretation of the temporary fishing days limitations",

which would allow the figure to be increased from nine days to 15. You go on to say:

"It is not clear whether the 15% refers to the whole fleet or only the white fish fleet. A whole fleet reduction would dispose of around 80 vessels whereas a white fish only target would remove around 25."

However, the fisheries transitional support scheme outline that we received from Ross Finnie this morning states:

"Depending on the parameters chosen, this would define a catchment of eligible vessels"

for decommissioning. It continues:

"setting a threshold of 95% on dependency on whitefish landings, for example, would imply a catchment of 170 vessels; a 70% threshold would involve a bit over 200 vessels".

I thought that there were only 180 dedicated white-fish vessels in the fleet. I am totally confused by the figures. There seems to be a complete misunderstanding of the figures on the part of the people who are devising the transitional support scheme.

**Hamish Morrison:** You have the better of me on that issue—I cannot speak about the provenance of the Executive's figures. The figure of 170 for vessels that are 95 per cent white-fish dependent is probably okay. However, that leaves us with the conundrum that I set out in my submission. We are dealing with only 170 vessels, most of which are the same size—although I know that there are some very big and some very small vessels. Even if we are generous, taking out 15 per cent of the effort would account for only 30 or 35 vessels. An awful lot of money is being set aside to decommission that number of vessels.

**Mr McGrigor:** A £50 million package is being offered by the Scottish Executive, of which £40 million appears to be for decommissioning. Last year £25 million took out 100 vessels. On that basis, £40 million would take out in the region of 160 vessels. What will be left? Will we be left with a Scottish white-fish fleet that can provide the processors with a means of continuing?

**Hamish Morrison:** Perhaps the calculation is not like for like, but the point that you are making is still valid. There are a few peripheral differences between the previous situation and today's situation. One is that there is an emergency scrapping arrangement—although the Executive has not said that it exists—that allows for an uplift of 20 per cent in the maximum scrapping limit compared with the financial instrument for fisheries guidance figures that applied for the previous scheme. Another difference is that the vessels that are being decommissioned now will be more valuable than the ones that were decommissioned last time. During the last decommissioning, which was a Dutch auction, people obviously, in the interests of value for money, took out the vessels that could be taken out most cheaply.

Another factor relates to the draft statutory instrument. Perhaps it has been decided to take out quite new and large vessels. The statutory instrument suspends the exclusion from decommissioning of vessels under 10 years old. Vessels of that age are definitely being targeted.

Those factors suggest that the cost of the scheme, like for like, would be 20 per cent to 30 per cent more than last time. I agree that that does not close the gap between 30 or 40 vessels at one end of the spectrum and 150 at the other.

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** I preface my question with two short quotations from the minutes of evidence of the 22 January 2003 meeting of the House of Lords Select Committee on the European Union, which was attended by Elliot Morley. Referring to cod stocks, Elliot Morley said:

"It reached a figure of something like 30,000 tonnes of spawning biomass. The recommended safe level or minimum level is about 60,000 tonnes of spawning biomass, and scientists would ideally like to achieve 150,000 tonnes of spawning biomass. So you can see how far away we are from that and how these stocks are very much on the brink. It was an agonising Council, therefore, with very difficult choices to make. In the end, however, I thought that they were choices that I could not duck in relation to the scientific advice."

At the same meeting, Lord Haskins said:

"When I became a Minister in 1997, however, there were some assessments that put white fish landings in the UK at 40 per cent above quota—40 per cent illegal landings—with enormous impact ... We were trying to suggest to the Commission alternatives to a days-at-sea effort control regime, which were based on technical conservation and closed areas. One of the reasons why there was resistance to that was because of the very bad reputation of our whitefish fleet in terms of its past behaviour."

Have you had an input to the House of Lords inquiry? Is Lord Haskins's comment justified?

**Mike Park:** The minister says that 60,000 tonnes of cod is a safe biomass and that 150,000

tonnes is the optimum biomass. The problem that we started off with, however, relates to the fact that, after 2000, the scientists readjusted their estimate from 50,000 tonnes to 30,000 tonnes. They downgraded their estimate so far that the recovery plan that we were engaged in, which was securing the recovery of the stocks, was deemed not to be working quickly enough. There is a problem with the notion of rapid recovery.

I did not have a feed-in to the House of Lords inquiry. I do not know whether Hamish Morrison had an input, but I have never seen any correspondence relating to it. The situation with regard to discards and illegal landings is not justified. To a degree, that is a failing of the scientists: we are top of the bad boys league only because we are the only nation that is feeding in discard reports. For example, last year, the Dutch conducted a discard study in relation to plaice that showed that they were discarding 50 per cent of plaice that were taken on board. The fishermen did not like the report so the report was never fed into the system. As far as I am aware, the UK is the only country that feeds in discard reports. As no one else is feeding in such reports, we are painted as the bad boy of Europe.

We must consider what the industry has done during the past three years. Scotland implemented square-mesh panels unilaterally—we did that on our own. It took even the English 12 months to follow on. Last year, we moved to mesh sizes of 110mm and 120mm. South of Newcastle, the mesh size is still 80mm. This year, 120mm is the minimum essential mesh size for catching white fish north of Newcastle.

Although some of the comments can be justified in Elliot Morley's mind, if we look deep down and find the reasons for his justification, we find that they come from a green background. We are talking about a man who is credited with saving the basking shark. He wants to save the dolphin. Fine, that is good, but I would say to him, "Don't destroy whole communities in doing so." The stance that he took prior to the council meeting in December was our pitfall. He would not listen to rational, sensible argument.

We have the biggest haddock biomass in the North sea since 1971, yet we are not allowed to harvest it. We have the biggest whiting biomass since 1990, yet we are not allowed to harvest that, either. Plaice is now at its best since the mid-1970s. Prawns are more abundant than ever before. I do not want to talk for Hansen Black, but the last time we had a biomass of that size, Shetland built seven processing plants to deal with the fish coming ashore, yet here we are under the threat of demise. That cannot be right.



14:00

**Mr Rumbles:** That is precisely the point that I am making. When I look at the minutes of the House of Lords committee meeting during which Elliot Morley was grilled—not very hard, in my view—it strikes me as a pity that he could not appear here, before this committee, because I have a number of questions that I would like to ask him. It is interesting that you have not had an input into the House of Lords inquiry, because decisions are being made at a UK level. In the House of Lords, the chairman said in his closing remarks to Elliot Morley:

“You have inherited, as we said in our report, 20 years of lack of political will to put in place a sustainable fishery policy in England, and the consequences can now be seen which, I think that you were the first to acknowledge, are almost insuperable; but it is your remit to try to make some sense of it. We will be trying to help you, Minister.”

You do not seem to have been able to establish a platform with the people in the House of Lords who are conducting that inquiry to make the point from your perspective about how the Scottish fishing fleet and industry are being affected. The case is going unheard in the corridors of power in the House of Lords and the House of Commons.

**Hamish Morrison:** Does that evidence come from sub-committee D, whose chairman is Lord Selborne?

**Mr Rumbles:** Yes.

**Hamish Morrison:** The committee is coming to Aberdeen on 26 February for the whole day.

**Mr Rumbles:** It is worth your having a look at that report, because I think that you would be surprised by some of the comments in it.

**Tavish Scott (Shetland) (LD):** I will ask the panel about the Scottish Executive's proposed funding package. My first question relates to the transitional support. I accept the comments that Hamish Morrison made about that support being a work in progress as far as the Scottish Fishermen's Federation is concerned. However, I am interested in the perspectives of all three witnesses on the need to ensure that some of that transitional relief—the tie-up money—goes to crews. As Hansen Black is all too well aware, I have had representations from fishermen who no longer have a job in the fishing industry and have been laid off since 1 February. I would be grateful if the witnesses would say whether they think that a condition of grant should be that some of the moneys in the scheme go to the crews.

My second question concerns the principles of the scheme on decommissioning. I was interested in Hamish Morrison's letter of 29 January to the Scottish fisheries minister. Will he elaborate on his point on which the federation and the industry have expanded concerning quota purchase?

There are three elements to that—the boat, the licence and the quota. If one gets rid of the boat and the licence, what will happen to the quota? Will the panel expand on that point too?

**Hamish Morrison:** I shall deal with that point straight away. The quota is a problem and always has been since around 1994. Until then, the practice of decommissioning meant that not only was the vessel's licence cancelled, but so was its fishing entitlement. I understand that, for economic reasons, the Government at the time of the 1995 decommissioning introduced a scheme whereby vessel owners were allowed to retain the quota and sell it, so that the money went further in the decommissioning scheme. That action is now coming home to roost. There is so little liquidity in the industry that the market mechanism that was foreseen at that time simply will not work. It did not work in the 2002 decommissioning to the extent that quite a lot of quota remained unsold or untransferred. The federation is worried that that will happen again with what is being proposed now.

The whole point of decommissioning is to finish up with a smaller, more efficient fleet that is more profitable than the larger one that existed before. For the reasons of liquidity that I have explained, that may not happen this time, or it may not happen sufficiently. In any case, if quota is transferred during the period of the interim regulations, why would anyone want to take on the quota if they did not have the days in which to catch it? That is a serious point.

Looming behind the whole discussion is the risk that, if the amount of quota is left to overhang the system, one of two things may happen. First, people from outwith Scotland who have patient money may buy any old boat and aggregate the quota to it, in effect taking it out of the control of our fishing communities and removing its benefit from those communities. Secondly—even worse—the quota may remain uncaught and then be redistributed arbitrarily by the Commission. Either of those outcomes would be so unthinkable that we must not allow ourselves to take one step down that road. I hope that the Executive will take that on board.

**Tavish Scott:** I have one further question. Should the transitional support include a condition that moneys will go to crews?

**Hamish Morrison:** I shall answer first, then pass that question over to the other witnesses. The federation's submission takes into account a number of costs that we believe could reasonably be underwritten during the transitional period. One of those costs is half a month's pay for a crew.

**Mike Park:** The Scottish White Fish Producers Association and skippers in general regard crew

loyalty as the most important factor for the future of the industry. We need the crews as much as they need us. As Hamish Morrison said, the feed-in from the federation stipulated that any package should include a crew payment. Crew loyalty is needed for the future of the industry, and it must be bought.

**Hansen Black:** The issue of crews being laid off is a sensitive one, but the conditions that have been imposed on the white-fish industry mean that fishermen are going to have to consider ways of sustaining their boats through this difficult period. There will be changes to fishing patterns, as we have seen in Shetland, because boats are no longer able to fish a two-crew system. There is scope for finding ways to support the fishermen who lose their jobs through the reorganisation of the fishing vessels. It must be remembered that, if the fishing vessels fail, there will be no jobs at all in the fishing industry.

**Mr Alasdair Morrison (Western Isles) (Lab):** I have listened carefully to the witnesses this morning and to the questions that colleagues have asked. I listened especially carefully to the initial points that Mike Park made in relation to pout fishing and the catching of other immature fish.

The industry says that the biomass is in tip-top condition. It says that the biomass has never been better than it is at the moment, whereas the scientists say that it is on its deathbed. We all know what the Commission's decision has been. In an ideal world, how do we make progress as of today, but without the £50 million? How can the industries that you represent be sustained without the £50 million? Do you continue building new boats? Do you continue catching as you are at present? What has to happen?

**Mike Park:** We have to look back two years to when the Commission laid in place the cod recovery plan. During those two years, we have seen a recovery in the haddock and whiting stocks and, over the past year, an increase of 27 per cent in the cod stock. Given the effort and quota cuts, there is no way that the industry can continue without some form of financial injection.

We have to go back to a time before the plan and say that, if the Commission had not taken the decision that it took in December, the industry could have continued with the cod recovery plan. Without a shadow of a doubt, the plan was proving to be successful and even the pessimists among us would have to say that that was the case. The position that we would have to fall back to would be the recovery plan as it was first introduced. We might have to tweak it a bit here and there—who knows—as it is often necessary to revisit programmes.

The cod recovery plan was the programme that was to take us to sustainable stocks and, more

important, to sustainable communities. I will repeat a word that I used earlier. The difference between the cod recovery plan and this recovery plan is the word "rapid". If we could get to a sustainable stock in 10 to 15 years there would be no need for the new plan. The Commission deems it necessary that we do that in a shorter time scale, which means creating havoc.

**Hamish Morrison:** I can add only that the problem for all of us, including fishery scientists, is that there are very few facts in fishery science, which is all virtual reality. It is relatively straightforward to observe and assess a population of birds, rabbits or whatever—you can see them, count them, observe their behaviour and so forth. The fishery scientist's task is much more difficult: it is to deal with creatures that live at depth, in the dark and in the cold. He or she must work all the time on mathematical models that are based on a number of assumptions and approximations. I am not saying that fishery scientists do their work badly or that they are wicked people. However, we all have to understand that, if somebody says that the biomass is 30,000 tonnes, he or she has no way of demonstrating that that is the position any more than I can demonstrate that the biomass is 100,000 tonnes. Everybody does their best.

The problem is that, as an industry, we have worked harder than ever before to provide the scientists with empirical evidence that they can weigh against their theoretical models. I am talking about studies such as the biggest survey of catches ever in the North sea, which was carried out last year. The survey results did not quite square in every respect with the model, which disregarded some material that had previously been considered to be absolute fact, or so the scientists had told us. Aspects such as catch per unit effort, age at first catch and so on were disregarded this time. The reason that we were given for that was that those aspects were misleading.

We need better than that. Our industry is more than willing to work with scientists, as it has been in the past. It is willing to add practical material to their theoretical science. We must make progress. As Mike Park said, it is not good enough for the scientists simply to say, "We have changed our minds about the biomass last year; we thought that it was 50,000 tonnes, but now we think that it is 30,000." One is left wondering whether a calculation of that kind, which has an index error of 40 per cent, is worthy to be called science at all.

14:15

**Mr Rumbles:** It is interesting to hear Hamish Morrison throw doubt on the value of scientific evidence. However, we are in a battle. Lord

Haskins, the former minister whom I quoted earlier from a House of Lords select committee, and others including the minister are looking at the matter from the other point of view. I reiterate Elliot Morley's words:

"One of the reasons why there was resistance to that was because of the very bad reputation of our whitefish fleet, in terms of its past behaviour."

It sounds to me as if you guys have a big job to do to convince the powers that be in London that you are right and that they have to weigh up what you say. You quoted empirical evidence; is that not considered?

**Hamish Morrison:** I hope that I did not give the impression that I was in a fight with the scientists. I hope that I said very clearly that our industry is more than willing and ready to work with the scientific community to improve on what we acknowledge is an extremely difficult task. They are working literally in the dark all the time.

Do we need to improve our image? Of course we do—every industry must. However, that should not take away from the fact that other life sciences are not like fishery science.

**Nora Radcliffe (Gordon) (LD):** If the industry collaborated with scientists on scientific evidential fishing rather than straight fishing to produce more evidence-based information, is there any scope for maintaining the skills base, and possibly some of the boats?

**Hamish Morrison:** Yes. We did that in a very good project under the previous fisheries minister, Rhona Brankin. I asked the committee whether, at budget time, it would be good enough to lend its considerable weight to having that programme continued. Neither the committee nor we were successful, but we should not give up. It is important that fishermen and scientists continue to work in double harness.

**Mr Morrison:** Hamish Morrison mentioned that certain Government sectors, whether at Scottish or UK level, do not comprehend the science. Because of my own localised incomprehension, I am just trying to work out who informs the industry as a corporate body? On what does it base its projections? Does it use that bogus science that was referred to earlier? I understand that Hamish Morrison is dismissive of the current scientific regime, saying that the models are flawed, the projections are ferociously skewed, and the margins of error are ludicrous, and that therefore the issue is not being dealt with as it should. What science does the industry rely on, and how does that inform its decisions and projections for the future?

Hamish Morrison also mentioned improving the industry's image. I would like to know how Hamish Morrison, as the industry leader, will deal with

black fish landing—how widespread was it and is it continuing?

**Hamish Morrison:** Again, if I have given the impression that I have no respect for the science, that is wrong. I am simply pointing out the serious limitations of the form of science that has been used.

On what do we base our own evidence? Last year we conducted a thorough survey in the North sea. It covered 10 species and involved about 600 vessels giving a range of information and figures on abundance, size distribution and space distribution. Interestingly, our conclusion was not different from that of the scientists. We agreed that the cod stock had increased by more than 25 per cent.

There was no argument between us over that; our difficulty was with the decision to say that there was in fact 40 per cent less stock in the sea than had been stated previously. That has still not been explained. It does not seem to be outrageous to ask why an error of 40 per cent took place.

**Mike Park:** There are two sets of figures. On one hand, there is the real—to our minds—science, which is what fishermen are seeing on the grounds. On the other hand, there is the theory. Which do you believe? If Alasdair Morrison went out the door and it was pouring with rain, yet the Met Office report said that it was dry, would he believe that it was raining or that, because the Met Office said it was dry, it was dry?

Essentially, fishermen have seen an abundance of stocks on the grounds over the past 12 months. Prior to that, we had difficult times. Last year, the industry was starting to move once again into a mode of profitability that had not applied over the previous 12 months. We were looking towards a bright future. We had implemented sets of measures, including the square panels, the bigger mesh size and the decommissioning system. We think that, as an industry, we had done all that was required of us. As a skipper, I take a scientist away on discard trips aboard my vessel. I can tell you honestly and categorically that, on the last three trips that that scientist has undertaken aboard my vessel, discards have been less than 3 per cent. Show me any other industry fishing the North sea with a discard rate as low as that.

We have to consider the offences that take place. Mr Dolan from Aberdeen accused the industry of being lawbreakers. The figures showing the biggest lawbreakers in Europe show that we are at the bottom of the table—that we are the best. We have changed our image to a degree, but bad press can stick for a long time. It meets certain Government criteria to keep painting us with that brush. That is part of the problem.

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

**(SNP):** I have a question for Hansen Black and Michael Park, who both attended the talks in Brussels in December. Scotland was clearly played off the park at those negotiations, and was utterly defeated. Clearly, politics came before the science, and certainly before the interests of Scotland's fishing communities. How do you think that Scotland can best avoid that farce in December being repeated in the coming weeks, given that we have to negotiate a management plan by the end of March? The plan is supposed to replace the interim measures by 1 July. How can we avoid such a farce happening again? Are you confident that we will do so?

**Hansen Black:** It is true that we were politically outmanoeuvred before Christmas. A situation where the fishermen do not know by the middle of December how many fish they will have to catch—or even whether they have any fish to catch—come 1 January is quite ridiculous. That has to be addressed.

As for the politics, we were indeed in a very weak position. We seemed to be playing a game that was already nearly over. We came in far too late—we were three-nil down with five minutes to go. We will have to be much stronger in future. We will have to try to get in at the beginning, like the other countries that are involved do, and to involve fishermen in the negotiations. That is essential.

**Mike Park:** Essentially, we need a fair, equitable and transparent system. Richard Lochhead was also at the talks. As Hansen Black said, the system leads us to be losers all the time. Hamish Morrison mentioned to me two weeks ago that our problem in the United Kingdom is that we wait to see matters on the agenda before we deal with them. Other nations ensure that such matters never go on the agenda. That is an essential point. We must be able to play the European political game. We cannot do it at present.

We must promote a system of regional management, under which participants in the North sea fishery run their own affairs. Just now, 15 countries vote. Think of the monstrous problems that we will have when that enlarges to 25 countries. It is unmanageable at the moment and will be more unmanageable in future. A body that could be run as a pilot project already exists—the North Sea Commission Fisheries Partnership.

We hope that the annexe 17 regulation will go out on 1 July. That date is only a political commitment; it is not an agreement. The whole thing could run for 12 months. Interestingly enough, we have only a six-month survival package.

We must make ourselves heard in Europe. We must beef up our image before the event. As

Hansen Black said, going in five minutes before the end serves no purpose. We have had a career of abject, uninterrupted failure with the Commission. We should learn from that, but as a nation, we seem unable to learn from a system that has failed us.

**Richard Lochhead:** You alluded to the fact that there are only six weeks before the Council of Ministers has to agree the replacement for the interim measures. Are you aware of any progress being made towards achieving that? What happens to the Scottish industry and fishing communities if we do not have a new system to replace the interim measures by 1 July, given that, as you say, the Government has responded with its package on the premise that the interim measures will be lifted on 1 July?

**Mike Park:** At present, one of our biggest tasks is to increase the haddock catch in the North sea and other associated catches, such as whiting. Our biggest problem is that the Commission has been unwilling to listen to—or perhaps has not even heard—the arguments that break the link between the cod and other stocks. Work is going on at the marine laboratory to try to break that link, because it is essential that we harvest the haddock stock.

It is essential that the industry feed into the programme for 1 July. The Commission is perhaps slightly raw and more open now for feed-in than ever before. An interesting vision has been proposed in which, as the Council of Ministers may have 25 nations in the future, the resource of a kingdom such as the United Kingdom should be operated by the national state. In other words, the European Union would give the fish to us and we would catch the fish as we see fit. The national Government would implement that system.

That is a form of regionalised management. The thinking behind it is rational. For an industry such as ours to survive, we will have to be instrumental in future planning. As the system stands, we find it extremely difficult to get into the dark corridors where others are standing.

**Richard Lochhead:** This is a parliamentary committee, which has to report back to Parliament. The Parliament must also respond to the pieces of proposed legislation on days at sea and on the decommissioning scheme, which both still have to come before Parliament. What is your message to the Parliament, which will have to vote on those measures over the next few days? Should the Parliament support the days-at-sea scheme and the decommissioning scheme?

**Hansen Black:** As far as the decommissioning scheme goes, there is unanimous support in the industry for the view that the balance of the package is wholly incorrect. We need more money

for transitional aid to the industry and less money for decommissioning. We are cutting back effort as part of a cod recovery plan. The intention is that cod stocks will recover. We need an industry that will be able to exploit that when it happens.

14:30

**Mike Park:** To me, the word transition means moving from a point of embarkation to a point of departure, which is a greater and finer point. After six months, the £50 million will have returned no effort and no fish to the fleet. The plan is in place for only six months. By 1 July we may have taken out 100 vessels. We will have put the fish into private hands and will have no money to allow the boats to remain in port. Where will we go from there? There is a public perception that £50 million will sort out all evils. As far as the industry is concerned, the £50 million will sort out no evils because of the way in which it is distributed. Come 1 July, if we do not get the fish back and get an extended package of transitional aid, the fleet may be abandoned to sink completely.

**Tavish Scott:** My question relates to the European system. In his submission, Mike Park indicated that he was very much in favour of the North Sea Commission Fisheries Partnership. However, bearing in mind what was said earlier about industrial fishing, is it not the case that we will still have to negotiate with the Danes? The Danes will fight all out to retain their industrial fishery. If we are seeking a management mechanism for the North sea, do we not face the hideous dilemma of having to negotiate with people who are prosecuting a fishery that we know is damaging both the biomass and the long-term future of the Scottish industry, because it leads the Commission to target the North sea?

**Mike Park:** You are right. The North Sea Commission Fisheries Partnership might include seven or eight countries, including Norway, which is not part of the EU but jointly manages North sea stocks. The point of any committee is to generate good debate and sensible opinion. Denmark has a fishery that contrasts with other nations' fisheries. We would have to debate that issue with it, and the fishery may need to be phased out. However, a small item of that sort should not be allowed to prevent a system being set up. We should embark on doing that rapidly, because the industry does not have much time. The issue of the sand eel and of industrial fishing in general will have to be addressed within that context. I am sure that it can be addressed. No sensible nation such as Denmark, which wants sustainable stocks, can balance that objective with industrial fishing.

**Nora Radcliffe:** I would like to ask a brief question about decommissioning and quota. Do you think that we should revert to the historical

position that Hamish Morrison described—of quota being included in the package when a boat is decommissioned, instead of being put on the market?

**Mike Park:** We must return the fish to the fleet and to the communities that rely on fish. A pound in Fraserburgh is spent 10 times before it leaves the community. It does not matter how we redistribute the fish to the fishermen, but it is imperative that that should happen. Human nature dictates that, if fishermen are to lose their fish by decommissioning and they do not receive sufficient financial return for their vessels, they will not opt for decommissioning. This is a complicated issue, but at all costs we must return fish to communities. If we do not, come 1 July the Executive will have spent £50 million for no gain.

**Nora Radcliffe:** If the quota is left on the market, presumably it is liable to go to foreign interests.

**Hamish Morrison:** Although upper scrapping limits are prescribed in European legislation, those limits apply only to FIGF money. Here we are dealing not with FIGF money, but with the Executive's money. To accommodate the point that Mike Park made, there is no reason for a bid price that reflects a fair return for the licence and the fish not to be accepted.

**The Convener:** Can you address Nora Radcliffe's point about spare quota being taken up by other countries?

**Hamish Morrison:** The inevitable outcome of quota not being fished is that it will be either transferred or reallocated.

**Mike Park:** The sad addition to that point is that other nations that buy up quota have received subsidies for a raft of years. For as long as I can remember, the UK has received no subsidies from Europe.

**Mrs Margaret Ewing (Moray) (SNP):** I want to pursue the issue of quotas. All the industry representatives have outlined the complexities in that area. I would like the committee to hear some ideas for resolving the problem of quotas if there is decommissioning. About five different ideas have been put to me—including the suggestion that the Executive should buy up quotas and bank them for future allocation, once we have sustained the fleet. It would be helpful for us to hear ideas from industry representatives, given the debates that lie ahead of us.

My second point relates to safety at sea, in the context of days at sea. I have received many complaints from skippers, crewmen and their families about the use of the 24-hour clock in measuring days at sea. Should we recommend to the Executive that the 24-hour clock be replaced with a 12-hour clock, at the minimum?

**Hamish Morrison:** We are halfway through working out the administration of the days-at-sea scheme, to which the member refers. Last week, I spoke to representatives of the Commission, who—surprisingly—were anxious to receive sensible proposals for improving the administration of this awful scheme. The Commission accepted the proposal that it should be possible for people to work in half days or smaller fractions of days, so that they do not lose out. I expect that proposal to be put to the Council of Ministers at the end of the month. I will provide the clerk with full details of our proposals for the administration of the days-at-sea scheme.

One of the problems that we have is a problem of presentation. People talk about buying and selling quota as if that were normal, but it is not Government policy to buy and sell quota. Whether Government can frame a decommissioning scheme on the basis of something that contradicts one of its policies is a moot point. As I said earlier, I would like the Government to be prepared to accept bid prices on a two-tier basis—one that takes out the licence and another that takes out the licence and the fishing entitlement. There should be a differential scheme. If people wanted to bid in that way, their bid could be assessed sensibly. It is not helpful to talk about the Government buying back quota. If that happened, the entitlement would be cancelled and presumably the Government would do what Governments do—it would redistribute the quota to the produce organisations and the general pool.

**Mike Park:** When people ask how the fish can be given back to us, given that boats have been taken out to reduce the fishing effort, they proceed on the basis of a misconception. We must state clearly that decommissioning is about fleet viability rather than stock sustainability. If fish are returned from decommissioned boats to the fleet, the stock is not harmed, as the fish were allocated under a sustainable programme. Decommissioning is about fleet viability. Quotas are about stock sustainability. We must make people aware that those are two different things.

**Rhoda Grant (Highlands and Islands) (Lab):** My question also relates to quotas. Earlier it was said that quotas are pretty worthless and that there is always an argument about whether they should be traded. At the moment, no one is queuing up to buy quota, because of the days-at-sea scheme and the state of the industry. Would the industry be willing to consider banking quota with communities? I know that the community in Shetland owns a fair amount of quota. The folk who possess quota could form community trusts. If the situation improved, the quota would be available to rent out to people who are entering the industry. Such a system would give

communities—especially communities that are very dependent on fishing—ownership of quota.

**Hamish Morrison:** I have no objection at all to communities buying quota, but would it not be so much easier if Scotland bought the quota, simply through the Government offering a differential scheme for decommissioning? That way, it could be supposed either that the quota entitlement was cancelled or that it was not, and the quota would go back into the pool for the whole of the fishing industry.

There is a difficulty with a local authority buying something for the advantage of its local people. Indeed, I know that Shetland Islands Council has had a difficulty with state aid rules from Brussels—I do not see anything wrong with that, but Brussels does. The other problem that everyone has when it comes to quotas is the fact that there is no legal title to quota. It is difficult for a public body to part with public money for something to which it does not have a title. As far as I can see, the easier way would be for the Executive to recover the quota through an enhanced decommissioning scheme.

**Mike Park:** A change of ownership, whereby the user still has to lease the quota, will not solve the industry's problems. We reckon that the industry will spend between £8 million and £10 million this year to lease the resource to land on to the market. It does not matter whom we pay that money to; we cannot afford it.

I presume that Rhoda Grant was suggesting that, if councils bought the quota, they would have to lease it to the fishing industry to get the books to balance. Whomever we pay, it is wrong, because we do not have the money to pay. We do not think that we should have to pay.

**Rhoda Grant:** There is no market for the quota at the moment, so it is basically worthless. Nobody will buy it. However, if it was banked by the fishermen and their communities, when it became marketable and sought after, that could bring funding not only to the communities that have gone through the tough times but to the fishermen.

**Mike Park:** I do not have a problem with that argument, but the industry cannot afford to fund the quota; it needs to use it. Taking it and sticking it in a bank so that no one else gets it does not solve the short-term problem, which is the lack of resource. We have to get the fish back so that they are available to fishermen in the meantime.

If the annexe 17 regulation runs on and the problem is not solved in the second six months of this year, then we will have six months with no transitional aid—nothing. We have to get some effort back in, and how we do that is a matter of debate with the Commission. More essentially, we have to get the resource back in. That is something that the UK can deal with. Sticking

quota in a bank until values rise will not solve the problem.

**The Convener:** Mr Black mentioned the effect that the proposals would have on communities in Shetland, given Shetland's particular dependency on the white-fish industry. Can you put a financial figure on the impact of the current proposals on Shetland? Is that asking for too much detail at this point?

**Hansen Black:** We undertook some studies before Christmas on the value of the industry to the local economy, and it was in the region of £43 million. I think that 17 per cent of the productive economy in Shetland was directly linked to white fish. We have not reassessed that; we are in the process of examining the effects of the current regulations on the industry. However, there are still unknowns: it is unknown how many boats will be decommissioned from the Shetland fleet and how much money in transitional aid will come into Shetland. There are too many variables at the moment for us to be able to put a figure on it now.

**The Convener:** That is useful.

Mr McGrigor, your persistence has paid off: you may have a brief final question.

14:45

**Mr McGrigor:** The position of the Shetland box is by no means secure, although we gather that the Commission will review it in 2003. What would happen if the Shetland box were to discontinue?

**Hansen Black:** We can look at the review in many ways. We could look at it as an opportunity to enhance the conservation benefits of having the box, and we in Shetland will work hard to secure that.

**The Convener:** Gentlemen, that brings us to the end of a very worthwhile meeting. Thank you for your time and for the evidence that you have given us.

Should anyone in the gallery want to speak in the next session, they can now give their forms to the officials at the back so that we may conduct proceedings in as orderly a fashion as possible.

Our second panel includes representatives of some bodies that are currently examining the possible impact of the proposals on the industry and communities. I welcome Mr Jim Watson, Councillor Raymond Bisset, and Professor Tony Hawkins.

**Jim Watson (Sea Fish Industry Authority):** Good afternoon, and thank you for the opportunity to speak.

I am fisheries economics manager at the Sea Fish Industry Authority. The authority has already

submitted written evidence to the committee, so I will be brief.

The Sea Fish Industry Authority serves all sectors of the UK seafood industry, from fishermen to retailers—from net to plate. Our economics department provides economic and business advice to all sectors of the industry by carrying out strategic and economic research. Much of that work has been particularly relevant to the crisis facing the white-fish sector and its knock-on implications for onshore businesses.

On the catching sector, it is clear that the recovery measures that are currently in place will have a severe impact on the financial viability of the white-fish fleet. We estimate that there will be a reduction on last year of between 30 per cent and 40 per cent in throughput of landings. The decline has not set in overnight; the industry has been in steady decline for several years. Indeed, in the three-year period from 1998 to 2001 there was a 25 per cent reduction in vessel earnings, a 30 per cent reduction in crew share, and a 75 per cent reduction in profitability. The white-fish sector in the north-east was hit particularly hard. Also in 2001, more than one third of vessels operated at a loss. In 2002, things might have become more stable, but they have not improved on the 2001 position. The white-fish sector also suffers from a lack of cash reserves and high levels of debt.

All of that means that without intervention, many vessels simply will not be able to remain in business with a 30 to 40 per cent reduction in throughput, and so could not survive the impact of the short-term recovery measures.

The recovery measures obviously impact on onshore businesses, particularly the processing sector. Recent research undertaken by the Sea Fish Industry Authority indicates that many processors—particularly in the primary processing sector—are operating on extremely low margins. Several businesses have failed in the north-east, and processors in particular are increasingly vulnerable to the shortage in local supplies.

The potential knock-on effects on the wider economy of the substantial fall in white-fish landings are difficult to forecast accurately. Recent work by the Sea Fish Industry Authority enables us to make reasonable forecasts of the potential impact. The figures are detailed in the written submission, so I will not go into them at the moment, but it is clear that the recovery measures will result in thousands of job losses around the coast of Scotland and millions—if not hundreds of millions—of pounds of output being removed from the Scottish economy.

It is fine to talk about trying to achieve the common fisheries policy's holy grail of sustainable fish stocks, but without economic sustainability, there simply will be no industry.

**Councillor Raymond Bisset (North East Scotland Fisheries Development Partnership):**

I am chairman of the North East Scotland Fisheries Development Partnership, which is a forum of all sectors of the industry, the three local authorities in the north-east, the local enterprise company, the scientists and, indeed, from time to time, MSPs and MEPs. The partnership comes together to try to provide a collective, unified representation on the industry's behalf and a forum for discussion, to work within the European Union framework, to develop transnational co-operation with other bodies—the North Sea Commission Fisheries Partnership has been mentioned today—and to consider the socioeconomic effects of fishing on our area as a whole, which is important.

North-east Scotland is without doubt the most fishing-dependent area in Britain. I will not give the committee all the statistics, because it has them in my submission. Statistics exist on the weight of fish landed, the value of the fish, the size of the fleet and the number of employees—something like 7,200 jobs are directly involved in catching and processing alone.

The socioeconomic status of the affected area, Banff and Buchan, is lower than that of the rest of Aberdeenshire. The evidence is in figures on unemployment, health—there is a lot of evidence from Grampian NHS Board's health plan—housing, diet, smoking and crime.

Aberdeen is thought of as a wealthy city, but there are definite areas of deprivation in Aberdeen. It is ironic that many of those areas of deprivation are the areas from which the work force for fish processing in Aberdeen comes. There is no doubt that social services are stretched at the moment. There is also no doubt that social problems will escalate as a result of the December decision.

The issues are numerous. We have heard about safety, quotas and EU subsidy. I do not intend to dwell on those, because better people than me have dealt with them, but I will say something on behalf of the North East Scotland Fisheries Development Partnership and Aberdeenshire Council about the £50 million Government package.

To have £40 million for decommissioning and only £10 million for transitional aid is totally unbalanced. We do not understand why 160 boats need to be taken out of the fleet at the moment. Indeed, I have seen a letter from the Commission that suggests that it is prepared to reconsider the work that was done on the cod recovery plan from 2001 onwards. The Commission might be giving a bit more flexibility, so I wonder why we have to take out that number of boats.

Only yesterday, I discovered the very worrying fact that the £10 million of transitional aid that is being given is exclusively for the catching sector. Do not get me wrong: I am not against aid being given to the catching sector, but it poses the question: what is going to be given to the onshore sector—the processors and the other industries that are involved? I have heard measures such as rates relief being spoken about and a figure of £5 million. Where will that £5 million come from? If there were to be rates relief, would the Government consider a transitional rates relief scheme in the same way that it considered a rates relief scheme for charitable institutions?

The North East Scotland Fisheries Development Partnership is undertaking a socioeconomic study of the effects of the December decision on catching, processing and other industries. With a multiplier of three, we could be looking at 22,000 jobs being affected—I do not say lost, but affected. If we use a multiplier of five, the figure could be 36,000 jobs. Aberdeenshire Council, Scottish Enterprise Grampian and Communities Scotland have undertaken a Buchan local area action plan. I say forcibly that we need further Government aid if we are to help all the sectors that I mentioned.

What is the way ahead? There is no doubt that we need unity: we must go forward together, otherwise everything is lost. We need help for the onshore sector, and we need medium-term aid for all of the fishing industry if it is to be sustainable in the future. We need better use of the £50 million that I mentioned, and we certainly need regional advisory committees with teeth so that the fiasco that occurred in December, despite the best efforts of our ministers, will not happen again.

**Professor Tony Hawkins (North Sea Commission Fisheries Partnership):**

We have heard about the conflict between scientists and fishermen. The North Sea Commission Fisheries Partnership, which I have chaired for the past two years, was set up to deal with that conflict. My evidence will not be about the state of the fish stocks or the impact of the current harsh measures, nor do I want to talk about how we got into this position. I want to stress that we must learn from what has happened and manage fisheries better in the future.

The core problem is that fishermen are not sufficiently involved in management. The European Commission rarely listens to them, and they are in effect excluded from the process of deciding on management measures. In essence, the form of governance that we have in the EU is the authoritarian Commission, which has enormous powers and, above that, the political haggling that occurs every December. Those strong draconian powers linked to the political haggling that occurs over a short time are an awful



combination. The fish stocks in the North sea and the fishermen deserve better than that.

In many other countries, fishermen are intimately involved in fisheries management. They sit on the boards that manage the fisheries. I see no reason why that should not happen for the North sea fisheries.

In its green paper on the reform of the common fisheries policy, the Commission decided that there needed to be greater stakeholder involvement and it suggested the regional advisory councils. That idea went into the CFP reforms, but nothing has been done about it so far and, as far as we can judge, the Commission does not really know how to implement it.

The partnership is able and willing to discuss that with the Commission, and we have been invited to talk to it about regional advisory councils. The partnership feels that such bodies ought to be set up quickly and ought to play a real role in managing the North sea fisheries, not least in helping to decide on the definitive plan that will supersede the current interim plan, for example.

**Richard Lochhead:** Jim Watson's paper paints an even bleaker picture than many of us suspected of the economic impact of the December deal. The Government calls its £50 million package an aid package, although many of us think that it will aid the demise of the industry rather than provide positive aid. Have you done an impact assessment of the package? Will it have a positive impact in preventing the cuts that you talk about in your paper? If you have not carried out such a study, will you be able to do so?

**Jim Watson:** We have not carried out such a study. To pick up on a point that was made earlier, I believe that the balance of the package needs further consideration. Under the last £25 million decommissioning scheme, approximately 100 vessels were removed. A straight proration shows that, with £40 million, 160 vessels may be removed. If the scheme is targeted at the white-fish fleet, that is basically the entire white-fish fleet in Scotland. The matter needs further consideration.

**Richard Lochhead:** That is helpful. You are an economist for a Government-sponsored agency, but you say that the Government's £50 million package will exacerbate rather than help the economic situation.

**Jim Watson:** First, we are not a Government-sponsored agency; we are funded essentially by the industry.

**Richard Lochhead:** Sorry, I meant that the agency was set up by the Government.

**Jim Watson:** The matter needs further consideration. The package should not be rushed

through, but should be considered carefully. Raymond Bisset mentioned the work on the local impact, which must be continued in the coming weeks, not only in the north-east, but in Shetland and the Borders. I know that work is under way. I do not see the need to rush the package through to try to meet externally set deadlines.

15:00

**Richard Lochhead:** I ask Raymond Bisset to clarify whether the Government has offered direct assistance for onshore businesses in the current crisis.

**Councillor Bisset:** To my knowledge, there has been no assistance, but money might well be in the pipeline. My understanding was that some of the £10 million of transitional aid would be used to help the onshore industry, but I discovered yesterday that the money is likely to be used exclusively for the catching side. Other moneys might come through. In 2000 or 2001, we received £1 million for the fish-processing action plan, so other moneys might come from that direction.

As a representative of a local authority, my point is that if we are to do substantial work to improve the situation, we will most certainly require aid.

**Richard Lochhead:** My final question is for Tony Hawkins. I appreciate that he does not want to give evidence on the overall deal's conservation impact, but it would be helpful if he did so given his scientific background and the fact that he represents the North Sea Commission. Will he say whether the deal from Brussels is pro-conservation for the North sea? How should we plot the way forward for the cod recovery plan, particularly in relation to the separation of cod stocks from haddock and whiting stocks?

**Professor Hawkins:** The problem is that the decisions that were taken in December concentrated too heavily on cod. In general, fishermen and scientists agree that cod stocks are not in a good state and that haddock are plentiful. The difficulty is that the Commission pushed through the idea that cod had to be saved, and that was done at the expense of a wide range of fisheries. It is interesting that the fishermen in the beam-trawl fishery for flat fish and the industrial fishery think that they were hard done by in the deal because their days at sea were cut back too.

The Commission decided that the cod had to be saved and that everything else was secondary. It considered each fishery on its merits and the impact that it had on cod. The Commission claimed that fishermen who fish for haddock catch more cod than fishermen who catch the industrial species and so decided that the haddock fishermen should have fewer days at sea. However, the evidence on which the Commission

based the ranking of the different fisheries was poor and uncertain. The scientists said that they did not have enough information on bycatches and discards in the different fisheries to be able to judge their relative merits.

To sum up, cod stocks need protection, but that does not necessarily have to be linked to closures of or cutbacks in the other fisheries.

**The Convener:** There is not enough time for every member to ask all three witnesses individual questions. I ask members to focus their questions and to say at whom they are directed. If the question is for the whole panel, that is fine.

**Tavish Scott:** I have some questions for the Sea Fish Industry Authority. I do not want Mr Watson to take this personally, but he said that processors are on low margins—or something along those lines. Does not the authority levy the processors?

**Jim Watson:** Yes.

**Tavish Scott:** So there is a correlation between your levy and the processors' low margins.

**Jim Watson:** That is true.

**Tavish Scott:** Given the low margins, what proposals do you have to reduce the levy or to put it into abeyance?

**Jim Watson:** Levies were frozen last year and the situation is being considered. I am sure that you are aware that our board members are, by and large, prominent members of the industry and that the process will be carried out in full consultation with the industry.

**Tavish Scott:** Yes, but the board members will not vote themselves out of a job.

**Jim Watson:** I am sure that they will not.

**Tavish Scott:** I question the point of the Sea Fish Industry Authority at such a time of huge stress and financial pressure on the industry. The authority levies processors and the processing industry is telling MSPs across the spectrum about how damaging these times are—we hear it in our constituencies. However, you do not propose to put the levy in abeyance. It will continue and it pays for the research that you mentioned, which we can get from other sources. What is the point of the Sea Fish Industry Authority in times such as this? I do not see what you add to the sum of our knowledge in such a difficult time of financial pressure.

**Jim Watson:** I will certainly not be drawn to argue for the existence of the Sea Fish Industry Authority, which has carried out much relevant work that is being used by the industry to help to fight its case.

**Tavish Scott:** Can you give me some examples of that relevant work?

**Jim Watson:** Examples in my own area are detailed in the written submission that we circulated to members.

**Tavish Scott:** Will you refresh my memory?

**Jim Watson:** We have done a financial survey of the catching and processing sectors, for example, and towards the end of last year, we published a report that estimated the economic impact of the measures.

**Tavish Scott:** Forgive me, Mr Watson, but Shetland Islands Council and the North East Scotland Fisheries Development Partnership are doing economic surveys into the areas that are affected. I do not see what you are adding to the party.

**Jim Watson:** Indeed they are, but their studies are being conducted at local level. Our studies have been conducted at both UK and Scottish level.

**Tavish Scott:** I would like to clarify the matter and leave it there. Currently, you have no plans whatever to put the levy into abeyance, despite the fact that processors are absolutely up against the wall.

**Jim Watson:** I am certainly not in a position to comment on that.

**Tavish Scott:** When will you be in a position to comment?

**Jim Watson:** That is a matter for our board.

**Tavish Scott:** Is the board discussing it?

**Jim Watson:** Again, I am not in a position to comment on that.

**Tavish Scott:** So you do not know.

**Jim Watson:** I do not know.

**Tavish Scott:** Thank you.

**The Convener:** You got a fair crack of the whip there, Mr Scott.

**Mr Morrison:** That was an interesting exchange—it was the most entertaining part of the day.

I find it staggering that the SNP's foremost authority on fisheries does not know that the Sea Fish Industry Authority is sponsored by the industry and not by the Government—that certainly puts Mr Lochhead's swaggering in Brussels in its proper context.

I have a question for Professor Hawkins. There is nothing unusual or unique about the relationship between the scientific community and the fishing community. It is obvious that any person,

organisation or community that has been policed or examined, or has been subject to scrutiny, will have a robust and fractious relationship with the police person or police force. How do you see the relationship developing and improving? Obviously, improvement is in the interests of the fishing industry, fish stocks, communities and the credibility of the scientific community. How can the relationship be developed? Hamish Morrison and other previous witnesses were desperately keen for the relationship to have a proper basis, and that there should be robust discussion about the science and agreed models.

**Professor Hawkins:** The situation is fairly unusual. Every December, a group of scientists gives advice to the European Commission that determines how those people involved in the industry will operate over the coming year, how much they will earn and the difficulties that they will be in. In a sense, such a system overrates the ability of scientists, who are just normal human beings, like everybody else. It is a mistake for the Commission to rely so closely only on advice from scientists. Occasionally, it takes economic advice, but that is pretty limited.

If the Commission needs advice on fisheries, it should take it from a variety of sources. Of course it needs scientific and economic advice, but fishermen are the real experts on fishing. They know a lot about the state of stocks, the behaviour patterns of fish and control measures that will or will not work, but they are not really involved at the moment. Their sole role is to lobby the Council of Ministers in December in the hope that they might persuade it to give something away to them. Fishermen need to be part of the process. Their knowledge is as specialised and expert as that of the scientists. It could be said that fishermen are bound to be biased, but I do not think that they are.

If you consider countries that involve fishermen in fisheries management, such as the United States, fishermen take a responsible attitude to conservation measures. That is much like the attitude that has been taken by the Scottish fleet in recent years, which has introduced new technical measures, such as square mesh and so on, and uses increased mesh sizes. In future, there needs to be a system where the Commission does not draw its advice only from the narrow sector of scientists, but considers what advice it needs and how it should get it. That must include a large proportion of advice coming from the industry itself.

**Mr Morrison:** At constituency level, the European Union protects by directive internationally renowned bird stocks on the isles of Benbecula, North Uist and elsewhere, but it would be unthinkable to have discussion about that

without involving crofters and those who are involved in management of the land.

On the process, where are we and when will we get to the end point where the expertise and specialist knowledge of fishermen is at the table?

**Professor Hawkins:** When our partnership was set up—it was chaired initially by Lord Mackay of Ardbrecknish—the first objective that was set was to get the scientific advice right and to have that peer-reviewed and overseen by fishermen. That is what we have concentrated on in our first two years. We have sat in on meetings with the scientists and we have brought in outside experts to monitor the advice that is being given. We have, along with *Europêche*, set up the survey of the fleets to which Hamish Morrison referred. It came up with evidence that very much supported the scientific point of view.

Next week we will hold a study group that is aimed at making better use of information that is held by fishermen in order that they can provide advice. That relates solely to improving the current system of advice. Our next step has to be to involve the fishery managers—the people in the Commission, in the Scottish Executive environment and rural affairs department and in the other member states. We have to get fishermen and the managers around the table to discuss management measures.

There will be a meeting of the partnership in Newcastle at the end of next week, at which the theme will be the management of mixed fisheries. Fisheries managers from Norway, the Netherlands and other countries will sit in on the meeting. Our hope is that by getting the managers and the fishermen in the same room we can get them to agree and reach a consensus on what needs to be done.

The partnership is currently informal, but what is really needed is a much more formal arrangement, whereby a regional body that involves managers, scientists and fishermen looks at the North sea and does the job for real. We are, in a sense, piloting that kind of system. As I said, we are talking to the Commission about the matter. It has invited us to advise it on what it should do about regional advisory councils. My hope is that very soon such a council will be set up for the North sea and that it might pioneer the technique for the Baltic, Mediterranean and other areas for which the Commission is responsible.

**Mr McGrigor:** I was encouraged by what Professor Hawkins said about cod stocks and haddock stocks not necessarily being linked. Is it odd that, in the old cod recovery plan, the area of 40,000 sq km that was closed to protect the cod spawning grounds—or what we were told were the cod spawning grounds—now appears, when one

examines the map, to be the main area of the North sea where no limit on fishing days will apply? Given that the French will prosecute their saithe fishery, is there any guarantee that it will produce a zero cod bycatch?

**Professor Hawkins:** First, the southern border of the exempt area corresponds to the northern border of the area that was closed because it was a cod spawning ground. Although there is a close association between the two areas—they are next door to one another—they are not the same areas. However, one would not need to move very far from the exempt area to reach the area in which cod are plentiful.

The Commission has accepted the argument that the bycatch in the saithe fishery is minimal. There are sound grounds for believing that argument: the saithe fishery tends to target shoals of saithe in mid-water and, although cod are occasionally mixed in with them, by and large, the saithe fishery is clean.

**Mr McGrigor:** Do not you think that it is slightly peculiar that French fishermen are allowed to fish for saithe, whereas Scottish fishermen are not allowed to fish for haddock because they might catch cod?

15:15

**Professor Hawkins:** The question of who can fish for what is complicated. The fisheries that got away with the least restriction are those that the Commission says have the least impact on cod; the saithe fishery is one. The Commission also says that the beam-trawl fishery for flat fish does not catch many cod, although that is probably because the fishery has already caught all the cod in the areas in which it operates. It is enormously complicated to work out which fisheries have the greatest impact on cod. Some fisheries have already had an impact and cod are almost extinct in those areas. The judgment was a difficult one to make and very little scientific advice was available to the Commission to rank the fisheries, although that did not stop the Commission from ranking them.

One reason for the lack of scientific evidence is that, as Hamish Morrison mentioned, some countries tend to put pressure on their scientists not to present data that are embarrassing or that do not favour their fishermen.

**Mr McGrigor:** How dreadful.

**Professor Hawkins:** In the UK and Scotland, we have not done that; we have been pretty honest about the way in which scientific data are collected, as a result of which we were penalised in the decisions that were taken in December. The Commission knew well that we were no worse

than other countries—for example, in relation to discarding—and that we were the only country that collects data. However, rather than say that everyone had to collect such data, the Commission took the view that the Scots are the worst, which is completely wrong.

**Mr McGrigor:** I have one more question—if that is all right, convener.

**The Convener:** If you are quick.

**Mr McGrigor:** I agree with Councillor Bisset on the imbalance of the £50 million package. He mentioned the possibility that the Executive might return to the previous cod recovery plan. However, given that that plan failed on several occasions to gain the support of the Council of Ministers, does Councillor Bisset consider that there is any chance that the interim measures might not be in place for a long time to come?

**Councillor Bisset:** I do not have the knowledge to answer that question. The money to which I referred was the £1 million that the Scottish Executive gave to the fish processing industry.

**Mr McGrigor:** Did that come out of the £50 million package?

**Councillor Bisset:** No. The £1 million was given a few years ago to help the fish processing industry. I am sorry if I misled you.

**Mr McGrigor:** My apologies.

**Nora Radcliffe:** Which member states do not come clean about the data on discards? Would a land-all policy be preferential and what would be its implications?

**Professor Hawkins:** Those questions are linked, although they deal with different subjects.

I am tempted to say that, apart from Scotland, almost no countries collect data on discards. I stress how important it is to measure discards—or to measure what is caught rather than what is landed—and to have an estimate of illegal landings. All the data must be collected if we are to manage fish stocks properly. In Scotland, scientists have a good relationship with fishermen, but in some countries, fishermen refuse to allow scientists on board to measure discards, which is a problem. In other countries, the Government decides that it does not want to have such information. The Commission has tried to do something about that. It has a regulation on data collection that includes incentives and targets for countries to provide data on discards and other aspects of the operation of the fleet. That regulation was introduced last year, and it is hoped that it will persuade people to collect the wide range of information that is needed.

Several fishermen have told me that they would be happy with a days-at-sea system—perhaps not as stringent as the current one—provided that they could land everything that they caught. Such an approach prevails in the Faroes, and there is a lot to be said for landing fish in the proportions in which they are caught.

However, it also poses difficulties. In the North sea, it would do away with the principle of relative stability, which is based on quotas. Although fishermen are often keen on such a system, their representatives will often oppose it, because they see the principle of relative stability disappearing and they envisage the difficulty of managing such a system. I put that idea to the Commission about six months ago, and its members were horrified at the thought. Their minds revolve around total allowable catches and quotas—they cannot think outside the box. However, one could certainly make a reasonably good case for a policy of allowing fishermen to keep what they have caught, and simply restricting their activities by imposing effort limitations.

**Nora Radcliffe:** It is all the same to me. I have never understood why it is a conservation measure to chuck dead fish back into the sea.

**Mr Rumbles:** I would like to direct my questions principally at Raymond Bisset. Two years ago the Scottish Executive announced funding of £25 million for a decommissioning scheme for the fleet, and by the second vote in the Parliament we had also managed to get £1 million for the fish processors and £1 million for research and so on. This time round, the Scottish Executive has come up with another scheme for £50 million. You said that the balance of that sum is not correct. Forty million pounds has been allocated to the decommissioning scheme and I see that we have £10 million for what is, in effect, a tie-up scheme—two years ago, I wanted a tie-up scheme. Are you aware that just as the meeting began we received a letter from the Scottish Executive about the fisheries transitional support scheme, namely that £10 million? The minister has written to 56 organisations to say that the £10 million scheme is to be made available by way of transitional support. It reads:

“the Department has today written to fisheries interests setting out outline scheme proposals and seeking any comments industry may have to offer on them”

before laying the statutory instrument before the committee next week. I noticed from the distribution list that neither the North East Scotland Fisheries Development Partnership nor Aberdeenshire Council—both of which you represent—numbers among the 56 organisations. The deadline for responses to the minister is noon this Thursday. I hope and trust that despite the omission, you will make submissions. How do you

feel that the balance of £10 million should be spent?

**Councillor Bisset:** To answer the first question, we will certainly make a submission before midday on Thursday.

On the second question, I know that time is short—I appreciate that that is a problem, but we need to get more information. As I said, we are undertaking a socioeconomic study in terms of catching, processing and other areas of the industry that are affected. I understand that there is an action group for the processing sector, which met last week to consider what support will be required; I understand that the group will meet again on Thursday this week to start drawing up an action plan.

If the catching sector is to get all of the £50 million—as I was led to believe, although I might be wrong—it is obvious that somebody must help the processing sector and, indeed, the other ancillary industries. That somebody must be central Government. Mr Rumbles seems to be saying that I misunderstand the distribution of the £10 million. I know that we are not on that list he mentioned, so he is absolutely correct that there may be a misunderstanding. I understood that the catchers would get most of that money and although I am not against their getting money, processors and others also need aid.

**Mr Rumbles:** I know that you have not seen the minister's letter. It seems to be clear that the £40 million is not up for discussion; the letter is about a sum of up to £10 million. It states:

“The aim is to help the industry deal with the effects of fisheries reductions consequent to the decisions taken at last December's Agriculture and Fisheries Council: and to help manage the process of restructuring and rationalisation in the catching sector.”

It is clear that the minister is looking at that £10 million in its widest context. What proportion of that should be focused on addressing the issues that you have raised?

**Councillor Bisset:** That is difficult to answer. As I said, we do not have to hand all of the information on the likely effects on the processing and other sectors. We are still waiting for a report on our socioeconomic study, and for some information to come back from the processing sector. I honestly would not like to hazard a guess in answer to the question. We need to wait and see.

**The Convener:** I clarify that the minister sent the letter to the consultees on 7 February.

**Richard Lochhead:** Mike Rumbles is perhaps clutching at straws. According to the outline that is attached to the letter to which Mike Rumbles refers, the aim of the scheme is to

"provide short-term support to help fishermen ... and to help manage the process of catching sector restructuring and rationalisation."

The money is clearly for the benefit only of the catching sector, and that must be clarified. In other words, Councillor Bisset's understanding is correct.

**Mr Rumbles:** I read out the letter of 7 February to which Richard Lochhead refers, but I also referred to the undated covering letter, which I assume is also dated 7 February.

In the first paragraph—

**Richard Lochhead:** The letter says "fishermen".

**The Convener:** I will not get into a debate. Please continue with your question, Mr Rumbles.

**Mr Rumbles:** The first paragraph of the letter says that

"The aim is to help the industry deal with"—

**Richard Lochhead:** The first paragraph says "fishermen".

**Mr Rumbles:** Richard, would you mind not interrupting me?

**Richard Lochhead:** Stop misleading the committee.

**The Convener:** With the greatest respect, I will handle this. Mr Rumbles, please ask your question.

**Mr Rumbles:** I do not know why the comment was made that I am clutching at straws when I am genuinely trying to find out what the issue is. However, I will reiterate my point. I quote:

"The aim is to help the industry deal with the effects of fisheries reductions consequent to the decisions taken at last December's Agriculture and Fisheries Council: and to help manage the process of restructuring and rationalisation in the catching sector."

I honestly understand from the letter that the minister is trying genuinely to consult the widest industry interests to see how best the £10 million can be spent. If that is the case, I want to know merely how Councillor Bisset feels the money should be directed. Perhaps it should be directed to Aberdeenshire's interests and those of the group that he represents. That is all.

**Councillor Bisset:** As I said, we will make representation by the date that is mentioned in the letter.

**The Convener:** We will clarify that date with the minister next Tuesday.

**Stewart Stevenson:** I will ask three—one of each witness—concise questions.

Does Raymond Bisset agree that the situation at Macduff is unsatisfactory under the new arrangements? Macduff is not a designated

landing port, but the previous four-hour notice arrangement whereby people could land at non-designated ports appears to have been withdrawn.

Through meeting people who are involved in the onshore fishing industry at Macduff, I understand that 200 or 300 jobs in Macduff are related to fishing. If people can no longer land fish at Macduff the industry will, in essence, close down. It would be useful to record the council's views on that matter in the *Official Report*. I suspect that I know what they are, but my colleagues might not.

15:30

Secondly, it might be useful if Tony Hawkins compared and contrasted the relative merits of the management regimes in Faroese waters and Icelandic waters with what has been inflicted on us. I understand that those regimes are largely based on local control and the involvement of fishermen.

Finally, when I was in Brussels prior to the fisheries council, I talked to officials and other people. I understand from Maja Kirchner, who is Franz Fischler's assistant, that Franz Fischler's office received the scientific advice only seven days in advance of when the 170-page paper on the new policy had to be issued. What does Jim Watson think that that tells us about the European Union's current processes? Are they adequate? How should they be modified? Is that time scale the source of some of the difficulties with which we now find ourselves struggling?

Perhaps Raymond Bisset has considered the question that I put to him.

**Councillor Bisset:** We are aware that Macduff is currently an undesignated port and that the four-hour advance warning seemed to disappear in the negotiations in December. We have written to the Scottish Executive and explained the problem that Macduff faces. Local boats that would normally have landed at Macduff will now possibly land at Peterhead or Fraserburgh. When they landed at Macduff, they would normally have taken the opportunity to have repairs done. Now, if they want to go back to their local port for repairs, it means that their steaming time between Fraserburgh or Peterhead and Macduff will be counted against the 15 days at sea.

We wrote to the Scottish Executive to point out that anomaly and to make the point that up to 200 jobs could be at risk, because the landing dues last year, for example, were about £57,000. We have put that to the Executive and we hope that we will receive a favourable response.

**Stewart Stevenson:** I have been told that Macduff has more landings than a number of currently designated ports. Can you confirm that?

**Councillor Bisset:** No. I do not know whether that is the case.

**Stewart Stevenson:** I think that it is true.

**Professor Hawkins:** I was asked to compare and contrast the management regimes in Faroese waters and Icelandic waters.

**The Convener:** You should do so in as short a time as possible, please.

**Professor Hawkins:** I shall be very brief. The Faroes and Iceland have one thing in common—they are in charge of their own waters. In that respect, they differ from countries around the North sea that have to share fish stocks and waters. It is not surprising that the Faroes and Iceland have gone their own ways in respect of fisheries management. Iceland pioneered the idea of individual transferable quotas whereby quotas could be sold back and forth between fishermen. I gather that there were snags with that process, because the industry tended to become consolidated in very few hands. The Faroes tends to go to town on effort control and days at sea. There is extensive effort limitation—for example, there are closed areas, closed seasons and gear restrictions.

In a sense, the countries are different, but they have in common the fact that they are in control of their own destinies. In the North sea, we must find a solution of our own that involves bringing together people from different countries to agree to management regimes. The situation is much more difficult than the situation with which Iceland and the Faroes are faced.

**Stewart Stevenson:** Nonetheless, the people who should therefore be involved are those who have a direct interest in the protection and exploitation of the stocks in the North sea, which are shared by a limited number of countries compared with the 15 that are involved in the current decision-making process.

**Professor Hawkins:** It is essential that fishermen are part of the process of deciding on how things are managed. They have expert knowledge and fishing is part of their lives. Why should men in grey suits who do not have particular expertise decide how the fishermen should operate?

**Stewart Stevenson:** We will forgive Professor Hawkins his grey suit today.

**Jim Watson:** I agree that the time scales are a source of one of the main difficulties; I alluded to that earlier.

The area on which I am best qualified to comment is the impact of the economic decision-making process advice and how it is put into the process. The economic input into assessing the scientific advice in the process before the Council

of Ministers meeting in December was, in my opinion, inadequate; an experimental model was used. That was detailed in the North East Scotland Fisheries Development Partnership communication to the Commission.

**The Convener:** That wraps up this evidence-taking session. I thank all the witnesses very much for the way in which they have answered members' questions; it has been a good and interesting session. The witnesses are welcome to stay with us for the rest of the meeting.

We move to the informal part of the meeting, at which members of the public may contribute. There will be a five-minute interval to give us time to assimilate those who want to speak. I encourage anybody who wants to take part to do so; it is not too late. From the public gallery, the experience may look as if it would be terrifying, but we will make it as friendly as we can. Please feel free to give evidence if you wish to do so.

15:36

*Meeting suspended.*

16:08

*On resuming—*

**The Convener:** I thank everyone who took part in the informal session, and I hope that they feel that it was worth while. I assure them that the committee feels it was worth while.

Our final panel includes representatives from some of the other industries and communities that are associated with the fishing industry. I welcome Carol MacDonald of the Cod Crusaders, Danny Couper of the Scottish Fish Merchants Federation and John Hermse of the Scottish Fishing Services Association. I am sure that they have all now seen how we go about these meetings, so I invite them to make brief opening statements. I shall then open the floor to questions from members.

**Carol MacDonald (Cod Crusaders):** Convener and committee members, for the past four months, we the Cod Crusaders have been trying to highlight the severity of the crisis that is facing our fishing industry and how its devastating impacts will seriously affect our communities. Our main concern is the unnecessary strain and stress that our fishermen are suffering because of the conditions that they are forced to work under. It is almost inevitable that such a scenario will have disastrous effects. God forbid, but with the weather that they have to endure, a vessel and its crew might fall prey to unexpected storms at sea. However, they would have no time to dodge such a storm because of days-at-sea restrictions.

Our Government and the European Union have forced us into this situation. Are they prepared to

have our men's blood on their hands by pushing them further into the depths of despair? The problem will also affect our families, whose health will decline due to stress and worry from the sleepless nights and the constant nagging in the pits of their stomachs as they wonder whether husbands or sons will return home safely. We cannot argue with mother nature, but the Government's inflexible and uncaring attitude is forcing us to take her head on in battle.

I want to highlight some statistics to underscore our deep concerns for the communities in question. In general, Banff and Buchan's health status is worse than the whole of Aberdeenshire. The area has the highest rate of cancer, chronic heart disease and strokes, as well as a higher rate of respiratory problems. The area also exceeds Aberdeenshire's average rate of hospital admissions for injuries, and Buchan has the highest rate in Aberdeenshire of new out-patient attendances for mental health problems.

Statistics for north Aberdeenshire indicate that Peterhead and Fraserburgh suffer a far greater level of crime than surrounding areas. The area relies heavily on a high number of small businesses, many of which are involved in food and fish processing, manufacturing and agriculture. All those industries are currently in decline.

Our Prime Minister recently said, "Poverty breeds terrorism". We live in fear of the loss of our livelihoods and our men's lives. We are in terror of the heart being ripped out of our communities and of the problems that I have highlighted—which are based on information provided by the local authority and Scottish Enterprise Grampian—escalating to the point that people in the communities will have no self-respect. Our culture and social fabric are being stripped from us just as sovereignty over our waters is being forcibly removed from us.

This committee represents the guardians of Scotland. What will it do to safeguard our men and our communities?

**Danny Couper (Scottish Fish Merchants Federation):** I thank the committee for inviting us to this afternoon's meeting. A lot of subjects have been covered, and I do not want to duplicate some of the comments that others have made about the situation that is affecting us. For example, the Sea Fish Industry Authority mentioned the economic state of the processors and cited various statistics. Raymond Bisset outlined the social and economic consequences of a downturn for people in Aberdeen.

As far as downsizing is concerned, our processing industry is unique in that the resource that sustains the Scottish fleet is mainly haddock,

predominantly small haddock. The small haddock are very sustainable, and have already spawned. However, the skills for processing the haddock are found only in the north of Scotland. Even if there were a temporary downsizing and—as we hope—stocks returned to a level that would sustain a larger fleet, we would still be faced with a problem if the processors and the skills had gone. We had similar problems many years ago in the herring industry.

Our side of the industry is suffering from uncertainty. That is bad for business, because our customers have no confidence. Our customers hear bad propaganda, not the exact position. We try to tell them about that, but sometimes there is too much doom and gloom in the press, which is not good for business. If we lose our customers, it will be difficult to get them back.

We have received help through the Government's action plan, but because of the uncertainty, we have commissioned consultants, who are considering what the knock-on effects will be. We cannot predict the knock-on effects until we discover the knock-on effects on the catching sector. The issues of how much fish will be landed and when it will be landed are up in the air, which is not good for us.

I am my organisation's spokesman for conservation. As we are undergoing an emergency procedure, we must consider sharing the hardship between sectors. That is a difficult issue and the solution must be measured. However, that is a short-term issue and I would like to consider the long term. I have attended many meetings, given evidence and written papers, but today I have not heard anything new about the management of our industry. If we carry on down the same road and under the present management, we are heading towards a doomsday scenario. We must grasp the nettle and take a different outlook on management. I am willing to answer any questions on that issue.

16:15

**John Hermse (Scottish Fishing Services Association):** Thank you for giving me the chance to put my case on behalf of the Scottish Fishing Services Association. We are the new kids on the block of industry representation. The onshore sector, which has been neglected in recent years, needs representation more than ever. The association has about 60 member companies from throughout Scotland, although the nucleus is in the north-east corner. The SFSA membership creates many hundreds of jobs, with a high proportion in fragile coastal communities. Many and various trades are represented in the association, from engineers and shipyards to accountants and information technology companies—we are working on candlestick makers.



The association opposes a further decommissioning scheme. The UK fleet has declined by about 730 vessels in the past 10 years and a further reduction of 15 to 20 per cent—which would amount to 100-plus vessels—would be debilitating. It is vital that no, or minimal, decommissioning should be carried out. The industry has come close to, and has perhaps dropped below, the critical mass of producers in core sectors that it needs in order to survive and be viable and self-standing.

Nevertheless, we propose that any scheme that is accepted should come with the condition that decommissioning must be carried out in Scottish yards, as that would be one way of offering short-term sustenance to the shore sector. Decommissioned vessels can be converted to houseboats or other boats and would give much-needed conversion and repair work to shipyards and the service sector.

The ramifications of decommissioning, quotas and days-at-sea restrictions would be fatal for the industry as we know it. The very fabric of fishing communities is interwoven with the catching, servicing, processing and supply sectors. Those aspects are inextricably linked—if we interfere with one aspect, the others will be affected and thrown out of kilter.

The information that we have received so far from about 60 of our member companies speaks for itself. Sector companies have experienced a drop in turnover of nearly 70 per cent in the past two to three years. That figure is not uncommon throughout our member companies. The average turnover decrease since 2000 is about 24 per cent to 30 per cent and the level of employment has dropped correspondingly. When coupled with the projected decrease in the next two years, the figures are devastating and signal the loss of a significant proportion of service-sector companies.

No definable aid package exists for the service sector. A service-sector aid package must be introduced. I will describe key components of such a package. We need grants for new, repair and diversification work. At present, vessel safety work can be compromised by headline profits in the catching sector. As Jim Buchan said, a rates reduction and tax relief are a must. They are practical ways for the Government to help. Farmers were eligible for such help during the foot-and-mouth crisis. A package should also help the sector with redundancy payments. Decommissioned vessels do not have to make statutory payments to staff, but shore-based sectors must. The Executive's aid package would certainly provide aid—it would aid the destruction of the Scottish fishing industry.

The spin that is emanating from the Commission's disc jockeys on the requirement for

such drastic cuts is disingenuous and lacks a solid foundation. Why, for example, is the 1.5 million tonne industrial fishery continuing almost unabated? We call on all in the industry and all the politicians in the Scottish Parliament to support us in securing meaningful, industry-involved management regimes that will sustain our heritage and our fishing communities.

**The Convener:** Carol MacDonald spoke, understandably, of her fear for the safety of the crews that go to sea and the extra pressure of bad weather. Will she confirm my understanding that any days that are lost in one month because of bad weather can be carried over to the next month? If so, does that allay the fears to which she referred? If not, why not?

**Carol MacDonald:** That does not allay the fears, because many skippers face much logging in and logging out if they work on the available days. The paperwork to which they are being subjected is horrific and unnecessary. Why apply more pressure to them? They are under extreme pressure, without having to log in and log out. That is unnecessary and contributes to those men's stress levels.

**The Convener:** Am I right in saying that if the fishermen were allowed 15 days at sea in February and they used only 10, they would be allowed 20 days in March?

**Carol MacDonald:** The days can be carried over, but slight uncertainty still looms over that. No facts and figures have been put down in our terms to explain the situation simply. Even the federations do not have a clue what they are supposed to do.

**Stewart Stevenson:** The public participation session was valuable. I was struck by the passion of several people who brought their arguments to us. Gary Masson spoke particularly passionately about the CFP and its evils and I am happy to associate myself with the idea that the CFP's death would be much welcomed.

**The Convener:** I would greatly welcome questions to the current panel of witnesses.

**Stewart Stevenson:** Is Carol MacDonald aware of any fishing family with a son or daughter who is contemplating entering the industry?

**Carol MacDonald:** My daughter, who left school in January, is contemplating doing that. What else is there in Fraserburgh or Peterhead? Perhaps I am a bit biased, but I think that Fraserburgh is highly dependent on the fishing industry. Members can look for themselves. Fish yards are all round our town. What other job could she find? However, she is finding it hard to obtain a job.

**Stewart Stevenson:** So, the state of the fishing industry means that kids who would like to go into

the industry have little, if any, opportunity to do so. What are they likely to end up doing?

**Carol MacDonald:** The situation that we face just now is enough to put anyone off entering the industry. The level of youth unemployment here is higher than the Scottish average, with fewer young people in Buchan entering further education; that is the case even when the fishing industry is not taken into account. We are faced with the same situation year in, year out. It really is enough to put our up-and-coming youth off entering the industry.

**Stewart Stevenson:** Would it be useful if part of any short-term support were directed to the young folk in our community as well as to the people who are directly or indirectly employed in fishing, so that those young folk will be there when we finally get back to fishing properly?

**Carol MacDonald:** Definitely, but I do not think that support should be targeted only at the young folk. It should also be targeted at the people who are already in the industry. Give them some incentive to stay in the industry.

**Stewart Stevenson:** Let me develop a point that the convener was discussing with you. Do you fear that, if there are storms in the North sea and our fishermen are out there in their boats, they will wish to leave the areas that are controlled because they cannot fish due to the storms, thereby putting themselves at risk because the storms could be worse in uncontrolled waters? Is that part of the equation as well as the paperwork issues and the wasted steaming time that is associated with coming in?

**Carol MacDonald:** That is part of the problem. Some men also have to fish further afield—further into the belly of the North sea—so it is a catch-22 situation. We are talking about a day-and-a-half's steaming time, because it sometimes takes up to 36 hours. The fishermen are in the middle of the sea—where can they run? They could battle against the storm on their way home, but that would be more dangerous than anything else.

**Stewart Stevenson:** I want to ask a question of John Hermse. I understand that, in the last round of decommissioning, quite a lot of bad debt was left with suppliers and support industries. What specific steps should the Scottish Executive take to prevent that from happening again if there is a further round of decommissioning?

**John Hermse:** It is correct to say that, in the last round of decommissioning, the secure creditors—the banks—took the majority of the money, leaving the service sector with vast debts running to many hundreds of thousands of pounds in the north-east. We believe that any vessel that goes for decommissioning should have its debts settled before it is allowed to participate in any scheme.

**Stewart Stevenson:** Would the owners have to undertake that or should the Scottish Executive provide the funds directly to the creditors of a boat that is about to be decommissioned? Or is there another way of achieving that?

**John Hermse:** It would be difficult to ask for that money to come from the industry; the catching sector does not have any more to give and you cannot get blood out of a stone. The money must come from the Scottish Executive. It is willing to give some £40 million to a decommissioning scheme that no one seems to want.

**Mr McGrigor:** I, too, have a question for John Hermse. At the end of your statement, you asked for measures to help you through the next few years. You are obviously not optimistic about the chances of the interim measures lasting for six months. Do you see them running on for longer than that?

16:30

**John Hermse:** Introducing interim measures is an attempt to pull the wool over people's eyes. Using their own figures, scientists have stated that anything from eight to 12 years are needed for the cod recovery programme, so goodness only knows what the six-month transitional aid package will do. The paper on transitional aid says that that package will fund only the catching sector. Worryingly, no aid has been made available to the shore sector.

**Mr McGrigor:** I take your point. It is unlikely that the stock biomass of cod will increase from 30,000 tonnes to 60,000 tonnes in one year, which it would have to do.

**John Hermse:** I agree, if indeed the stock biomass is at those levels. I do not want to teach my granny to suck eggs, but further to earlier submissions, scientists sometimes use data sets, which means that they have to repeatedly examine the same areas. Fishermen are the true experts on the nuances that affect catching and fisheries trends in different areas.

To date, the fishermen's knowledge and experience has been little used in the industry. It is time that the Commission and the Government took cognisance of the fishing sector's experience. Those guys want to help. I was brought up in a fishing community in which conservation was central to people's thoughts. The mismanagement of the past 15 to 20 years may have caused fishermen to partake in practices in which they did not want to partake, but they had no choice. Bad management, not bad fishermen, caused that.

**Mr McGrigor:** Mr Couper said that the objective of decommissioning is twofold: to reduce fishing effort, and to make the remaining boats more

viable by reallocating the quota to those that are still fishing. His submission said:

"we the industry take this window of opportunity to restructure trading in quotas by recovering quota"

from other sources.

Should more councils do what Shetland Islands Council did and ring fence quota? How could that be brought about? How will the quota be recovered, and how will it be of added value to the fishing industry?

**Danny Couper:** I cannot describe in detail how that should happen. However, for the past 10 or 15 years our sector has advocated trading in quota whether the industry liked it or not. It was inevitable. The industry is working with a common ownership resource, and if no one owned the common, the common would go to waste. The same applies to the fishing quota.

Sooner or later the pattern will follow that of Australia and New Zealand. We continue to say that the catching sector must grasp the nettle and structure the quota trading properly so that the speculators and outside interests could be kept out. The quota could be ring fenced. John Goodlad, former chief executive of the Shetland Fishermen's Association, had the vision to encourage that in Shetland. Unfortunately, it has not happened here.

There is now a window of opportunity to restructure. We are in the 11<sup>th</sup> hour. This matter underpins the whole management structure of the fisheries. In the past, the management of fisheries has been about controlling the catch, but that has not worked; it was flawed from the very start. When that management structure was introduced, the focus had more to do with allocation and conservation. The only way is to control the effort, which requires control of the quota and transferable factors of the quota. Another huge opportunity is available now, but Government intervention and funding are necessary.

I would ask for an inquiry into the current position. I believe that there is quota in the hands of speculators. If the fishermen do not get that quota, they will go to sea; if they cannot make money and are unviable, they will circumvent the rules. If they do that, Mr Fischler will come along, gather evidence to show that the fishermen are not playing the game, and close down the fisheries. In that event, all the quota that is in the hands of speculators, banks, supermarkets and so on will not be worth a penny. In other words, people might just be glad to give up quota at a reasonable cost. That is worth investigating.

**Mr McGrigor:** Finally—

**The Convener:** Very briefly, please, Mr McGrigor.

**Mr McGrigor:** Yes. The question is for Carol MacDonald. Are you saying that, because of the 15-day regime, fishermen are being forced to go out in weather that would normally force them to stay in port? That is a health and safety issue.

**Carol MacDonald:** Yes, most definitely. They have needs—they have to keep working and, come a mega-storm, they will still go out. That has been the case over the last two weeks.

**Mr Morrison:** I want to clarify two points with Danny Couper.

First, in your opening statement, you said that there was too much doom and gloom. What did you mean by that? Secondly, you said that we need a different outlook in terms of management.

**Danny Couper:** We must remember that, even with the decommissioning, Aberdeen, Peterhead and Fraserburgh will still be the largest white-fish ports in Europe. They may get smaller but more efficient, and it is up to interested parties such as the Scottish Parliament and the enterprise companies to foresee social and economic casualties and prevent them. At the end of the day, however, we will still have the most prominent white-fish ports in Europe, and the best fishermen in the world. We will still be landing the finest fish in the world, and we will still be able to sell it. There is market demand for Scottish produce. The outlook is not all doom and gloom. If we can get our heads round the management side, there is a future for us. It is a two-pronged attack; we must accept the downside, but recognise that there is an up-side.

As regards the management outlook, at present we are treating the symptoms, not the cause. We keep treating the biological side of industry, and have done for years. We have never taken account of the social and economic side of catching. If you introduce some type of quota ownership, and fishermen look after that quota, black fish will go out the window.

Gary Masson said that when individual transferable quotas—ITQs—were working, there were no black fish, because the system was self-policing. It is not the perfect solution. We know that game is bent, but it is the only game left in town.

**Richard Lochhead:** I want to pick up on Danny Couper's last comment about getting the management right. Is it your view that, if we get the management right, we will not need to decommission because we will have a sustainable fishery of which the onshore sector as well as the fleet can take advantage?

**Danny Couper:** No. As things are at the moment, we need scientific advice. I am not taken in by anecdotal evidence. I do not think that the

scientists have got it all wrong. There is a problem. The management system of effort control will be introduced—in fact, it has already been introduced, as Fischler has limited the number of days at sea as a means of effort control. Effort control is one of two ways of managing the situation. We are going to manage by decommissioning and by limiting days at sea.

Personally, I think that the problem with decommissioning has been that the time scale has been too short. We have been hit with it. It should have been spread over the past few years. The proper time to decommission and reduce effort is when stocks are at their best—when there are a lot of fish—and can be sustained. Such decommissioning could be done in a socially and economically acceptable way. There are fishermen out there who are getting old and want to move on, who could sell their boats and enter retirement—which they deserve—with plenty of assets. They could do that, but it would have to be done in a structured way.

I believe that there still needs to be some decommissioning. However, it should not be done as it is being done just now and the current time scale for it is wrong.

**Richard Lochhead:** That brings me to my next question. You are clearly uncomfortable with the current proposal to use 80 per cent of the aid package to decommission Scottish boats. What aid do you think should be made available, especially to the processing sector? What impact will the deal that was struck in December have on the processing sector, which you are here to represent?

**Danny Couper:** The Government must sit down with the fishermen and say, “What do you guys realistically require in decommissioning?” It must talk to them about what can be done with the rest of the money. My colleague asked what could be done with it. The money could be used for taking back quota from slipper skippers.

An inquiry is being carried out by consultants on the effects on the processing side of the change and the downsizing of the quota. The aim is to find out how much help we will require. It is a difficult one to call until we know the exact impact. By the end of this month, there will have been very little change in the processing sector, because the impact will not yet have hit it. That is where the time scale has been all wrong.

**Richard Lochhead:** My final question relates to the fact that we have two new organisations represented by our three witnesses, which indicates the scale of the crisis. We have a new organisation representing the onshore sector and the Cod Crusaders representing the community along with their counterparts elsewhere in the

country. We pay tribute to their cause, which has won the support of the whole of Scotland. What feedback has there been from the community about the aid package and the fact that 80 per cent of the cash has been earmarked for decommissioning of the vessels?

**Carol MacDonald:** My answer is short and sweet: the community thinks that that is totally ridiculous. We are simply being bought off. We are faced with the same situation year in, year out. Look how much we got last year—£27 million. We were bought off again. We face the same scenario again this year, but the situation is slightly worse. We will be bought off again. We cannot continue to be faced with stuff like this year in, year out. Basically, the community thinks that the situation is ridiculous.

**Rhoda Grant:** I have a question for John Hermse. Some of the organisations that you represent will, reasonably obviously, be affected by the decommissioning because of the nature of their business. However, an awful lot of other businesses whose income comes largely, but not wholly, from the fishing industry will also be affected. How can those businesses be identified when measures such as rates relief are being considered to support them through this?

**John Hermse:** I have sent out a questionnaire to all the businesses in our membership, asking them what the downturn in their turnover is. I am also asking them what percentage of their business relates to fishing. Because of the problems of the past three to four years, a lot of those companies have had to diversify using their own money, which has caused difficulties for them. However, I foresaw the issue of rates relief and we are addressing it.

16:45

**Rhoda Grant:** In speaking to those businesses, have you been aware that any of them are getting help to diversify from, for instance, their local enterprise companies?

**John Hermse:** One or two have received such help, but not many. That is why there has been so much interest in the setting up of the new organisation. The businesses realise that they have had no representation and that things are getting bad. They do not seem to be consulted by anyone about the problems that they face. I am trying to address that problem by getting in touch with local enterprise companies, local authorities and the Government.

**Rhoda Grant:** My next question is for Carol MacDonald. We have heard from John Hermse about onshore companies having to pay for redundancies because the decommissioning money appears to have gone to the boat owner

rather than the crew. Is that the case?

**Carol MacDonald:** That is the case. The business simply gets paid off. It is entirely at the skipper's discretion whether he gives the crew a simple pay-off, but I have yet to meet a skipper who has done that. I do not think that it will be forthcoming, either.

**Mr Rumbles:** My question is for John Hermse. Your written submission says that your organisation

"was set up, primarily, as a result of the serious threat to the Scottish fishing industry from yet another round of decommissioning".

I take it that your organisation is, therefore, hostile to the concept of decommissioning.

This is the second round of decommissioning that the Scottish Executive is proposing, and £40 million has been allocated to it. You are a recipient of the letter that has been sent out about the fisheries transitional support scheme, which is worth £10 million. I believe that, if that were simply a tie-up scheme, the Executive would have called it a tie-up scheme. Although we had a bit of a contretemps earlier, the letter seems to say that the money is up for grabs—to put it crudely. It says:

"There is ... one point which I must stress. The details are not finalised."

It seems that there is £10 million-worth of transitional support scheme available to help the fishing industry in its widest context.

I know that you would rather have nil for decommissioning and all the money for the transitional support scheme. However, given the fact that the Executive is consulting you on the £10 million transitional support scheme, can you give the committee an idea of how that £10 million could be spent to best effect?

**John Hermse:** I will address your first points first. We were set up primarily because there was going to be yet another decommissioning scheme, rather than because of the decommissioning scheme per se. A previous decommissioning scheme, which covered the past two years, took out a substantial portion of the fleet and the onshore sector got very little money out of that. Indeed, as Mr Stevenson said, there is debt of hundreds of thousands of pounds still accruing from that scheme.

I received the letter, which states that the money is for the fishing sector. The first page mentions

"restructuring and rationalisation in the catching sector."

The covering outline paper begins:

"**Aim:** To provide short-term support to help fishermen".

I am sorry, Mr Rumbles, but I cannot see anything

in there to help the onshore sector.

If we got £10 million, I would like to see it used on grants for helping with diversification, for new building work and for improving and modernising boats. That would have a twofold benefit: it would help the fleet maintain its vessels in good order and it would help the shore sector survive over the difficult period. The fleet is losing men hands down and redundancy payments are huge. Some men who are employed in the companies that I represent have been in that employment for 25 years.

**Mr Rumbles:** I hear what you are saying. Obviously, your interpretation of the Executive's letter is different from mine—

**John Hermse:** Our interpretations are vastly different, I would say.

**Mr Rumbles:** Yes. I have just read the letter today.

**John Hermse:** I have just read it now, too.

**Mr Rumbles:** You are on the distribution list, and it would seem perverse to me if you did not have an input. Why do you think you are being consulted? Your reaction to the letter seems strange. The letter from the Executive says clearly that the details have not been finalised.

You are being consulted about the matter, and the Scottish Executive is making £10 million available. In your written submission, you state:

"Trades represented or applied for membership to date include:-

Engineers, Electricians, Welders, Painters, Electronics Engineers, Shipyards".

You represent a host of people. I would have thought that it would be in your interest to make a detailed submission in the short time available. Do you have any comment on that?

**John Hermse:** Yes. Going back to your earlier comments, I note that the Catholic Parliamentary Office and the Scottish Inter Faith Council are also on the distribution list. I do not see what they have to gain by being on the list, nor what claim they can make for transitional aid.

We will make a submission, and we will try to get some of that £10 million. We were certainly under the impression that the onshore sector would get aid, but that aid has not been forthcoming. There has been no mention of it or no promise of it as yet.

**Mr Rumbles:** I find your comments strange. I am not sure why you identify bodies such as the Scottish Inter Faith Council, the Evangelical Alliance (Scotland) or the Scottish Churches Parliamentary Office. They deal with serious issues, as you are well aware—issues of life and

death to people affected by various circumstances.

**John Hermse:** I was responding to your point about our being on the list and that, therefore, we were due transitional aid. I just wanted to illustrate that point.

**Mr Rumbles:** As a parting shot, I want to say that I believe you have an opportunity to influence the Executive's thinking. Perhaps you should submit a detailed submission by the Thursday deadline. I think that that would be helpful.

**John Hermse:** I will certainly burn the midnight oil.

**Nora Radcliffe:** I would like Mr Couper to expand a little on the impact of the reduction in locally sourced material on the processing sector. To retain capacity, you will have to rely even more on imported raw material. In particular, what differential impact will that have on different sizes of processing businesses?

**Danny Couper:** Going elsewhere for raw material will help, although that will only be a contribution. About 90 per cent of the primary processors are dependent on the indigenous fleet and on the fish that they land. We are all very supportive of our fleet. We have built our businesses round it. As I pointed out earlier, the thing about using other raw material is that we use predominantly small haddock that is landed here, which is conservation friendly. With imported fish from Norway, for example, a new market has to be opened up, which takes up a lot of time and therefore presents a difficulty. That takes us back to the time scale of change. Change has to be managed and it cannot be managed within a tight time scale.

The Sea Fish Industry Authority pointed out the small margins of profit of most of the primary processors. We seek funding to examine how we could integrate companies to achieve economies of scale. Two or three small companies could come together. That has already happened over the past year or so.

At the moment, we are in a crisis-management situation. We have always had crisis management; it is simply that the situation is a lot worse than it has been in the past. The time scale is too short. However, we are beginning to get our heads round the problems. We must start working with the fishermen on a much more sensible approach. They must tell us when the fish is available and when it can be landed. Selling us the fish at the proper time—when we need it—will enable the fishermen to utilise their quota to get maximum money back for their resource. It is all down to management. All those developments will take place.

An organisation called Seafood Scotland has been up and running for only two years. The producer organisations and the fishermen sit round that table with the processors. One of our objectives is to have a much more efficient industry. There must be something in it for everyone: the fishermen, the processors, the POs and the ancillary industries. Some good comes out of a crisis—it prompts people to take action and to change. We need to change.

**Mrs Ewing:** Apart from addressing the committee, which you have done very effectively, are there any other steps that you plan to take to draw attention to the issue at the highest levels in Government? When we talk about the management of the fleet, we must also talk about the management of decisions.

**Danny Couper:** Is that question for me?

**Mrs Ewing:** It is for all the members of the panel. I am asking how you plan to highlight the implications of the package that we have been discussing for all our communities round the coast of Scotland.

**John Hermse:** If I may, I will answer first. The phrase “management of defeat” has many connotations and brings to mind some vivid pictures. I do not like to admit defeat. I would not even contemplate defeat.

**Mrs Ewing:** I used the phrase “management of decisions”, not “management of defeat”.

**John Hermse:** I am sorry. I am trying desperately hard to get our onshore sector together. I want to work with the Scottish Fish Merchants Federation, with Cod Crusaders and all the other fishing organisations to produce a common aim and to fight a common battle. If we do not do that, our industry will disappear. It is going fast. As Gary Masson said during the informal session, the time for talking has passed. It is not the 11<sup>th</sup> hour; it is 11:99. I am sorry, I meant 11:59—the time has not been decimalised yet.

**Carol MacDonald:** The success of our most recent petition shows that we have the voice of Scotland behind us. We collected more than 45,000 signatures for our petitions. We received help from many other areas of Scotland, from Shetland right down to the border. That might be the answer to Margaret Ewing's question. There are more than 45,000 people who support proper management. I still believe that we can have a prosperous and sustainable fishing future if we are given the chance.

**The Convener:** Thank you very much indeed.

I will finish by quoting from the letter that has gone out for consultation, which all members received only today. The stated aim of the transitional support scheme is:

"To provide short-term support to help fishermen deal with the effects of fisheries reductions consequent to the interim cod recovery measures ... and to help manage the process of catching sector restructuring and rationalisation."

If there is still confusion about that, we will put it right at the committee's meeting next week.

I thank the members of the panel for the evidence that they have given and I ask them to step down. I remind everyone that we will be taking further evidence next week. That meeting will be timeous, because the fisheries debate that was to take place tomorrow in the Parliament has been postponed for a week.

**Stewart Stevenson:** I would like to point out that the debate on fisheries will not actually be postponed until 9.35 tomorrow morning at the earliest. As the business bulletin stands, there will be a fisheries debate tomorrow afternoon. If I have anything to do with it, there will be a fisheries debate tomorrow afternoon.

**The Convener:** Point taken. The decision to postpone the debate has to be taken by the Parliament tomorrow morning.

**Stewart Stevenson:** The Executive is trying to withdraw the fisheries debate, but some members of the Rural Development Committee will vigorously resist any attempt to cancel that debate.

**The Convener:** No one doubts that. In the event of the debate being held on Wednesday 19 February, which is the date that will be proposed to the Parliament tomorrow, it will take place on the day after our next meeting. That makes our next meeting all the more serious, given that it has been confirmed that the UK fisheries minister, Elliot Morley, will be present at that meeting. Mr Rumbles will have the opportunity to put to Mr Morley the questions that he raised earlier.

I thank all the witnesses for turning out and taking the trouble to appear before the committee. The meeting has been extremely useful and has given us ample ammunition for doing our job, which is to scrutinise Executive decisions at our meeting next week.

I thank our host, Aberdeen City Council, for its hospitality and for giving me the most comfortable chair from which I have ever convened a meeting of the committee. I record the grateful thanks of the clerks and members of the committee to Jill Moir for all her hard work in helping us to set up the meeting. It has been a pleasure to be here.

*Meeting closed at 17:01.*





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