

TRANSPORT AND THE ENVIRONMENT COMMITTEE

Tuesday 12 June 2001
(*Afternoon*)

Session 1

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TRANSPORT AND THE ENVIRONMENT COMMITTEE

17th Meeting 2001, Session 1

CONVENER

*Mr Andy Kerr (East Kilbride) (Lab)

DEPUTY CONVENER

*John Farquhar Munro (Ross, Skye and Inverness West) (LD)

COMMITTEE MEMBERS

*Bruce Crawford (Mid Scotland and Fife) (SNP)
Robin Harper (Lothians) (Green)
*Maureen Macmillan (Highlands and Islands) (Lab)
*Fiona McLeod (West of Scotland) (SNP)
*Des McNulty (Clydebank and Milngavie) (Lab)
*Bristow Muldoon (Livingston) (Lab)
*Mr Murray Tosh (South of Scotland) (Con)

*attended

THE FOLLOWING ALSO ATTENDED :

Rhona Brankin (Deputy Minister for Environment and Rural Development)
Ben Maguire (Scottish Executive Enterprise and Lifelong Learning Department)
Karen Martin (Scottish Executive Executive Secretariat)
Nora Radcliffe (Gordon) (LD)

WITNESS

Jim Currie (European Commission)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Tracey Haw e

ASSISTANT CLERKS

Alastair Macfie
Neil Stew art

LOCATION

The Hub

Scottish Parliament

Transport and the Environment Committee

Tuesday 12 June 2001

(Afternoon)

[THE CONVENER *opened the meeting at 14:04*]

The Convener (Mr Andy Kerr): I welcome everyone to the 17th meeting in 2001 of the Transport and the Environment Committee. I have received apologies from Robin Harper. As he put item 6 on the agenda, it seems fair to leave that item until the next meeting. Are members agreeable?

Members *indicated agreement.*

The Convener: As Des McNulty is also a member of the Enterprise and Lifelong Learning Committee, he has a conflict of interest today. He hopes to join us at some point during the meeting.

Item in Private

The Convener: Item 7 is consideration of a further draft of our report on water and the water industry. Given that we have dealt with previous draft reports in private, I seek members' agreement to take that item in private. Is that agreed?

Members *indicated agreement.*

Sixth Environmental Action Programme

The Convener: We move on to one of our main items of business. I extend a warm welcome to Jim Currie, the director general of the European Commission Environment Directorate-General, who will give us a short presentation on the European sixth environmental action programme.

As part of a conveners' visit, I had the great pleasure of meeting Jim Currie at the European Parliament. I was impressed by him as an individual and by the work that is being done in Europe. Without any further ado, I invite him to make a short presentation.

Jim Currie (European Commission): It is an honour to participate in the committee's meeting today. I had the pleasure of meeting the convener and a number of other committee members in Brussels. It is nice to come home and to meet the committee on its home territory, which is also my former home territory. I hope that this opening monologue is productive for the committee and that it leads to a productive dialogue.

European Union business on issues such as transport and the environment is not foreign policy: it is Scottish domestic business. In recognition of that fact, the Transport and the Environment Committee has to build a relationship with Brussels. It is often too easy for national Parliaments to be taken by surprise by proposals that come through the Brussels pipeline, only to discover that the proposals are highly relevant. The social and budgetary consequences that result from them can have a big impact on the countries concerned.

It is important for the Transport and the Environment Committee to establish links to give it access to early warning about proposals that are coming through the Brussels pipeline. That would allow the committee to make a real input into the preparation of proposals at the European Commission level. The Transport and the Environment Committee has to operate further downstream, because it has an obligation and a responsibility to do so, as it has a direct role to play in the transposition and discussion of directives and their execution. The committee will continue to work downstream, but it should not do just that; it should operate upstream as well, as that will improve its effectiveness.

As a European bureaucrat, which is what I am, it is important for me and my people to know at an early stage what the implications of legislation that we put on the table for discussion at the European Council and the European Parliament are likely to be. That is one of the reasons why, over the past year or two, committee members increasingly

have seen a series of major policy statements come from Brussels. The sixth environmental action programme is one of those, although it is not unique. It is an attempt to look at, and beyond, a 10-year horizon, so as to define in strategic terms what seemed to us to be the major priorities.

The plan highlights four priorities. First, it highlights climate, which is important for all our people. Even though there are scientific uncertainties about the precise degree to which human endeavour and economic activity are causes of the climate problem, science is now clear that human activity, particularly economic activity and particularly in the developed world, is a large slice of the problem. Even George W Bush does not deny that.

The second major issue is environment and health. Consider the clutch of problems such as acid rain, acidification and sulphur. Environmental policy on air has moved on since the 1980s. There is a considerable success story to tell. Nevertheless, we find that as we get deeper into the issues, several key problems that need to be addressed come through in the environmental agenda.

One of those problems, which is an air policy problem, is particulate matter. The second, which also relates to air policy, is the extent to which we face a cocktail of problems. In other words, problems are getting more complex and have a big impact on human health—not least the asthma problems of children and older people. The next problem concerns chemicals. We know too little about the chemical products that are on the market. We have issued a white paper on chemicals policy, which merits the committee's attention.

There are other problems such as endocrine disruption. We have identified that in a communication and are working further on it. We will present further proposals on air policy under the emblem of CAFE—clean air for Europe—which will be a programme of work for the next several years. In addition, new rules will come forth on the quality of petrol and other fuels. An active programme and agenda already operates upstream of the committee, of which the committee needs to be conscious and which it needs to consider and have input to.

Beyond environment and health is the third major issue—biodiversity. We are concerned about the loss of biodiversity and the accelerating pace of that loss. We are also concerned about the potential impact of that loss on the pharmaceutical industry, because of the dependence of that industry and the medicines that it makes on biodiversity. We want to move biodiversity up the agenda. We will consider European forestry policy and European soil policy,

for example, in that context.

The fourth issue is natural resources. What does that mean? Waste is a growing problem. The output of waste is in more or less direct proportion to economic activity. How do we decouple the production of waste from economic activity? How do we take account of recycling possibilities? How do we take account of the possibilities for avoiding waste? We are working through a paper that I am sure has been brought to the committee's attention. It is a policy paper rather than a piece of regulation or legislation and is called "Integrated Product Policy". The integrated product policy is a life-cycle approach. It addresses the need to consider how to change industry's attitude and how to get industry to take account of waste problems in the design and preparation of products, instead of society, taxpayers and politicians having to deal with the problems further downstream.

Those are the four big-ticket issues.

The sixth environmental action programme is entirely bound up with the new move that we have made towards sustainable development. Sustainable development, as most of us know, is a much misused term, mainly because we have used it as a slogan and have never tried to define what we mean. The idea has been around since the Brundtland report in 1987. It has gone through the Rio earth summit. We are now approaching Rio plus ten and we still do not have a European Union policy on sustainable development.

One of the things that we have done in response to the summit of European leaders that took place in Helsinki a year or two ago is to prepare several proposals in a sustainable development strategy paper. It is available on the web and will be discussed on Thursday this week by the heads of Government in the European Council. In addition, linked to the activities in Gothenburg later this week, the United States President will hold a US summit with Romano Prodi and Prime Minister Persson on Thursday, before the European Council meeting in the evening. He will dine with European leaders on Thursday night.

14:15

One of the issues on the agenda will be climate change. The sustainability dimension of climate change is clear. We cannot solve the climate problem without changing transport and energy policy and without modifying agriculture policy, because of the methane dimension.

There are no surprises. We are talking increasingly about a sustainability agenda and about environment policy having to permeate every other economic policy developed by Governments and industry. By that, I mean

transport and energy and fisheries and agriculture. The new fisheries proposals in the Commission's green paper were not written by the Fisheries Directorate-General in isolation; they were written with the help of, among others, my people. We want to influence the policy.

The new Fischler policy on the reform of the common agricultural policy, which will come forth in the next year and a half, will also bear the imprint of the Environment Directorate-General, which I head and which has already contributed to the Agenda 2000 discussions for a couple of years. How we integrate environment policy into other policies to develop sustainable approaches is absolutely critical.

Having mentioned Gothenburg and other issues, I wish to refer to the general public. How do we communicate environmental policy from Brussels to the general public? Linked to that is the demand side of the equation. We tend to operate very much on the supply side. We tell people what they can or cannot do. We tighten up measures for the car industry and so on, but how do we start to change people's expectations? How do we capitalise on the popularity of environment policy, which the Scottish survey recently showed is one of the most highly visible and most concerning aspects of public policy making? How do we convert that into changes in people's behaviour, to the benefit of the environment and sustainable development?

I shall leave those questions hanging in the air, because I am sure that I ran out of time at least 10 minutes ago. I look forward to hearing what members of the committee have to say.

The Convener: Thank you for that comprehensive, but short opening statement. I appreciate what you put into it.

I wish to open up the debate to members. Obviously, what we have heard impacts heavily on how we see the future role of the Transport and the Environment Committee.

Bruce Crawford (Mid Scotland and Fife) (SNP): In some ways, the statement from Jim Currie was a wee bit of a wake-up call for us about our future deliberations. It was useful from that perspective. We need to be conscious of what is going on in the environmental action programme and we should scrutinise what the Government is doing in that regard much more effectively. We must look closely at future programmes that may emanate from the Scottish Executive.

I would be interested to hear more about the fact that these issues are Scottish domestic business. I am not sure whether there will be any Scottish presence in the climate change negotiations at The Hague in June. We are trying to deliver locally, but Scotland wishes to be heard and I am

not sure what sort of voice we will have at The Hague.

On climate change, we have been exercising our minds recently on renewable energy and the fact that Scotland has 27 per cent of Europe's potential for renewable energy—so some of the figures tell us anyway. Can Jim Currie tell us in more detail what we may expect from the action programme by way of climate change and European direction on renewable energy?

Discussions have taken place in Germany this week about ridding itself of 19 nuclear power stations. If I am correct, the United Kingdom is at the start of the debate about whether nuclear will be one of the answers to climate change, given that it does not release CO₂ emissions. However, Germany seems to be going in a completely different direction, which I applaud.

Several thoughts are going through my head, but I am not sure whether I have put them to Jim Currie in an appropriate form so that he can respond.

Jim Currie: Bruce Crawford has raised many pertinent issues. As for the domestic business dimension, the Transport and the Environment Committee and the Executive have a big role to play in influencing the approaches that come out of Brussels. I have mentioned several papers that are in green-paper or white-paper form. They are in such forms to force a response. Much of that can be expressed through direct dialogue—I hope that people will feed in their thoughts and react to the process. However, that is different from how one formulates a United Kingdom position vis-à-vis Europe on a specific issue—be it climate change or anything else.

The United Kingdom is taking a sensible and forward-thinking position on climate change, which no doubt has the full support of the committee. It is based on the principles of Kyoto, one of which is that there should be legally binding targets. An informal approach has been in existence since Rio in 1992 and that has not moved us down the road. Within the Kyoto protocol, I believe that we can take account of many things that President George W Bush has described as concerns, including low-cost approaches, so-called flexible mechanisms and technology. What is the clean development mechanism about if it is not about technology transfer? What is the process of trading in permits for pollution about if it is not about business-style, low-cost solutions to the problem? We believe firmly that those must be married to domestic action—in our economy and in the United States economy.

When we propose ideas at European level, we do not come from a starting point of nothing. There is a UK action plan on the climate, a French action

plan on the climate and the German Government has produced proposals on the climate. Those plans deal with national approaches. At the end of this month or early next month, we will produce a proposal for a pan-European Union trading system, which will involve the member states of the future. The present 15 EU member states will also be offered the possibility of participating.

We will make proposals—contained in a public report, which we will ensure the committee receives—to deal with transport, energy and agriculture, which will be packaged in a European climate change programme. We hope to have that available before or after the summer. The report on which our proposals is based was produced by non-governmental organisations, industry, member states and us, working together to produce a package that is credible at European Union level.

We cannot go to Bonn with nothing. We must go to Bonn and say, "This is what we are doing." We have negotiated an agreement with the European car industry on a 25 per cent cut in CO₂ emissions by 2008-09, which the car industry is implementing. We are acting. We must tell our story and ensure that we are credible when we go to the discussions, because the US will try to paint a different picture.

We have produced a directive on renewable energy that sets an overall target of doubling output through renewable energy sources from the present level of 6 per cent to 12 per cent. It sets shadow targets for each member state. The UK's position is highly undesirable—less than 0.3 per cent of energy production comes from renewable sources. There is huge potential for increasing that exponentially in the next 10 to 15 years. Scotland ought to play a big part in making the programme operational.

John Farquhar Munro (Ross, Skye and Inverness West) (LD): We have been made aware that there is the potential to develop renewable energy sources throughout the country and particularly in north-west Scotland, where everyone accepts that tremendous opportunities exist, but that, even with the best will in the world, the national grid could not take the increase in energy.

You spoke about European directives. We are constantly bombarded with directives and protocols with which we do our best to comply. Some of our European neighbours do not implement those instruments as fully as us or interpret them differently—we imagine that they do not comply with them to the same extent as we are required to.

In addition, the new regime in the United States is reaching a different view from that of its

predecessor and is suggesting that it is likely to walk away from the Kyoto agreement. That must be of extreme concern, not only for us in the western world. How much will the European directives on climate change and all that is associated with them be affected by the decisions taken by the USA—a major player and one of the most industrialised countries?

14:30

Jim Currie: Thank you for drawing my attention to the question of the national grid, although that is not something about which I can do anything. It is worth noting that, if that kind of practical problem cannot be overcome, developing wind farms and so on may not produce the desired effect. However, I hope that those problems can be overcome.

There is a lot of mythology surrounding the question of the implementation of directives and the extent to which one country is better than the next. I will leave aside the question of the gold-plating of directives, which the UK has a tendency to do, although most directives are capable of standing on their own two feet. The question of implementation is like the question of the mote and the beam. Every member state has one or another implementation problem. Scarcely a member state has implemented the nitrates directive. The problem with that directive derives from the agriculture industry and intensive farming. It is a Europe-wide problem.

On the other hand, most member states have a pretty good record on the implementation of directives. The record varies from country to country and some countries are better at implementing certain kinds of directives than other kinds. We are working closely with the European Parliament and member states through the European Union network for the implementation and enforcement of environmental law—the IMPEL network—which links together the implementation authorities of the member states.

We want to increase the awareness of the need for implementation and the rate of implementation. The situation is improving and we are putting intensive effort into ensuring that that continues. We are keen to deliver a common market in relation to implementation of directives. We take the matter extremely seriously. Almost every member state is in court on one issue or another. This committee should not run away with the impression that the UK is good at implementing directives and no one else bothers. That is not the case.

In relation to the Kyoto treaty, there are relatively few directives dealing with carbon dioxide emissions. There are policies that we need to

implement. We are as keen as the United States is to implement our Kyoto obligations through the so-called flexibility mechanisms. That means that we will be able to get other countries to implement our targets through the use of trading permits, the clean development mechanism and so on. All members states will be using the same instruments to a degree that best suits them.

However, as I said, the US and all our competitors must also be taking action in their domestic markets in order to be credible. There is no point in George W Bush simply saying that we must get China, India and the developing countries on board, although we must do so. We will not get them on board unless we are seen to be dealing credibly with the issue in our domestic markets. That is one of the circles that Bush and the US Senate have to square. The way to do so is for the US to set an example. We will hear more about that as it will be a huge election issue in the 2002 US elections. Seats in the Senate will be fought over environment policy, among other matters, within which climate change is a huge issue.

Maureen Macmillan (Highlands and Islands)

(Lab): I will move on to ask how you expect the environmental aspects of agricultural policy to change. The handout from Scotland Europa mentions environmentally sound farming. How long will it take to achieve that objective and produce quality products and quality labelling? I am particularly interested in the monitoring of genetically modified organisms. The trials of GM crops were an issue in the Highlands during the election, and there is uncertainty about whether the European position on the issue is changing.

Jim Currie: On the issue of environmentally sound farming, in my opening remarks I mentioned Agenda 2000, which was an attempt to examine critically how the community should be financed and, within that, what reforms should be brought to bear on the CAP. The commission made some fairly far-sighted proposals that tended to suggest that we should gradually and systematically move the CAP away from a production-oriented mechanism towards a rural development and agri-environmental mechanism. Such a move would be healthy for agriculture and the environment, would provide a sustainable agricultural policy and would produce food of much higher quality. The whole issue must be seen in the context of the total food chain. What are these products about? Where do they go? How are they used? Finally, how does farming link into the rural economy and environmental management in general?

At the Berlin summit, the heads of Government did not go as far as the Commission wanted the European Union to move. That will set the agenda

for the next stage of reform, which will be based on Commissioner Fischler's proposals over the next couple of years. Although the BSE and foot-and-mouth debates have served to sensitise the general public and to give us a much bigger push in the direction of agricultural reform, they have not been the only factors. There are at least two other factors, one of which is enlargement. There is no question that we can simply add the same amount of money again for the incoming countries. Although the agriculture budget will continue to be large—indeed, it might even continue to be the largest part of the EU budget—the question will be what we use that money for. I do not believe that big agricultural bands producing huge amounts of cereals and so on is the best use of CAP money.

That links into the question of the future proposals for agriculture in Scotland. When I met the minister, Ross Finnie, this morning, I was rather encouraged by some of the Scottish Executive's ideas, and told him to come to Brussels—as this committee should also do—and talk about them. That would provide another opportunity to operate upstream of new proposals rather than be taken by surprise further downstream when it is often too late to do anything.

On the question of GMOs, Europe is in a de facto moratorium as far as new products coming on to the market are concerned. We have to deal with that situation, because we cannot continue having a moratorium. It is not justified. No scientific evidence is currently available that proves that such products are unsafe. People are right to be concerned about whether future evidence might demonstrate that we need to be capable of taking those products off the market and dealing with the situation.

Secondly, we must give people choice. That means a good labelling policy. David Byrne, the Commissioner for Health and Consumer Protection, is working intensively on labelling for feed and food products. Thirdly, we are working on traceability. We must have a clear idea of which bulk products are coming down the pipeline through the Chicago exchange and are being marketed into the EU by Arthur Daniel Midland Co, or whoever it might be. We must understand what those products are, so traceability is part of the solution. We are working on that.

One of the aspects of the new legislation, which has gone through the European Council and the European Parliament and is due to come into effect next year, is to set a time limit on new products, so that they will systematically have to go through a review. Is the evidence continuing to be that they are safe? We are putting together a credible approach, but if we do not have trials, how will we ever know? I understand that people

get scared when newspapers talk about Frankenstein food—my mother is scared, for God's sake. It is legitimate that it should be so but our duty, as people who are involved in the political process, is to get the facts on the table, do the research and have a system that enables us to get an early warning and, if necessary, deliver swift action. That is my approach to this.

Fiona McLeod (West of Scotland) (SNP): You talked about taking GM products off the market if they proved to have adverse effects on public health. I was interested in the way that you ended your comments, because you cannot take the genes out of the environment once they have been spread. Are you confident that scientific research has reached the stage at which open field trials are the right way to go, or is that something for later on?

Jim Currie: We must have a form of trials. The issue is whether the trials can be held in an environment that avoids some of the potential problems. My belief is that if there is a problem, it is unlikely to be in the food area; it is more likely to be in the environmental area. Having said that, we must devise trials that enable us to test those hypotheses, so that we do not live under a sword of Damocles and we can work out what the impacts are on biodiversity, because a big potential biodiversity issue underlies this matter. The trials must be constructed in the right way, a way that does not potentially cause the problem to proliferate. On the other hand, I think that trials are legitimate and need to go ahead.

The Convener: I will take the opportunity to raise a couple of issues with you. It is accepted that the new plan, the sixth environmental action plan, must be more target-driven. That is developing and there is evidence that the targets will be set more rigorously. I am concerned about when we get down to the nitty-gritty of someone in a nation state or in Scotland identifying the targets and transferring them into action.

There are plans and targets, which in a sense all emanate from Europe, on the waste problem in Scotland, but we have difficulty in delivering the targets because people say that they do not want incineration and they do not want a landfill site. The market for recycled products remains difficult and the price per product sweeps up and down. How can the European Union assist in the process, to enable nation states to deliver on the directives?

Renewables have been mentioned. How best can we deliver a step change in how we provide that energy? The European Union offers grants to Governments, but what role do you play in ensuring that we, some distance from you, have the ability to positively engage in delivering the objectives?

You have mentioned upstream and downstream positions. As a result of our visit to the European Commission and European Parliament, we have become aware of the need for us to generate a much better system in our Parliament, so that we jump on the bus at the right time, not the wrong time, in making that qualitative, upstream contribution as opposed to just carrying out the downstream implementation. Some of that is being taken care of.

You have presented to us the big picture that you have, the way in which you assist legislators, private individuals, companies and organisations, and the mechanisms that you put in place to support companies—with ISO 14000 or with a renewable project, for example—very well, but how do you deliver on the ground?

14:45

Jim Currie: I do not pretend that we are capable of delivering everything. We need to know what we are capable of and what we are not capable of. That is where we need a genuine multi-tier approach. What we have devised in the sixth EAP is not a European Commission strategy, nor is it even a European Community strategy. We have tried to devise a European Union strategy.

What does that mean? It means that we are trying to get people to buy in to an approach according to which, no matter what tier of governance we are dealing with, we are all pointing in the same direction. Unless we achieve that, there is no point in our saying to everyone, "Do X and Y on transport," because unless we know that the cities of Edinburgh, Aberdeen and Glasgow, for example, are buying into that, and that you, the legislators for those cities, are buying into some of that, we will not achieve it. We might get only two thirds of the way there.

I am currently examining with my transport colleague the question of where we are going in transport policy over the next 10 years. I have suggested to him that we need to consider a 20-year horizon, to take into account the climate dimension, the energy dimension and so on, and to have an EU approach. Through the white paper that has been issued, we have been trying to get a debate going, to encourage other people to come in and say either "Yes, we can make a contribution here," or "We think you're going off beam there," or whatever. Getting people to buy in in a positive way is critical.

We are willing, through our discussions, to talk to you and to the Scottish Executive about how we can best go about implementing those targets. We are talking about a different approach to how we make policy. You will see this writ large in chapter 8 of the sixth EAP. When we make policy, we

must try to get ourselves, industry and NGOs around the table and ask, first, what the issue is and what we are trying to achieve in environmental terms and, secondly, what the research and the science tell us and what the facts and figures of others tell us. The NGOs will have one set of figures, the industry will have another set of figures. We put them on the table and try to get people to debate them. We need to engage with the national member state authorities in relation to that process.

Then we consider the costs and ask what the most cost-effective ways of carrying things out are. Can something be done through a voluntary agreement with industry? Do we need a regulation? If it is a certain type of regulation, what will it actually say? What kind of stage posting do we need in order to get there? That is what I call the auto oil approach, because we did get there on auto oil, on car standards, and are doing it on petrol, diesel and other standards. Buying into that sort of approach is critical. We want targeting to be linked to the people who will actually have to implement it at a much earlier stage in the process. What we are doing is ambitious but realistic. We are discussing the best means of doing it, not just where we are going on having 75 per cent recycling or whatever it might be.

Nora Radcliffe (Gordon) (LD): You indicated that the nitrates directive stood out as being the one that member states were not complying with. Could you expand on why you think that is?

Jim Currie: It is the one that stands out. On our own analysis, 14 of the 15 member states do not comply with the nitrates directive and court action is pending for all of them. The question is how we help them to deal with the problem. We are discussing the matter with several member states. The Dutch have a huge difficulty. Laurens-Jan Brinkhorst is the Dutch agriculture minister and, rather embarrassingly, was my predecessor. When we took the Dutch Government to court on the subject, he took it hard, but that needed to happen. We are helping the Dutch to introduce a set of policies on pigs and poultry farming, which are two critical issues that are not covered by the CAP.

It is not necessarily a CAP problem. We want to help the Dutch introduce new policies over time that the farmers can buy into. It is a big political issue with the farmers. It concerns not only nitrates but ground water—it is a water problem. The quality of water is poisoning the water sources. For the sake of our communities, we must solve the problem. It must not be another cost that the pigs and poultry industry imposes on society. It is a highly emotive, controversial and difficult matter. We must work in a systematic way with different Governments to achieve policies that

we can support.

Nora Radcliffe: Do people not believe that there is a problem? Could that be one factor? Do they think that science is not proving the case?

Jim Currie: That may be so. You have probably come across such matters when discussing directives. When the action point is reached, it is difficult to explain the reason behind the directive. We almost have to go back to base. You are right. The farming community and the general public wonder why a nitrates directive is needed. We have communication problems at every level of government. We must be able to explain environment policy making at EU level in a way that links in with our attempt to give consumers a better quality of life.

Nora Radcliffe: I shall broaden the question. Do you believe that we have a satisfactory research base for what we want to do? Do you feel secure about the research effort behind environmental policy, or could some areas of it be improved?

Jim Currie: It is varied. We certainly need to improve our research. Under the new framework research programme, the Commission and the Council have agreed to have a much larger environmental research category. It is important that we exploit that to the maximum. EU research will never be enough. We need national research, regional research and local research. We need to target that research carefully and ask what issues it is designed to help us resolve. That is part of the better policy making that I was talking about earlier. We have some way to go and I do not pretend that we are anywhere near where we could or should be in that respect.

Bristow Muldoon (Livingston) (Lab): You correctly identified that technology must play a major role in addressing environmental targets. To what degree is taxation an appropriate lever to drive certain environmental objectives forward? Where taxation is being used as a lever, what degree of consistency does there need to be across the EU? What issues arise if other competitors, such as the United States, do not follow such measures?

Jim Currie: When we discuss taxation, we must consider the broader picture. When my people are talking about taxation, they are talking about ecotaxes. I try to set that in the slightly broader context of economic subsidy and economic incentive. Many subsidies that are authorised and promoted at member state level are anti-environmental. German coal is a good example of that and is not the only example. How do we phase some of those subsidies out? Linked to that is the question of how we pump-prime new environmental initiatives that we might need to take.

We have discussed renewable energy, which is a case in point. Renewable energy will not take off as a clean energy source to the extent that it could and perhaps should unless and until there is pump-priming of the economy. We have worked with our competition people, who control state subsidies, to shift the emphasis away from subsidies that are currently allowed for social and other reasons, but which are anti-environmental, towards allowing subsidies—perhaps for a limited amount of time—for pro-environmental purposes. We can link that to taxation. We might be talking about tax incentives or getting the price right through taxation. If we consider transportation costs, road haulage and so on, there is no doubt that there is a quite a way to go in considering how to internalise the real costs. How do we reflect those through economic mechanisms and ecotaxes in particular?

It is almost certain that the Belgian presidency will relaunch the tax debate. The tax debate is blocked at European level. That is not because everyone is against environmental taxes and using the tax mechanism as incentive and counter-incentive, but partly because of the sovereignty issue. Taxation is for national Governments and national Governments should not give up their sovereignty. That is the UK approach.

The UK is not against ecotaxes. After all, what is the climate charge if it is not an ecotax? The UK Government is not against taxation for environmental policy reasons—in fact it probably subscribes to what I have just said. However, it does not want that to be done at the European level. We must get round that somehow. The Belgian presidency will relaunch the taxation issue, not by saying that Europe needs to be involved in taxation in every shape and form—it does not need to be involved in personal taxation or social security—but by focusing on ecotaxation, as an addition to the broadband approach, which gives a certain coherence across the Community for internal market reasons relating to excise duty and VAT.

The Convener: I draw this part of our business to a close by thanking Jim Currie for an interesting and wide-ranging submission. Many areas have been covered and we have been left with a lot of food for thought for the future. We appreciate his attending the meeting.

15:00

Bruce Crawford: One of the questions that I am asking myself as the result of the thought stimulus that was brought about by Jim Currie telling us about his perspective as a director general is what we do now. We have completed the consultation process with the Executive on the sixth EAP, which we will be finalising for submission to the

European Commission or the UK Government—I am not sure which—but the committee must be given the role of scrutinising the response so that Parliament can have its say about the development of policy and the different actions that the Scottish Executive proposes to take on the action programme.

The Convener: That is a useful suggestion. Obviously the European Committee will have a role in such matters and will consider that aspect. I suggest that we touch base with the European Committee on the subject and consult the Scottish Executive about its input. I shall endeavour to do that and will report back to the committee when I receive responses. Depending on the time scale, that should allow us to have an input into the process.

Subordinate Legislation

The Convener: We now move to agenda item 3, which gives me the pleasure of welcoming the Deputy Minister for Environment and Rural Development, who is with Ben Maguire, the head of energy branch 1, and Karen Martin from the Scottish Executive constitutional policy unit. They are here to discuss the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) (No 2) Order 2001, which has been circulated to members of the committee with the usual covering note.

We shall follow our standard procedure for handling affirmative statutory instruments. I shall allow time in which members of the committee can question the deputy minister and officials about the instrument. The deputy minister will then move motion S1M-1949, which may be debated prior to a decision being made. I remind members that Executive officials may not contribute to the formal debate after the deputy minister has moved the motion. Only MSPs may take part in that debate, which will last no longer than 90 minutes. I invite the minister to make her introductory remarks.

The Deputy Minister for Environment and Rural Development (Rhona Brankin): Thank you, convener. The debate will concentrate on the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) (No 2) Order 2001. The Scotland Act 1998 recognised that, in some cases, it would be appropriate for Scottish ministers to be able to exercise executive powers in areas where primary legislation continues to be a matter for Westminster. That is commonly known as executive devolution. Section 63 of the Scotland Act 1998 allows functions in reserved areas to be transferred to Scottish ministers. The powers under the order are being transferred to Scottish ministers. Members will have seen the note prepared by the Executive, which explains the entries in detail. However, it might be useful if I gave the committee a brief resumé of the position.

Members will be aware of our commitment to increase Scotland's renewable energy resource in recognition of the tremendous potential for further renewables development that exists in Scotland and sits at the heart of our climate change programme. In meeting that commitment, we expect not only to reduce greenhouse gas emissions, but to attract investment, create jobs, support innovation and establish Scotland as a centre of excellence for renewable energy developments.

The transfer of general powers to allow Scottish ministers to impose on electricity suppliers a renewables obligation has already been undertaken. That obligation is still subject to consultation and will be specified in an order later

this year, but the thrust of the Government's policy is to achieve by 2010 a 10 per cent share of the market for renewables. That implies a 5 per cent increase from 2003. The response to our preliminary consultation suggests that, although that target is ambitious, it is broadly welcomed.

It is intended that the obligation will be staged. We propose to introduce a system of certification that will allow suppliers to demonstrate that they have met the terms of the obligation within each specified period. The remaining powers to allow us to carry the programme forward are contained in the order.

Sections 32B and 32C of the Electricity Act 1989, inserted under the Utilities Act 2000, will enable us to put in place mechanisms for the issuing of certificates to qualifying renewables generators. The legislation will also enable suppliers to meet their obligations by means of a buy-out mechanism. The proposed cost of 3p per unit of that buy-out effectively places a ceiling on the additional cost of the obligation to the consumer, which we estimate will result in electricity costs increasing by 3.7 per cent of 1998 prices in 2010. We consider that that cost is justified. Promotion of renewables increases diversity, sustainability and security in the energy supply. It provides the potential of providing jobs as companies grow to meet the demand for renewables technologies.

The certificates that will be issued by the industry regulator will allow suppliers to prove that the renewable energy has been supplied within Great Britain and that they have consequently met the requirements under section 32 of the 1989 act. The provisions of section 32C permit suppliers, as an alternative, to buy out their obligation under section 32.

The draft order also transfers to the Scottish ministers powers to make certain savings orders in respect of the now replaced section 32 of the Electricity Act 1989, under which ministers exercise powers to make orders—the Scottish renewables obligation—to promote renewable energy. Although the powers have been superseded by the new section 32, the orders are still in place; section 67 of the Utilities Act 2000 makes provision for savings orders to be made in respect of them.

Maureen Macmillan: We are all aware that Scotland has a huge potential in renewable energy. The current target is that 18 per cent of energy be renewable energy. How far into the future will we be able to raise that target, given that industries in Scotland aspire to generating even more renewable energy than that? How does the Executive intend to support the development of wave power technology?

Rhona Brankin: Our proposed increase of 5 per cent will take Scotland's use of renewable electricity to about 18 per cent by 2010. That will be an important contribution to meeting the UK target of 10 per cent by 2010. We think that the target is challenging but achievable. Setting a higher target would mean that Scottish electricity consumers would pay more than people in the rest of the UK for their green energy. That would be inappropriate and unfair. We acknowledge that there have been a significant number of demands for a higher target. However, 18 per cent is just a target; in the event, we may exceed it.

Scotland has an incredible capacity for wave energy. As members know, we are considering bids from interested parties. Ben Maguire will give details of the bids that have been made. We see wave energy as playing an important part in the development of renewables in Scotland.

Ben Maguire (Scottish Executive Enterprise and Lifelong Learning Department): We have been discussing with Highlands and Islands Enterprise the possibility of establishing in the Highlands and Islands a marine energy test centre. I understand that Highlands and Islands Enterprise has recruited a consultant to examine four possible locations, one in the Western Isles, one on Islay, one in Caithness and one in Orkney. It expects to announce the outcome of that study within the next week or so.

Maureen Macmillan: Within what time scale do you envisage the test centre being set up? All the places that you have named would make ideal locations for such a centre.

Ben Maguire: I am sorry, but I do not know the details.

Bruce Crawford: Maureen Macmillan's question leads on to some of the issues that I would like to understand more deeply. It is good to see that the draft order stipulates that powers for promoting renewable energy should be transferred to the Scottish ministers.

The minister made an important statement about Scotland's potential in this area, the opportunities for increasing renewable resources, the effect that that would have on jobs and the establishment of a marine energy test centre. I am not sure about the bids that were mentioned. From which fund are the four potential bidders bidding for money? From the budget process—in which we have all been involved—I understand that no money is available in the Scottish Executive budget for renewable energy promotion. I know that Scotland can access up to £100 million in the UK budget. How does the Executive intend to go about encouraging bids from the utilities or entrepreneurs in Scotland for money from that fund?

Scotland's potential for renewable energy may be far greater than what we would see as an appropriate share of the UK total under the other formulas that are applied to Scotland. We have 27 per cent of Europe's potential for renewable energy. How will we maximise our access to funds in future, for Scotland's benefit, if they are not available through Scottish ministers' expenditure powers?

The Convener: The minister has come at a timely point. Ten minutes ago, the environment director general was with us to discuss these very issues. We are quite hot on these matters, as we have done a budget analysis of them. Bruce Crawford's contribution was not related directly to the SSI, but it was a useful point to make. Does the minister wish to respond?

15:15

Rhona Brankin: The sum of £55 million will be available over the next three years throughout the United Kingdom to support renewables research and development. Obviously, Scottish companies can bid for that. It is a significant amount of money. We are currently considering the best methods of support for renewables. We have had an extensive consultation process to which we shall respond in mid-July. We shall be setting out our views and launching a further consultation process.

In mid-July, a formal public consultation will be launched. That process will include our response to the preliminary consultation that was held earlier this year. It will set out the detail of the proposed obligation, its scope, duration and those renewable technologies that qualify for support. As I said, we are currently looking at the results of the preliminary consultation.

Bruce Crawford: How will the Executive encourage companies or individuals in Scotland to make the bids? I should like to understand the process. If the minister cannot explain it now, I shall be happy to receive details in writing. This will be an important issue for Scotland in the future.

The Convener: I shall take up the matter with the minister. I am sure that she can respond in writing and a copy of her response will be circulated to members of the committee.

Nora Radcliffe: I should like clarification of the meaning of "certain savings orders". The minister said that the Utilities Act 2000 transfers powers to make certain savings order in respect of the now replaced section 32 of the Electricity Act 1989. I just wondered what that meant.

Karen Martin (Scottish Executive Executive Secretariat): It means that, from the

commencement of the order, anything that was done before in the area is not affected by the transfer from the minister of the Crown to the Scottish ministers.

Nora Radcliffe: So anything that has gone before will be protected.

Karen Martin: Yes.

The Convener: Thank you for that clear and useful explanation. If no one else has any questions, I invite the minister to move the motion.

Motion moved,

That the Transport and the Environment Committee recommends that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) (No 2) Order 2001 be approved.—[*Rhona Brankin.*]

Motion agreed to.

Ferry Services (Highlands and Islands)

The Convener: Under agenda item 4, we will consider another paper from Maureen Macmillan and Des McNulty on the Scottish Executive's proposals for the future of the Highlands and Islands ferry service network. As members are aware, the main purpose of the paper is to ask members to agree the terms of reference that now incorporate the changes that were made at our previous meeting. I invite Des McNulty and Maureen Macmillan to contribute to the debate, if they see fit to do so.

Des McNulty (Clydebank and Milngavie) (Lab): The paper is self-explanatory, but Maureen Macmillan might have some comments to make.

Maureen Macmillan: Under the heading "Next Steps", the paper sets out that we will meet representatives of the National Union of Marine, Aviation and Shipping Transport Officers and the Rail and Maritime Transport Union. We should contact the Scottish Trades Union Congress to find out whether other unions want to have a voice.

The Convener: Does anybody else want to comment on the amended draft terms of reference?

Bruce Crawford: One of the key players in the issue will be the Maritime and Coastguard Agency, given its potential fallback to another provider. I wonder whether the reporters should touch base with the Maritime and Coastguard Agency to discover its views on the operator of last resort and the current proposals.

The Convener: We have written to the Maritime and Coastguard Agency to ask that organisation to contribute to the process.

Does the committee agree to the terms of reference?

Members *indicated agreement.*

Consultative Steering Group Principles

The Convener: The next item concerns the Procedures Committee's inquiry into the application of consultative steering group principles in the Scottish Parliament. The committee is asked to consider whether it wishes to make a submission to the Procedures Committee's inquiry. Members will note that there is no obligation to make such a contribution and that the views of MSPs and staff will be sought individually through a survey, which we have all received. If members wish to make a submission, they should pass their comments to the clerk. Those comments will form the basis of a discussion on 18 June. I caution members that we have some fairly detailed items of business to attend to at the meetings of 18 June and 26 June. We need to be very strict on time scales.

It is unfortunate that Murray Tosh is not here today, given that he is the convener of the Procedures Committee. It is open to members to respond as a committee or individually through the survey.

Des McNulty: There is nothing in particular that the Transport and the Environment Committee would have to say about the application of the CSG principles, although other committees might. Individual members can make their own points.

Fiona McLeod: Perhaps this is an opportunity to assess and audit the way in which the Executive has given information to the committee. Ensuring openness is part of our job as a committee.

The Convener: That issue could be brought into the process, but I am not sure how much we could achieve in assessing that between now and the deadline. I have my doubts about whether we could do that within the required time scale. However, it is not an issue that we should ignore and I would be happy to consider it as another item of business in the future. We will have a meeting in the autumn on committee priorities—perhaps it could form part of that discussion.

Murray Tosh's arrival is timely.

Bruce Crawford: One of the key points is that the Scottish Executive should be accountable to the Scottish Parliament. I would be interested to hear from Murray Tosh about the committees' role in that. The Executive is accountable to the Parliament through committees' business. I understand the difficulties and what you have said about time scales and inputs, convener, but the role of the committees in relation to accountability is a key part of the inquiry.

The Convener: Perhaps Murray Tosh can assist us. We are discussing the Procedures Committee inquiry on the application of the CSG principles. I have said that we can do something on that but that it must be fairly tight, given the time that is available. Do you have any views on that? We have narrowed our interest down to the Executive and its relationship with committees in respect of openness, transparency and access to information. Those issues are highlighted in the paper from the Procedures Committee. Is there another vehicle for pursuing those matters somewhere further down the line?

Mr Murray Tosh (South of Scotland) (Con): Members can contribute to the report as individuals. The idea of speaking to the committees is that the Procedures Committee would like to hear views on confidentiality and so on.

For example, a committee was inquorate recently and the meeting continued informally, but the public was cleared from the gallery. As a result, the entire record of that meeting was lost. Is that appropriate? Are we applying the confidentiality and privacy principles properly? Is our relationship with the Executive acceptable with regard to those principles? Have we ever considered that we have not received adequate information? I doubt that the committee has had such a difficulty, but others might not agree.

As for confidentiality and privacy, if the committee felt that its dealings with the public had been frustrated, that would be an important part of the response.

Des McNulty: Those points are fair enough, but I am not sure that they are relevant to the work of our committee. There might be an appropriate submission to be made by, let us say, conveners of the subject committees about common issues that have emerged in relation to Fiona McLeod's point, for example. However, I would struggle to find anything from the Transport and the Environment Committee's experience that I could put forward. I do not see that there is a particular argument for the Transport and the Environment Committee using its time in that way. Perhaps individuals or conveners should get together to highlight issues that affect all subject committees. That would be a good arrangement.

The Convener: We are talking about generalities. Some examples would be useful, so that we can get a handle on matters.

Bruce Crawford: Let us consider the budget process and some of the difficulties that were experienced by the committee the first time round, which have been replicated. The budget process changes; it is not presented in the same format year-in, year-out. We must carry out our work as a

collegiate group. If the scrutiny process were rectified, accountability, accessibility and openness would be improved. That is a specific area that we could include in our response.

The Convener: Does any member want to raise other specific issues?

Fiona McLeod: Our consideration of the northern isles ferry services comes to mind, which we had to consider at the last minute. It was almost as though we had been told, "This is your only chance. Take it or leave it."

Bruce Crawford: We should highlight difficulties that we remember.

The Convener: Yes, but I am trying to dig deeper into members' thinking about such matters. I am happy that some concrete examples are being given.

Mr Tosh: The thrust of the problem is that we are trying to speak to the Scottish community outwith the Parliament. We recognise that, on the system and in relation to how people have been working, there might be issues that should be ventilated. I hope that a good response is received from individual members, even if it is to say that matters are fine and that everything is going according to plan—or not, as the case may be.

I do not think that every committee must give a detailed response—they should just make references to the difficulties that they have encountered. Bruce Crawford made a fair point about the budget process. We have complained about the opaque language that is used in official documentation—which is part of the transparency argument—the selection of information and the level of detail and explanation in the report. If nothing else cropped up, such matters would form a perfectly valid response. Other committees might also make that point. However, if we as a committee have not encountered anything that causes us concern, we should be happy to give a relatively minimal response.

The Convener: I think that Bruce Crawford made that point off the top of his head. We do not have a lot of time to deal with the matter. Shelagh McKinlay tells me that we have until close of play on Thursday. If members can think of issues and e-mail their ideas to her, we shall try to get a first draft together for our next meeting. Following that, perhaps we can nail down the matter and deliver it to the Procedures Committee. We might be a day behind schedule, but I am sure that Murray Tosh will look after us. Are members content with that approach?

Members *indicated agreement.*

The Convener: As the committee is aware, item 6 is mainly the responsibility of Robin Harper, because he introduced the issue and I responded

to him. However, he is not with us today. We opted at the start of the meeting to defer consideration of the item until another meeting when he is with us, which I hope will be next week.

15:29

Meeting continued in private until 16:57.

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