

# **TRANSPORT AND THE ENVIRONMENT COMMITTEE**

Wednesday 22 May 2002  
*(Morning)*

Session 1

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## TRANSPORT AND THE ENVIRONMENT COMMITTEE

17<sup>th</sup> Meeting 2002, Session 1

### CONVENER

\*Bristow Muldoon (Livingston) (Lab)

### DEPUTY CONVENER

\*Nora Radcliffe (Gordon) (LD)

### COMMITTEE MEMBERS

\*Robin Harper (Lothians) (Green)  
Mr Adam Ingram (South of Scotland) (SNP)  
\*Angus MacKay (Edinburgh South) (Lab)  
\*Fiona McLeod (West of Scotland) (SNP)  
\*Maureen Macmillan (Highlands and Islands) (Lab)  
\*Des McNulty (Clydebank and Milngavie) (Lab)  
\*John Scott (Ayr) (Con)

### COMMITTEE SUBSTITUTES

Bruce Crawford (Mid Scotland and Fife) (SNP)  
David Mundell (South of Scotland) (Con)  
Iain Smith (North-East Fife) (LD)

\*attended

### THE FOLLOWING ALSO ATTENDED:

Brian Adam (North-East Scotland) (SNP)

### WITNESSES

Gordon Brown (Scottish Executive Environment and Rural Affairs Department)  
Jeremy Hooper (Tesco)  
Lewis Macdonald (Deputy Minister for Enterprise, Transport and Lifelong Learning)  
David North (Tesco)  
Kevin Philpott (Scottish Executive Environment and Rural Affairs Department)  
Allan Wilson (Deputy Minister for Environment and Rural Development)

### CLERK TO THE COMMITTEE

Callum Thomson

### SENIOR ASSISTANT CLERK

Tracey Haw e

### ASSISTANT CLERK

Alastair Macfie

### LOCATION

Committee Room 1



## Scottish Parliament

### Transport and the Environment Committee

Wednesday 22 May 2002

(Morning)

[THE CONVENER opened the meeting in private at 09:35]

09:42

*Meeting continued in public.*

**The Convener (Bristow Muldoon):** I welcome members of the press and public to this meeting of the Transport and the Environment Committee. I also welcome Jeremy Hooper and David North of Tesco, who will be giving evidence today.

### Item in Private

**The Convener:** Before we take evidence, we have one item to discuss. It is proposed that the committee should go into private session after we have taken evidence today, to discuss the evidence that we have received in this part of the aquaculture inquiry and to consider how we will proceed at phase 2. Is that agreed?

**Members indicated agreement.**

## Aquaculture Inquiry

**The Convener:** The next item on the agenda is the evidence session. The first witnesses whom we welcome are representatives of Tesco. David North is the director for government and industry affairs and Jeremy Hooper is the lead technical manager for fish and poultry. Thank you for your attendance. It is important that the committee hears the views of major retailers on the industry and the products. I understand that you want to make an opening statement before we begin our questioning.

**David North (Tesco):** I shall be brief, as I know that you have an ambitious agenda. We thank you for inviting us to be here. We are very pleased to be here. As Scotland's largest retailer, employing more than 17,000 people and sourcing more than £600 million of Scottish products, we thought that it was important for us to be here. We welcome the focus of the inquiry and the aim of developing a strategy for a sustainable aquaculture industry in Scotland. We think that that will be to the benefit not only of the Scottish industry but of consumers throughout Scotland and the United Kingdom.

09:45

**The Convener:** I invite Maureen Macmillan to lead off with questions.

**Maureen Macmillan (Highlands and Islands (Lab):** I want to ask about the market research that you undertake and what it tells you about customers' perceptions of farmed fish generally and Scottish salmon in particular. Has there been a change in customers' perceptions over recent years?

**Jeremy Hooper (Tesco):** Our customer research shows that Scottishness is important to some customers. The concept of locally produced products is especially important in Scotland. When we ask our wider customer base, we find that it is less important to people in England that products are produced locally. In the past, our locally produced ranges of fish have not been successful in England. Our customer research is backed up by research that was recently published by the Sea Fish Industry Authority.

**Maureen Macmillan:** What is Tesco's buying policy on farmed fish? Has the market developed over the past five to 10 years?

**David North:** The overriding priority in our buying policy—whether in respect of Scottish products or products from elsewhere—is to ensure that products meet our criteria on food safety, quality, environmental standards and animal welfare. To ensure that that compliance is

achieved, we have codes of practice that our suppliers are required to meet.

Beyond that, our policy is based on knowing and providing the products that our customers want. It is important that Tesco provides products across the range of the market, from the value range of products at one end, through the standard range and into the higher-quality, higher-priced market for our Finest range and our organic products. Our buying policy is designed to meet all those criteria and to meet the requirements of the market. We believe that Scottish aquaculture products are important, as the Scottish industry can respond quickly to what we think that customers in Scotland and the rest of the UK require.

**Maureen Macmillan:** What percentage of your fish do you source in Scotland and what percentage do you source in Norway?

**Jeremy Hooper:** One hundred per cent of our smoked salmon is farmed and smoked in Scotland. Some salmon in our stores in Northern Ireland is produced locally in Northern Ireland and Ireland. In our Scottish stores, the fresh salmon that is on sale comes from Scotland. In England and Wales, our fresh salmon comes from Scotland and Norway.

**Maureen Macmillan:** You talked about environmental considerations. How do you monitor those? Do you take people's word that what they are doing is environmentally friendly, or do you inspect sites?

**Jeremy Hooper:** We have rules within our codes of practice that are specifically concerned with environmental issues. We also have an auditing programme for farms. On top of that, we have a system of measures whereby, every quarter, farms report back to us certain measures on their environmental performance.

**Maureen Macmillan:** Is there similar monitoring of animal welfare?

**Jeremy Hooper:** Yes.

**Maureen Macmillan:** Are there any environmental differences between the production of Scottish salmon and the production of Norwegian salmon? Is one more environmentally friendly in its production than the other?

**Jeremy Hooper:** We work closely, through the processing sector, with the farming sector. The farming companies that we have selected to be in our supply bases are all on a par with each other, whether they are in Norway or Scotland, because we work closely with them. We know that there are differences outside our supply base.

**Maureen Macmillan:** Is there a premium for Scottish salmon because it is of better quality or is produced in a more environmentally friendly way,

or do people in Scotland buy Scottish salmon because it is Scottish?

**Jeremy Hooper:** We do not charge a different price for Scottish salmon. We charge the same price for fresh salmon in Scotland as we do in England.

**Maureen Macmillan:** Do you market Scottish salmon in a different way from Norwegian salmon?

**Jeremy Hooper:** In terms of on-package labelling and labelling on the fishmongers counters, Scottish salmon is clearly labelled as such in Scotland, as it is in Northern Ireland.

**Nora Radcliffe (Gordon) (LD):** I am picking up from your comments that the label "Scottish" does not have selling power outwith Scotland. Is that your experience?

**David North:** Broadly speaking, that is correct. An interesting distinction exists between what Scottish customers tell us they want in respect of country of origin and what customers in England tell us. Jeremy Hooper mentioned the Sea Fish Industry Authority's research, which looked mainly at England but brought out a distinction in Scotland that is borne out by our own research. In England, two crucial motivators stand out when people buy fish: the look of the fish and the price of the fish. The two least important motivators are the country or region of origin and whether the fish is locally produced or caught. Our customers in Scotland tell us something different. They say that it matters to them that fish is locally reared and that it is Scottish. That is why we take a different approach to marketing and labelling in Scotland from that which our customers in England tell us they want.

**Nora Radcliffe:** Have you identified whether that focus on Scottishness in Scotland is related to a perception that if it is Scottish, it will be fresher? Is it the case that the same criteria are being applied in Scotland as are applied south of the border but that the customer is using a different measurement? Can your research tease that out?

**Jeremy Hooper:** Our research has not teased that out. Anecdotally, the support in Scotland for the Scottish industry is primarily about supporting local industry.

**Nora Radcliffe:** I will follow up on another comment that you made. You said that you checked your environmental standards by reporting back on certain measures. Will you elaborate on that?

**Jeremy Hooper:** Yes. We ask our farming companies to report back on a quarterly basis on escapes, culling, natural mortalities in cages, and the quality grades that their farm has put out over that period.

**Nora Radcliffe:** I will follow up on another comment that you made—I should have come in at the time. You said that you get a quick response from the Scottish industry. Could you give an example of what you meant by that?

**Jeremy Hooper:** The Scottish industry understands UK customers better. A good example of that is our upmarket Finest range. We worked closely with the Scottish industry to develop rapidly products in that upmarket range that suited UK customers.

**Des McNulty (Clydebank and Milngavie) (Lab):** I will pursue further an issue about market segmentation. I know that Scottish beef producers have tried—with significant success—to develop the brand of Scottish beef and to establish differential quality criteria. Some parts of the salmon-rearing industry—in Orkney, for example—are keen to differentiate their product by indicating its place of origin and associating that with greater water throughput and less intensive rearing methods. Is there a market for a segmented Scottish salmon industry? Could we build up a distinctive Scottish brand by developing more stringent criteria for management and the conditions in which fish are reared, to increase differentiation and to support a premium product?

**Jeremy Hooper:** There is already some segmentation in the salmon market. About 1 per cent of the salmon that we sell is organic smoked salmon and fresh salmon. About 5 per cent of the smoked and fresh salmon that we sell is a high-quality, premium line that we term Finest; the figure for smoked salmon is slightly higher.

Tesco has stated that it intends to grow the organic market. We believe that there is room for such growth. However, it is difficult to say what the growth in the market for organic fish will be. I am sure that members are aware that there is considerable debate about whether organic methods and farmed fish are compatible.

Future growth is difficult to predict. The Finest brand is defined mainly by finished product quality, rather than by the origins and source of the product. I am not sure what the result would be of marketing a brand on the origins and source of the raw material.

**Des McNulty:** Would it be viable for the Scottish salmon industry to adopt such an approach if the origins of its product were associated with higher standards operated on a national basis, as compared with the practices that are currently followed in places such as Chile or Norway? Alternatively, do you think that the luxury market is small and that differences in price are the determining factor? Would adopting the approach that I have outlined take Scottish salmon out of the mainstream market?

**Jeremy Hooper:** That is a complex question. The outcome would depend on the price at which the premium Scottish brand was sold and on how well the product was marketed. A premium Scottish brand would have to deliver the things that customers want. We know that quality and price are very important to customers in the UK. The niche and premium brands will always constitute a minority of sales. With other protein types, such as beef and chicken, there is more room for premium brands. However, I cannot predict exactly how the market for those products will develop.

**Maureen Macmillan:** You talked about the Finest label. What percentage of the salmon sold under that label is Scottish produced?

**Jeremy Hooper:** It is 100 per cent Scottish produced.

**Maureen Macmillan:** In a throwaway remark, you wondered whether organic methods and farmed fish were compatible. If organic methods and farmed beef are compatible, why should the same not apply to salmon?

**Jeremy Hooper:** The debate centres around the fact that farmed salmon is a relatively young industry. Some people perceive salmon to be essentially wild animals and think that farming them in any manner is wrong. Because of that, there is a conflict in some people's minds when one talks about organic farmed salmon. To them, organic means getting back to nature and getting back to nature in relation to salmon means that the fish are wild rather than farmed in any way.

10:00

**Maureen Macmillan:** So it is a matter of perception rather than actuality.

**Jeremy Hooper:** Yes.

**Des McNulty:** We have been taking evidence on this matter for what seems a very long time and have heard a range of views about the development of Scottish aquaculture products and markets. How do you think that the markets will develop in the next 10 years? What new markets can you identify and how can existing markets be developed? As the conduit between the producer and the consumer, do you think that there is a market for a diversification and expansion in fin fish farming, shellfish farming, polyculture and so on? Are those developments ones that you could sell to people in a supermarket in Milngavie?

**Jeremy Hooper:** They are. The current growth in the fresh fish and seafood market is good, especially in Tesco, and I expect that that will continue. I also expect that, proportionately, there will be a greater growth in the polyculture and aquaculture side, which includes shellfish and

some fin fish, rather than the wild fish side. The benefits that have come out of salmon aquaculture will be transferred to fin fish and other fin fish species will be successfully introduced. We are almost at that stage in relation to cod and some commercial operations have already been established. As costs reduce, other fin fish will enter the market and I am sure that Scotland will play a part in that.

**Des McNulty:** Will there be any marketing problems involved in getting people to purchase the new products?

**Jeremy Hooper:** In the main stream, customers willingly accept farmed fish, so I do not think that there will be any special problems in that regard.

**Des McNulty:** We have been considering the regulatory framework in the aquaculture industry, particularly in relation to salmon farming. Do you have a view about that regulatory framework? What sort of regulatory framework would help you most to maintain customer confidence and quality standards? Obviously, you take steps to ensure that your fish comes from farms with good environmental records, but is it best to do that on a strictly bilateral basis between you and the producer or would you welcome a stronger national regulatory scheme that gave you better assurance that standards were being met? Would you have an input into how those standards should be pitched?

**David North:** That is a good question. It is not easy to answer and I do not think that Tesco feels particularly qualified to comment on it. Obviously, our view is that, in this field as in any other field, one requires a basic regulatory framework that will cover the sort of issues that we have been talking about, including environmental standards, animal welfare and food safety. Beyond that, there is a debate to be had about whether a greater degree of regulation would benefit the industry. On whether standards are best upheld through bilateral agreements or through regulation, we see benefits in allowing the market to be dynamic and responsive to what customers want.

Our starting point is to ask a series of questions. For example, are we sure that regulation will produce an advantage in terms of customer response? Do customers want regulation? Is a degree of regulation right or superfluous? What are the costs of enforcement and compliance? There are many difficult issues. We should respond flexibly to what customers want rather than second-guess customer response through regulation.

**Des McNulty:** I think that you are saying that you would welcome a regulatory threshold, but then, as purchasers, you would want the freedom to set standards above that to match your

requirements and the price calculations that your customers make. Do you think that a regulatory threshold should be driven by food safety considerations or by more general environmental considerations, which might impose higher standards of treatment? Is it important to you that regulation ensures that food is safe to eat or that it sets higher thresholds that drive general standards higher in the management of farmed fish?

**David North:** We would not question the need for a basic set of regulatory standards to cover issues that we have discussed, including food safety, environmental standards and animal welfare. However, we believe strongly that those standards have to be underpinned by scientific evidence. The test that we would apply is what is required to protect animal welfare, the environment and the public. We would start to consider more closely the need for regulation beyond that if the aim was to anticipate how customers would respond. That takes us back to the point that regulation across the range tends not to be the fastest instrument in respect of customer response and is not always the easiest instrument to adjust if the customer response turns out not to be that which was sought when regulation was introduced.

**John Scott (Ayr) (Con):** How important to Tesco is traceability in the fish farming industry? The concept is all important in the beef industry, for example. Would you welcome the development of tagging as an aid to traceability, or are you happy that farms from which you buy are pursuing best practice under the quality assurance schemes that currently exist?

**Jeremy Hooper:** We would not see tagging in the same way as we would in the beef industry, simply because of the sheer numbers of fish. Traceability is important to us and our customers. We need to be able to trace back from a finished product to raw material sources and understand all the key process steps that are applied back down to the raw material. Currently, we achieve that. Only the other day, I performed an exercise in which we successfully traced one finished pack back to one sea cage. We were able accurately to determine exactly what treatments that sea cage had had and where the initial brood stock—the smolts, and the eggs before that—had come from. We already have a high level of traceability, which we will maintain, as it is important. I do not believe that further significant developments will take place, although we may come to rely less on paper and more on computers and information technology.

**Des McNulty:** What kind of relationships do you have with your suppliers? Do you have short-term contractual relationships, whereby you go round Scotland or wherever else you acquire the fish



from and buy whatever seems cheapest and most appropriate at the time, or are you engaged in a longer-term partnership with suppliers, whereby you have a feel for the importance of the sustainability of the industry and have sustainable relationships with suppliers? I am interested to know what approach you take.

**Jeremy Hooper:** As David North said in his opening statement, the key thing in supplier selection is whether the supplier can produce products to the technical standards that we require. If suppliers can do that, we can start discussing the commercial aspects. Because we have codes of practice that not all suppliers are able to apply, we need to have more of a partnership with our suppliers.

Although we deal directly with the processing sector, in essence we have only three processors for salmon and only one processor for trout in Scotland. In turn, those processors have a close relationship with the farming sector. In most cases, we have contracts of six months or one year for our products. Tesco's contact with the processors is primarily through regular meetings at which we discuss the development of our codes of practice. We meet all the stakeholders to develop those codes of practice and to keep them moving and responsive.

**Des McNulty:** So there is actually a chain. You have a relationship with the processors, which in turn have relationships with the direct producers.

**Jeremy Hooper:** Absolutely. We also talk to the producers about the codes.

**Nora Radcliffe:** A lot of emphasis is put on accurate labelling. What does your market research tell you about the proportion of your customers that read labels? Has the proportion increased over recent years?

**Jeremy Hooper:** I have no accurate figures on that. We know that clear labelling is important. There should be no ambiguity in labelling and we have to work hard to make our labels clear. Generally, we are asked for more information. As the committee will be aware, legislation will soon come into force that will require more information, such as the country of origin, to be stated on labels.

**Nora Radcliffe:** Are you doing anything to establish whether that is of growing importance to your customer base? I imagine that you would want to know that.

**Jeremy Hooper:** I do not know of any specific research in the fish sector, but we know that accurate user information is of growing importance. Customers require more convenience foods and have less knowledge about the food supply chain or how food is produced or cooked.

We have to provide customers with that information on labels.

10:15

**The Convener:** That brings us to the end of our questions. I thank David North and Jeremy Hooper for participating in the committee's inquiry into the aquaculture industry.

I welcome to the committee Allan Wilson, the Deputy Minister for Environment and Rural Development. Three officials—Jinny Hutchison, Graham Thompson and Gordon Brown—are here to assist him in giving evidence this morning. I understand that the minister wants to make an introductory statement.

**The Deputy Minister for Environment and Rural Development (Allan Wilson):** I also want to introduce Kevin Philpott, who is from the environment protection unit, and has a locus in what we are about to discuss.

I thank the committee for giving us the opportunity to give evidence. I hope that the committee has received the Executive's response to the report on phase 1 of its inquiry. I congratulate the committee on its report, which is comprehensive. The report's detailed coverage demonstrates the great effort that the committee has put in and its understanding of the issues surrounding fish farming. The conclusions that the committee reached are fair and balanced and I was particularly pleased that it endorsed many of the actions that the Executive has taken.

I do not need to tell the committee that we are dealing with a lot of complex and challenging issues, and before we leave the phase 1 report I want to emphasise three aspects of it.

First, we need to be clear that the locational guidelines are primarily a planning tool. When the planning responsibility for marine fish farming transfers to local authorities, we envisage that the local guidelines will become national planning policy guidelines. We must therefore be careful about the scope of the locational guidelines. We do not believe that they should stray into aspects of farm management or operations, as some have suggested. Other controls are in place for that purpose, such as the fish health arrangements that my department operates.

Secondly, we are conscious that the committee urged the Executive to reconsider the possibility of including planning powers for fish farms in the forthcoming water environment and water services bill. The committee is, no doubt, disappointed by our response, but I assure members that colleagues and I reconsidered the matter carefully, but we do not consider the bill to be the right legislative vehicle for those planning powers.

However, we share the committee's desire for local authorities to be given planning responsibility for fish farms and that will happen at the earliest and most appropriate opportunity.

Thirdly, the committee will also be disappointed by our response to the issue of relocating fish farms. We share the committee's desire to consider the issue, but it raises fairly comprehensive and complex issues. We will press ahead, but we should not be under any illusions. The process will obviously take time to develop and we might need to start with a small number of pilot sites. I hope that the rest of the Executive's response is clear and helpful and we will take questions on it later.

I want to update the committee on progress with the development of a strategic framework for aquaculture. We have had a range of bilateral discussions with interested parties. I was particularly interested in the evidence from Tesco, because, if I remember correctly, when we met representatives of supermarket chains earlier in the process, representatives of Tesco could not make it. The evidence supplements the discussions that we had with the rest of the industry.

Arrangements are in hand to establish a working group. Invitations have been issued—including one to the committee—and the first meeting is scheduled for 10 June. On the plenary group, we anticipate about 20 representatives who will be drawn from the industry, the regulatory and investment bodies, wild fisheries, environmental interests and academia. We envisage that three or four working group meetings will be held over the summer. Some of the detailed thinking will be developed in those groups and we aim to have draft proposals on which to consult by late summer or early autumn. We look forward to receiving the committee's views during the consultation period and we hope that there will be an opportunity for more discussion in September or thereabouts.

I have been encouraged by the constructive approach that has been adopted by all the parties to the bilateral discussions. The real challenge for the working groups will be to act on that constructive approach and turn it into consensus. I am optimistic about the outcome of that process, but I do not underestimate the difficulty of the task and the complex nature of the development of that strategy. Achieving consensus will require people to modify their views but, again, I am confident that we can achieve consensus while encompassing those views.

Before closing, I have a brief word to say about one of the questions that the committee posed for the second phase of its inquiry—what the respective roles of the Executive and the

aquaculture industry should be in taking forward the future of aquaculture in Scotland. First, that is an important question for the development of the strategic framework and it is not just confined to the Executive. There must be clarity about where the public sector interfaces with the industry in the future.

Secondly, through initiatives such as the recent review of aquaculture regulation, we are committed to improving and streamlining certain statutory controls, giving the Scottish Environment Protection Agency additional powers over the process of fish farming and making it a joint competent authority with the Crown Estates.

It will be vital for the public and private sectors to buy in to implementation of the aquaculture strategy. The success of that strategy will depend on securing consensus and on all the bodies concerned sharing responsibility for the delivery of the goals as the process is rolled out.

I am happy to take questions on any aspect of the development of the strategy, the conduct of the inquiry and phase 2 of the committee's inquiry.

**The Convener:** Thank you for your introductory remarks. The first area that we want to ask questions on is the research that was done by Dr Kenny Black.

**Robin Harper (Lothians) (Green):** I have three general questions on your responses to the Scottish Association for Marine Science briefing. The committee has received a briefing from Dr Kenny Black regarding the research that SAMS has undertaken for the committee and the Executive. The draft report identifies some gaps in the research and data, particularly in relation to time series data. How do you propose to go about filling those gaps and what are the priorities for research?

**Allan Wilson:** You have the better of me, because I have not seen the SAMS report. Obviously, we will consider its recommendations in detail when we see it.

**Robin Harper:** We are aware that the briefing was fairly recent. I am sorry that you have not seen it, because my other two questions relate specifically to the SAMS report. Perhaps we will have another opportunity to quiz you on the SAMS report when you have had time to study it.

I will have to leave the questioning on the briefing there for the moment. It would not be fair to pursue the matter until the minister has had time to consider the briefing.

**Nora Radcliffe:** Whatever the detail, the bottom line will be money. Has the Executive made any contingency plans to allocate a budget for the required future research into aquaculture?

**Allan Wilson:** The budget for the implementation of the strategy will form part of the considerations that are currently being undertaken in the overall spending review. Quite a lot of research is already done under our own auspices, through academia or via the industry itself. If there are gaps, as Robin Harper indicates there may be, we will examine those gaps and try to fill them, but that may mean moving resources about to accommodate that.

**Nora Radcliffe:** Have you mentally earmarked such requirements?

**Robin Harper:** I would like to flag up a concern. The committee believes that there would be merit in continually updating the research database and having a person or organisation in charge of co-ordinating research in that area. Do you have any thoughts on that yet?

**Allan Wilson:** No, but there may well be a continuing role for the Committee on Aquaculture Research and Development—CARD. That brings together the Executive, the Department for Environment, Food and Rural Affairs, and the industry to consider research and development priorities. There may well be other forums, such as the Highlands and Islands aquaculture forum, which involves a wide range of bodies and regulators. We will consider those options and other ways of improving the dialogue between funders before research priorities are set. I think that you are concerned about improved dialogue. We will try to accommodate whatever gaps exist in research within that overall approach. Our strategy may well lead to the development of ideas in that regard.

**The Convener:** I note that you have not considered the research in detail, but it would certainly be useful to the committee's on-going inquiry if, once the Executive has formed a view on the research, you could correspond with us to tell us how you feel about the recommendations. If you could do that at the earliest opportunity, that would be helpful.

**Allan Wilson:** That is not a problem, but I am at a slight disadvantage as I have not seen the draft document.

**John Scott:** In your response to the committee's phase 1 report, you say of locational guidelines that

"precaution may be applied in a number of ... ways".

Can you explain precisely how you propose to implement a precautionary approach to the further development of the aquaculture industry?

**Allan Wilson:** The science currently underpins precisely that precautionary approach, but that is under review. I will probably say this a number of times today. It is difficult to say precisely how that

might change or develop without pre-empting the outcome of the consultation and the strategic working group's consideration of the issue. However, we intend to welcome the comments and contributions of all the stakeholders in the process, including the committee, so that we can reach some conclusions on precisely those issues. Gordon Brown may be able to explain in more detail.

**Gordon Brown (Scottish Executive Environment and Rural Affairs Department):** A good example of the precautionary principle that is in action in the present guidance is the presumption against developments on the east and north coasts. That was deliberately driven by the precautionary approach. There is no development in those areas at the moment and, as you know, we have world-famous salmon rivers there.

The current review will not revise the locational guidelines, because it is too soon, but perhaps that will happen in the next review. We want to get to the stage of reviewing the locational guidelines regularly. Out of the development of a relocation policy, we might also see no-go areas being established around the mouths of important west coast rivers. Even if we move farms, we keep those exclusion zones or no-go areas around the rivers and do not allow any future development to take place there. Such a precautionary approach could be taken in future.

10:30

**John Scott:** Do you see yourself establishing marine conservation areas to enhance fish stocks and the environment?

**Allan Wilson:** Probably, for want of a better term. As my opening remarks made clear, we appreciate the importance of conducting a trial at a selected number of sites to establish whether there would be any benefit in moving a farm from one area to another. For example, in Norway, farms can be moved up to 5km. However, after conducting research into that, we found that the suggestion that such a measure could affect sea lice transference did not appear to have a scientific basis. As a result, the pilot's purpose would be to get some better science on such issues.

**John Scott:** We welcome your recognition of the importance of relocation issues, which you have already touched on, although you have also fessed up to the inadequacy of your response on the matter. Notwithstanding those comments, can you give us some indication of the time scale in which you hope to develop policies in this area?

**Allan Wilson:** I do not believe that my response was inadequate, and perhaps I can take this

opportunity to correct that misapprehension. As I said, our intention to conduct a trial will necessarily delay the introduction of precise guidelines or regulation. It is very difficult to answer your question in any detail, except to say that the speed at which relocation can proceed in any individual case will depend crucially on the willingness of the operator, the regulator and others. Securing consensus—as we have lately tried to do—will speed up the process; if we do not secure such consensus, the process will be delayed.

**John Scott:** What role would the Executive play with regard to the costs that might have to be borne as a result of relocation?

**Allan Wilson:** Angus MacKay asked me a similar question the last time that I appeared before the committee, and I can understand where it comes from. However, I should point out that not all the implications of relocation will necessarily come down to cost. Indeed, some trade-offs in the process might well be of value to the operator and/or the regulator and might not necessarily involve compensation, for example.

**John Scott:** You might consider relocation costs. I will leave the matter at that.

I turn to my third question. You state that the proposed water environment and water services bill is not the right vehicle to transfer planning powers in relation to aquaculture, although you say that you are committed to introducing the necessary controls, perhaps in the next session of Parliament. Which parts of the bill will be relevant to aquaculture? Will it enable more effective regulation of the aquaculture industry?

**Allan Wilson:** We hope to introduce the proposed water environment and water services bill to Parliament on 18 June, so you will understand that it would not be appropriate for me to go into much detail about its content at this stage. It is envisaged that the bill will be enabling legislation. Detailed regimes will be a matter for secondary legislation, which will be laid before Parliament after the passage of the bill.

The general answer is that aquaculture depends on a clean water environment. The bill will introduce a system of regulation that will be designed to improve the water environment. A number of aspects of the bill will probably be particularly relevant to aquaculture, such as the establishment of river basin planning management and of river basin plans and advisory groups. The bill will also establish a new regime for controlled activities—the system of water use licences. All those measures will have direct consequences for aquaculture.

**Kevin Philpott (Scottish Executive Environment and Rural Affairs Department):** The planning opportunities that the minister

described will give aquaculture a chance to get away from the rather fragmented and piecemeal approach to regulation that has been applied to date. The sections on planning in the initial part of the bill will create a much more strategic view of what we do with water use. Planning will have to be done up front, before implementation, which will provide a more constructive means of seeing where we want to go with aquaculture. The industry will have the opportunity to take part in the deliberations through the advisory groups that will draw up river basin management plans.

The bill will also provide the opportunity for sub-basin planning, which means that plans for particular sea lochs will be possible, though not necessary. The bill will also allow particular aspects of environmental regimes to be considered. There might be a sub-basin plan for aquaculture in which all sides of the industry could be involved. Such plans might develop out of the bill, which will come before members shortly.

**Maureen Macmillan:** I am anxious about the time scale for transferring planning decisions in relation to aquaculture to local authorities. Highland Council planning department has done a lot of work on aquaculture framework plans and is keen to integrate that into coastal zone management. It would like support for that because it prepares the way by involving communities in planning for themselves before the proposed planning legislation comes through. There is nothing similar to the Moray firth partnership on the west coast, which is where most aquaculture is found. Does the minister have any ideas for preparing communities for coastal zone management and for the eventual transfer of planning powers to local authorities?

**Allan Wilson:** I do not have details about that specific point, but it sounds like quite a good idea. There will be a time lag—depending on other legislative pressures—before the transfer under the proposed planning legislation can take place. I have seen the response that Iain Gray gave when he had responsibility for planning, which went into some detail about how it was proposed to undertake the transfer.

The Highland Council initiative that Maureen Macmillan mentioned sounds good and we would support it in principle.

**Maureen Macmillan:** You say “in principle”. My next question is: how much money is in your pocket for the initiative? Perhaps we could correspond on that.

**Allan Wilson:** I would be pleased to do that. The financial underpinning of the strategy is the subject of more general consideration in the spending review that is under way.

**John Scott:** Are you happy that the process is

moving forward quickly enough? There are major environmental concerns and many people are waiting for a response to the inquiry. I am worried that we are not progressing quickly enough. That is intended not as a criticism, but to gee you up.

**Allan Wilson:** That is a fair comment. Nobody wants to proceed more quickly than I do, but I have qualified that already by saying that the matters with which we are dealing are complex. Given the nature of the committee's inquiry to date, members understand that better than anybody.

I believe that aquaculture is continuing apace and that we are making substantial progress. I believe that the industry, the regulators, the environmentalists and the wild fish interests are coming together. We are taking a consensual approach to progressing. The prize is worth pursuing and if we were to proceed too quickly, we might jeopardise it.

We should strive to secure the prize of consensus among the regulators, the industry and the wild fish interests. It may take a wee bit longer for that to happen than all of us might wish, but I believe that it is the right approach.

**Robin Harper:** I am sorry, but I want to pursue the point about the transfer of planning powers a little bit further. You said that they would be transferred at the earliest and most appropriate opportunity, but you are still somewhat opaque about what are the earliest and latest times that the opportunity is likely to arise and what powers will be transferred.

**Allan Wilson:** If I was the First Minister, I would be able to tell you, but unfortunately I am not.

**The Convener:** Is that a leadership bid?

**Allan Wilson:** No, it is not. The First Minister is safe and secure in his position.

I would like to tell you, but I cannot. It will be done at the appropriate opportunity. Robin Harper understands the complex nature of the issues that are involved and the pressures on the legislative timetable. The First Minister will announce that in due course.

**Robin Harper:** I shall have to rest content.

**Nora Radcliffe:** The Executive's response states that designating SEPA as a competent authority in respect of environmental impact assessment regulations will enable SEPA better to address the wider and cumulative effects of aquaculture. I invite the minister to expand on that statement. Witnesses have brought the European regulations on strategic environmental assessments to the attention of the committee. How is it proposed to incorporate those obligations in the Executive's policies?

**Allan Wilson:** The Control of Pollution Act 1974, which underpins SEPA's involvement, limits SEPA to involvement only on the site. The bill that we are about to introduce will give SEPA additional powers to examine the process in addition to site-specific consents. The work that we are developing on the strategy, in which the committee will be involved, will need to consider how to incorporate the raft of European environmental legislation, including the SEA directive to which Nora Radcliffe referred. We are still considering how to apply that directive to aquaculture. That is because, as members know, the directive is broadly based.

It is worth pointing out that the new measures and others that emanate from Europe should be seen as opportunities. They are aimed at improving the marine environment and so could be of benefit to the industry. I believe that the industry depends on having a clean marine environment to market its produce.

**Nora Radcliffe:** So, basically your answer is that the situation is on-going.

**Allan Wilson:** Very much so—the Transport and the Environment Committee will be involved in the process via the development of the strategy.

**Nora Radcliffe:** The majority of the committee was in favour of backing up industry codes of practice with regulations rather than compliance with voluntary standards. Do you intend to introduce regulations, particularly as not all industry members are signed up to codes of practice? If so, will you give the committee an indication of when you expect to introduce such regulations?

**Allan Wilson:** That is a good question. The answer is yes. As we have heard from the retail side of the industry, standards are necessary if the product is to maintain a good ecological status. The code of practice will be compulsory and it will be backed up by the regulations to which Nora Radcliffe refers.

As the committee knows, codes of practice already exist. The water environment and water services bill will afford the opportunity to introduce general binding rules, which we expect will play a critical role. In some cases, the result could be simpler regulation through adherence to those rules. It is likely that the rules will build upon existing industry codes of practice, where those achieve the necessary result.

If there is consensus on the binding rules, the regulatory process can be simplified, with consequential benefits to the industry, the environment and the regulators. I cannot say when the rules will be introduced, because that will depend on the passage of the bill, which the committee will consider at the appropriate stage.

The most recent consultation paper envisaged the phased introduction of the new control regimes from 2005.

10:45

**Kevin Philpott:** The directive that the water environment and water services bill aims to implement—along with other measures—gives a long time horizon to implement some of the changes, but we are using it as an opportunity to update COPA, which, as the committee knows, is a bit behind the times. Within the overall time frame for the water environment and water services bill, updating COPA is a priority. We intend to move quickly on that—2005 might seem like a long way off, but we have the bill to deal with before then and we will have to consult on the secondary legislation for the COPA replacement. The committee will be involved in all that as well. The timetable is fairly tight.

**Allan Wilson:** No problem is posed where existing industry codes of practice are being applied and observed. A problem arises only where they are not being applied and observed. The binding rules could simplify the whole process of regulation to clamp down hard on those who are not reaching the requisite environmental and ecological standards.

**Nora Radcliffe:** Yes, because sanctions are needed for the non-compliers.

**Allan Wilson:** That is where regulation comes in, because we will give the Scottish Environment Protection Agency the power to regulate those who do not comply. If we can identify those who adopt, apply and maintain sound environmental and ecological standards, and regulate those who fail so to do, we will be addressing the root cause of the problem.

**John Scott:** We are agreed that regulation has to be introduced, but will you assure us that it will be as uncomplicated and unburdensome as possible? I think that we all agree that there should be the minimum regulation to produce the desired effect.

**Allan Wilson:** Then you will accept the point about binding rules. If we agree on those rules, the process can be simplified. We could speed up the regulation—which it is necessary to have—by concentrating on those who are not applying the industry's generally agreed binding rules. That will take us where we want to go.

**Nora Radcliffe:** The SAMS report identifies escapes from fish farms as one of the major threats to wild fisheries. How do you intend to develop measures that are aimed at reducing escapes? In particular, how do you intend to promote research that is aimed at enhancing technology in that area?

**Allan Wilson:** I qualify my remarks once again. I have not seen the report.

**Nora Radcliffe:** The whole issue of escapes is—

**Allan Wilson:** No, it is okay, I am happy to address the issue.

A statutory requirement to provide notification of escapes was introduced earlier this month, on 10 May. An industry code of practice was introduced previously, and compliance with that is monitored by Fisheries Research Services.

Containment and contingency plans are required as part of the environmental impact assessment process. Insurers also impose conditions on companies. I agree that escapes must be addressed and rectified, and that will be a key objective of our strategic development. I have certain ideas about that, which I will put to the working group. The group will consider whether those ideas are feasible and acceptable. When we address escapes, we will be able to address the research and development issue to which you referred, but I do not want to pre-empt the work of the group.

**Nora Radcliffe:** It is good to know that that is a priority.

**Allan Wilson:** We share that priority.

**Maureen Macmillan:** The Executive has concluded that area management agreements should continue as a voluntary mechanism, although we note that you will consider legislating if the voluntary approach fails. What would be the criteria for failure? What sort of evidence would you need that AMAs had failed before you made the decision to legislate?

**Allan Wilson:** Two fairly obvious circumstances spring to mind. The first would be if there was a breakdown of the AMAs that are currently operating, if one or other party to the agreements left the table. The second circumstance would be if the AMAs did not deliver the management results that we jointly seek. The process could quickly be replaced by a statutory regime.

There are clear signs of improved co-operation and dialogue between farmed and wild fish interests. I witnessed that recently at a meeting of the Sound of Mull AMA, which is a very extensive AMA. There are encouraging early signs that that AMA and the other AMAs are delivering sound results. As long as that process continues, and as long as the parties continue to co-operate and that works, progress will be decent.

**Robin Harper:** I recently attended a public meeting in Gairloch. One of the points that was raised there—and our committee report supported this—was that the AMAs are still somewhat

secretive and their membership is fairly restricted. At the meeting, Graeme Dear of Marine Harvest offered to set up an industry-community liaison group for that part of Scotland. Does the Executive support that development and would it like the principle to be extended throughout Scotland? Should AMAs eventually become less secretive and their membership perhaps wider?

**Allan Wilson:** My answer is yes to both questions. I would welcome such a development. The input of Marine Harvest and Graeme Dear has been positive. It is an encouraging part of the increasing consensus to which I referred. The secretive way in which AMAs conduct some of their business must be put in a historical context. There used to be less trust between the parties than I hope is now being generated. I agree that the process should develop towards less secrecy and more openness and transparency.

**Gordon Brown:** I agree. As members know, we are close to appointing a national development officer for the tripartite process. That will give the process fresh impetus. There are several areas—one has been mentioned—into which we need to put a bit more energy and thought. I hope that that will help.

Marine Harvest has suggested local liaison groups. That is fine—it is an interesting and novel idea that would open up dialogue between a company or companies and local communities. I hope that it would not complicate existing arrangements. Where we have area management agreements, we have area management groups, which involve the people who are signed up to and who drive the AMA process. We need to think about how such liaison groups would connect or engage with area management groups. They might merge, or they might be complementary. That is all good stuff.

**Maureen Macmillan:** There appears to be confusion—perhaps on our part or on yours—about the Executive's intentions for managing sea lice. Will you outline which organisations will have responsibility for managing sea lice and regulating treatments? Under which legislation will that fall?

**Allan Wilson:** I hope that there is no confusion. If there is, I will try to dispel it. SEPA will continue with its present responsibility for discharging consents for medicine. As I have said, SEPA will be given greater powers over the process as a consequence of the water environment and water services bill, which the committee will consider. Through the tripartite working group, the Executive encourages the roll-out of AMAs, which we just discussed. As members know, the primary aim of AMAs is to exert greater control over sea lice. The early signs of that are encouraging.

For its part, the industry has put in place

arrangements for sea lice treatments. The Executive will monitor the cumulative impact of those initiatives before deciding the further steps, if any, that we require to take through legislation. I hope that that clarifies the matter.

**Maureen Macmillan:** Who is responsible for saying, "There are too many sea lice here"?

**Allan Wilson:** That is a good question. SEPA is concerned with site-specific regulatory controls. The tripartite working group and, below that, area management agreements, through which all interests come together, are involved. The industry regulates sea lice levels in its own interest and we monitor the entire process. One of the research gaps to which Robin Harper referred may exist. The strategy group could consider that.

**Maureen Macmillan:** I am anxious that we do not get into a situation where the left hand does not know what the right hand is doing. I do not want one branch of an organisation or of the Executive to say, "You must do something about sea lice," while SEPA says, "No, we cannot put any medicines into the loch."

**Allan Wilson:** I do not expect that to be a problem. I am aware of encouraging sea lice control figures from the industry, the regulatory bodies and the AMAs.

**Nora Radcliffe:** I will pursue that. The minister said that the Executive monitors how the process works. How does it do that? How does it measure the success of its monitoring?

**Gordon Brown:** Are you talking about sea lice?

**Nora Radcliffe:** Yes. I am talking about the inputs into whether there are too many sea lice and what is being done about it. The minister said that the Executive monitors that. Can you elaborate on how that is done?

11:00

**Gordon Brown:** We are aware of the various systems that are in place, including the SEPA system and the TWG and AMA processes, in which the Executive has played a major part. Monitoring is a matter of being aware of the initiatives and assessing their cumulative effect and whether they are delivering. We do not have inspectors for sea lice as we do for fish health purposes or for monitoring compliance with the various codes of practice. In the sea lice context, the monitoring is of the effect of the various initiatives at a higher level. I hope that that helps.

**Allan Wilson:** I emphasise that all the signs from each of the mechanisms for monitoring the different aspects of the controls are encouraging.

**Gordon Brown:** I will elaborate on that. There is close liaison between the Executive and SEPA

over discharge consents and the medicines in use. Through the AMA process, we are saying to the participants, "Will you report twice a year to us about the effects of the AMA?" It is early days, but the AMA reports are beginning to give us data on sea lice counts on farms. The process is voluntary, but a data set is beginning to emerge. As the minister said, in areas where there is access to a menu of medicines, particularly the latest one, Slice, the lice levels are very low. I heard recently of one area in Argyll where zero ovigerous lice levels were being achieved. That is where a good range of medicines is available. As the minister said, that is encouraging. That is the sort of monitoring that we are doing.

**Des McNulty:** Minister, the second part of our inquiry is about the future development of the aquaculture industry. Will you give the committee your views on what you see as the outcomes of the aquaculture strategy, the performance measures that you are looking to frame and the time scale that you want for the strategy?

**Allan Wilson:** As I indicated, the first meeting of the working group will take place on 10 June. We envisage that three or four meetings will be held over the summer to consider all the issues that we and the committee have identified. As I will chair the working group, which will bring together all the interested parties, it is not my role to pre-empt the discussions. However, I will say that I hope to secure consensus. Whatever we produce must be comprehensive and it must deal with all the relevant issues. It must also address the short term, the medium term and the longer term. I welcome the committee's input into that process. The committee will be directly involved, with me, in the development of that strategy.

**Des McNulty:** Should sustainability drive the whole strategy? One of the points emerging from our inquiry is the need to ensure that we establish a sustainable industry for the longer term. In that context, do you see much prospect for growth in the industry? Do you think that the industry might have achieved stability? Are you thinking about issues around new areas of growth or are you waiting to hear views from the industry?

**Allan Wilson:** We are considering all those matters. I suspect that the strategy development group will consider the regulatory issues that we have discussed. It will consider, and I hope clarify, the potential for market growth. As you know, I am a passionate devotee of the principles of sustainable development; I share that with members of the committee. We hope to develop the industry in a sustainable manner. There is no question about that aspect of the working group's role in developing the strategy.

It is fair to say that the industry is bullish about the prospect for future market growth. The

development of farming new species provides opportunity for that growth. The so-called fish gap, with the decline in wild fish catch, and the importance of the omega oils of farmed fish on health—discussions into which Gillian Kynoch fed—augur well for the industry. Those are some of the issues that the strategic development group will consider.

**Des McNulty:** However the strategy is to be managed, it is clear from what you have said and from what we have found out that we need to find ways of improving the evidence base for developing the strategy and for monitoring the process. How do you see the Executive's role in ensuring better co-ordination and coherence and greater flexibility in the development of the strategy, whatever its components?

**Allan Wilson:** I have said that the general binding rules are an important part of the process. If we can ensure a consensual approach to issues such as the general binding rules and industrial codes of practice, we will take substantial steps forward in the overall strategic development of the industry.

**Des McNulty:** The mechanism for developing the strategy seems to be geared particularly towards the encouragement of good practice and the development of industry consensus in support of that. Do you think that, in that context, the regulatory regime should cover such things as differential licence conditions and costs and other financial incentives and systems of accreditation as a means of building up good practice? Alternatively, do you think that the regime should be left to voluntary industry codes?

**Allan Wilson:** At the risk of repeating myself, I come back to what I said about the general binding rules. I am familiar with the context in which the question is posed and Scottish Quality Salmon's advocacy of the proposal that you made. Scope might exist to review licensing and enforcement arrangements through general binding rules. Future financial assistance, perhaps under the financial instrument for fisheries guidance, might be made conditional on compliance with those rules. One could see a situation emerging whereby support for the industry was in part reliant on compliance with the general binding rules. Is that fair, Kevin?

**Kevin Philpott:** Yes, that is fair. Another fair remark is that, if a fish farm has a slightly lighter-touch regulatory regime, because it has developed a code of practice in keeping with the general binding rules, with which it complies, its insurance costs are likely to be lower as well. There are state ways and private ways of encouraging adherence to best practice.

**Des McNulty:** My limited experience of looking



around fish farms indicates that there is a considerable gulf between the best organisations and the less good organisations. In the regulatory or licensing regime, is there a mechanism to reinforce pressure towards becoming a good operator?

**Kevin Philpott:** As the minister said, there will be an obligation on everyone to achieve good ecological status. Those who do not follow best practice now will have further to run to meet that obligation. Perhaps more of a threat hangs over their heads than over the good operators.

**Des McNulty:** There is an argument that, if regulation is focused on setting a threshold and ensuring that that threshold is reached, people will not be encouraged to move well above that threshold. Should a selective regime as well as a comprehensive regime be operated in the management system?

**Allan Wilson:** We advocate both. Your question assumes a less than rigorous set of standards. We do not intend to impose anything other than demanding standards to ensure that the industry's environmental or ecological standards are pushed up. That will be underpinned by a stricter regulatory regime to deal with those who fail to meet standards. Effort and activity could then be concentrated on those who fail to meet the standards that are set and a lighter touch could be taken in respect of those who comply with binding rules, as Kevin Philpott said.

**John Scott:** Do you agree that, although your job will be to set minimum standards for the industry, it is likely that the development of the industry will be market led, in that there will be a market reward for fish farms that deliver much higher standards than the basic minimum requirements? That will be the financial driver to improving standards in the long term.

**Allan Wilson:** As Des McNulty said, that is already happening. The industry is improving in respect of efficiency and compliance with the highest standards. It must comply with the high standards that are set by retailers, who must respond to the consumer market. We all know that that market is responsive to quality control. Better marketing, more co-operation, diversification and the development of different products and new species to suit different niche markets—the organic sector was mentioned—are strengths in respect of market development and all offer great opportunities for market development. I look forward to the strategic working group saying something positive about those matters.

**Robin Harper:** On high quality, I would like to clarify something. I do not think that there is confusion about organic standards. As far as I am aware, the Soil Association is clear that it is

developing standards and there are already verifiable and sound organic standards.

The committee has received conflicting evidence on whether it is practicable for the industry to pursue the high-quality end of the market rather than the high-volume market. Do you have a view on where the future of the industry lies? Will the industry encompass both?

**Allan Wilson:** I think that you have answered your own question. I believe that it will. I do not see the issue as being as simple as production of high quality or high volume. The right products must be produced for the right markets and there must be better marketing and greater diversification. Volume is not bad in itself, but speculative production that is not underpinned by market demand is bad.

Development must be market led in that context. All of it can be best described as added value, which means getting greater value from the product's existing volume and from its increasing volume, whether by processing, diversification or by expanding niche markets such as organic production. All those aspects have a part to play in stimulating the market, which will lead to an increase in production.

11:15

**Des McNulty:** You said that the industry is bullish about the market and the possibility of expanding. Do you envisage a maximum capacity for fish farming in Scotland or in particular parts of Scotland? Are there mechanisms that would protect particular areas or Scotland as a whole from the industry expanding too fast or too far? Is that issue part of your regulatory considerations? In other words, is there a ceiling on how far fish farming can go?

**Allan Wilson:** As ever, that was a very good question. My answer is that there is no ceiling at the minute. However, as our research into carrying capacity—which you also favour—improves, perhaps there will be a ceiling at some future point.

It is worth remembering and stressing—I will perhaps finish on this point—that consumer demand for all forms of seafood is strong and shows few signs of abating. I believe that that underpins the bullish approach of the industry. From our perspective of promoting the health value of fish as part of a balanced diet, we want to encourage fish farming. We also want to encourage the industry for social and economic reasons, as it provides employment in remote and rural parts of our country that would otherwise have few or no economic or employment opportunities. The development of the industry in that context is important and worthy of our

support.

**The Convener:** You are not going to get to finish on that, because I see that Robin Harper has a final point.

**Robin Harper:** I just want to nudge Des McNulty's question a bit further. The minister said that he envisaged the strategy and the regulations coming together in a cogent form probably by about 2005, which I imagine means that we are talking about a full regulatory framework kicking in round about 2006. Are the developments that we have in place at the moment sufficient to plug what will clearly be a regulatory gap for the next three or four years?

**Allan Wilson:** We have undertaken the review of regulation, as you know. The strategic development group will implement that process. I have confidence in the existing regulatory regime and controls. I have said that we are taking a view on development in the short, medium and long terms. The regulatory framework that you said would come into force in 2005-06 is but one feature of that development and I do not want to overemphasise it to the detriment of other aspects of the strategy development. I emphasise that the committee will be directly involved in that process by virtue of its representation on the development group.

**The Convener:** You have triggered one more supplementary from Nora Radcliffe. Your evidence is so stimulating, minister.

**Allan Wilson:** I should know when to shut up.

**Nora Radcliffe:** AMAs have proven to be effective. How much of the industry is involved in them? Conversely, how much of the industry is not? Do you perceive any resistance to involvement in AMAs by those who are not currently involved? You might be able to answer that better once the development officer is in place, but I just wonder what your views are at the moment.

**Allan Wilson:** Gordon Brown is our principal expert on the development of the AMAs, of which he is a great advocate.

**Gordon Brown:** Nora Radcliffe asks a difficult question. The six or seven AMAs that are in place involve the big players, such as Marine Harvest, Scottish Sea Farms and other multinational and indigenous companies. What may not be clear is the fact that dialogue is going on in about another 10 areas on the west coast and in the islands. I have a table back in the office that members are welcome to look at. We might have two or three more AMAs quite soon. People are not really aware of the dialogue that is continuing up and down the west coast and in the Western Isles with different companies in the industry. We are

beginning to look at Orkney, but there is no perceived need to go into Shetland, because the wild salmonid issue is not such a problem there. I would be guessing if I were to tot up how much of the industry is involved in AMAs. My answer would be that quite a significant proportion of the industry is involved—certainly in excess of 50 or 60 per cent.

**Allan Wilson:** I hope that the deliberations of the strategic development group will act as a catalyst to stimulate that process further. I am sure that Gordon concurs with me on that point.

**Nora Radcliffe:** It is obvious that both formal and informal AMAs are doing a good job, but their work cannot always be measured.

**Gordon Brown:** I should add that, in addition to what I call the tripartite AMAs, which also involve wild fisheries and farmers, there is a network of AMAs between companies, in which the companies agree to liaise over fish health and sea lice control matters. I guess that that is another tier. The more I think about it, the more I suspect that probably quite a high percentage of the industry is covered by AMAs in some way.

**The Convener:** That brings us to the conclusion of this evidence-taking session. I thank the minister, Jinny Hutchison, Graham Thompson, Gordon Brown and Kevin Philpott for their evidence, which I am sure the committee will take into consideration.

**Allan Wilson:** On our part, we look forward to your participation in the development group.

**The Convener:** Before we move into private session to discuss the evidence that we have received, we should resolve the issue to which the minister just referred. The committee has been invited to nominate a member to participate in the development group on aquaculture, which the minister will chair. It is obvious that it would be best for one of the two reporters on aquaculture to be our nominee.

Before I ask them whether they wish to volunteer—or before we try to reach an agreement about who will be our nominee—I will outline the work that is involved. The first meeting will be on 10 June in Glasgow. The minister will write to the nominee in advance with an indication of what the agenda will be for that meeting. Over the next two to three months, a further three meetings will be held. Now that the reporters know the time commitment that they will have to give, I ask Maureen Macmillan and Robin Harper to indicate whether they wish to join the group.

**Robin Harper:** I would dearly love to carry on with the work on aquaculture. I can certainly make the time commitment, but I do not see why Maureen Macmillan and I cannot share the duties,

if she is also keen to participate. I am sure that she is, as she has become very involved in the work recently.

**The Convener:** It would make more sense for one person to see through those three or four meetings.

**Robin Harper:** Indeed—I would be happy to do that.

**The Convener:** You may both continue as reporters to the committee, but we need one nominee for the group.

**Robin Harper:** As far as I know, I certainly have the time available, as I have committed myself to only one week away during the recess.

**Maureen Macmillan:** I would like to join the group as well. Perhaps we should—

**Nora Radcliffe:** Toss a coin?

**Maureen Macmillan:** Yes. I understand why Robin wants to join the group, too.

**The Convener:** Can we reach an agreement? I would prefer not to have a vote.

**Robin Harper:** Do you need a decision immediately? Maureen and I could have a little chat and look at the programme.

**John Scott:** Would it help if the convener were to write to the minister and ask whether he would consider allowing both the reporters to attend the meetings?

**Robin Harper:** That would help me, because I have been involved in the work right from the beginning.

**The Convener:** We do not need to make a final decision here and now. I would prefer Maureen and Robin to reach an agreement and I cannot commit the Executive to agreeing to invite both reporters. I suspect that the minister may be reluctant to do so, given that there will be a lot of other people around the table. Let us reflect on the situation while we are in private session.

We now move into private in order to consider the evidence that we have received during phase 2 of our inquiry.

11:25

*Meeting suspended until 11:31 and thereafter continued in private.*

12:08

*Meeting continued in public.*

**The Convener:** For the record, I confirm that Maureen Macmillan will be the committee's nominee to the working group that Allan Wilson

talked about earlier. The committee will explore whether it would be possible for us to have a second member; if it is, we will nominate Robin Harper as well. If that proves to be impossible, we will ask the Executive whether Robin Harper can substitute for Maureen Macmillan if she is unable to attend.

## Subordinate Legislation

**The Convener:** I welcome to the committee Lewis Macdonald, the Deputy Minister for Enterprise, Transport and Lifelong Learning, and Karen Martin, James Howe, Jonathan Moore and Caroline Lyon, who are officials from the Scottish Executive.

### Scotland Act 1998 (Modifications of Schedule 5) Order 2002 (draft)

**The Convener:** The draft Scotland Act 1998 (Modifications of Schedule 5) Order 2002 is laid under the affirmative procedure, which means that Parliament must approve the instrument before it comes into force. I ask the minister whether he wants to make any introductory remarks and ask him to be brief, given the constraints on our time.

**The Deputy Minister for Enterprise, Transport and Lifelong Learning (Lewis Macdonald):** I will take that advice to heart, convener.

The context of the order is schedule 5 to the Scotland Act 1998, which, as you know, is that part of the act that provides for the areas on which we may not legislate. The devolution settlement was not intended to be fixed in stone and therefore, as well as the provisions in schedule 5, there is provision in section 30 of the Scotland Act for modification of that schedule by order in council, which would allow the legislative boundaries of the Scottish Parliament to be shifted in one direction or the other.

The McLeish settlement in 1998 made it clear that there would be devolution in the rail industry in forms that modified the schedule 5 reservations, specifically in a number of areas within which devolution has already taken place. For example, since the creation of the Scottish Parliament, orders under section 30 and other orders have amended the effect of the devolution settlement in order to give us the power to issue directions and guidance in relation to the Scottish rail passenger franchise and to fund that franchise. We have also been given powers to administer the freight facilities grants and track access grants within the rules that are common in the UK, and powers to appoint the chairman of the rail passengers committee Scotland. Other measures concern the laying of reports by the Strategic Rail Authority and the rail regulator in the Scottish Parliament. There are one or two other measures that we need not go into in any detail today.

This order amends section E2 of part II of schedule 5 to the Scotland Act 1998 to transfer to the Scottish Parliament legislative competence for the construction and promotion of railways in Scotland. Once that is implemented, project

promoters will be able to apply to the Scottish Parliament for the necessary permissions to initiate projects without any requirement to seek permission from Westminster. The order fulfils the commitment made in the McLeish settlement to ensure that promoters of railways, stations and maintenance depots will be able to seek from the Scottish Parliament the power to proceed with construction. That does not apply to cross-border schemes, which will continue to be dealt with at Westminster. It will apply to heavy and light rail schemes that begin and end in Scotland, such as the link between Stirling and Alloa, into which we have already made considerable investment. The order is being enacted in advance of any private bill being lodged in relation to that route.

The order represents the completion of the McLeish settlement, which relates to the devolution of railway powers to the Scottish Parliament. I hope that the adjustments are uncontroversial, but I believe that they are historic in the sense that they complete the package that was agreed by the UK Parliament at the time of devolution.

**The Convener:** Do members have any questions?

**Brian Adam (North-East Scotland) (SNP):** I do.

**The Convener:** I ask you to be brief.

**Brian Adam:** If, for example, someone wanted to promote the electrification of the east coast main line from Aberdeen to Edinburgh, would the order allow that?

**Lewis Macdonald:** The order deals with the building of new railways.

**Brian Adam:** Not the refurbishment, upgrading or conversion of existing railways?

**Lewis Macdonald:** I do not think that that would require any additional legislative provision. The maintenance of the existing railway infrastructure is the responsibility of the infrastructure owner, which will be the successor company to Railtrack. The strategic oversight of that lies with the Strategic Rail Authority, to which we issue advice and guidance.

Essentially, the order deals with the promotion and construction of new sections of railway. I have already mentioned the Stirling to Alloa line; others might include links to Edinburgh and Glasgow airports, Borders rail and other such projects that are in the public domain. Alterations to the existing infrastructure would not be affected. Furthermore, the order would cover any proposal for the east coast or anywhere else that involved the construction of new track in order to accommodate alterations to traction.

12:15

**Brian Adam:** There is still one small stretch of single track on the Aberdeen to Edinburgh line. Is the order also required to cover any alterations to that particular section?

**Lewis Macdonald:** Again, it would depend on what action was taken to address that. I am familiar with the single-track section at Usan bridge near Montrose. The order would be required only if a new stretch of track needed to be constructed outwith the existing line.

**Brian Adam:** Thank you for that clarification.

**Robin Harper:** My point of clarification might be obvious. Would any new stretches of track automatically come under the aegis of Railtrack's successor organisation and the Strategic Rail Authority?

**Lewis Macdonald:** That is a reasonable assumption, although the position of heritage railways, of which there are several in Scotland, might be slightly different. However, any additions to the railway network would come under the ownership of the network authority.

**The Convener:** If there are no further questions, I ask the minister to move the motion to approve the order.

*Motion moved,*

That the Transport and the Environment Committee recommends that the draft Scotland Act 1998 (Modifications of Schedule 5) Order 2002 be approved.—  
[*Lewis Macdonald.*]

**The Convener:** Do any members wish to debate the motion?

**Robin Harper:** I would just like to give the development an enthusiastic welcome.

**The Convener:** I think that the whole committee shares that sentiment.

**John Scott:** Will the order make the development of the Borders rail network more or less likely?

**Lewis Macdonald:** The order makes it possible for the project to be undertaken through the Scottish Parliament. I therefore contend that it is now more likely to happen, simply because the procedure will not have to be referred to Westminster.

**John Scott:** So can the headlines read "Minister says Borders rail network development more likely now"?

**Lewis Macdonald:** You are responsible for your own press releases, John.

*Motion agreed to.*

## **Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 2002 (draft)**

**The Convener:** We now move to the second piece of subordinate legislation that we have been asked to approve today. I invite the minister to make some opening remarks.

**Lewis Macdonald:** It is worth highlighting the context behind the order, which is the Executive's wish to assist the reintroduction of a ferry service between Campbeltown in Kintyre and Ballycastle in Antrim. The order represents a key stage in making that possible.

The political initiative to re-establish the service is shared by the Scottish Executive, the Northern Ireland Executive, the Scotland Office and the UK Government. Members will be aware that the previous commercial service that operated on that route was withdrawn in 1999. We realised that re-establishing the route would require joint working among the arms of Government that I have mentioned. The Scotland Office played a key part in bringing forward the initial proposals to make that happen, and through the ferry action group worked with a range of local interests on both sides of the North channel to put together a case.

In policy terms, the order neatly brings together transport and enterprise interests, in that we acknowledge that the economic development potential of the route will assist the economically disadvantaged communities in Kintyre. The Northern Ireland Executive shares that perspective in relation to north Antrim. The Vestas Wind Systems turbine factory at Machrihanish is also part of the context within which the order has been introduced.

We have taken the lead in the tendering process since the three Government bodies made the joint announcement at the end of January. To establish a public service obligation on the route, we will be required to meet state aid guidelines that are set by Europe. That will involve competition for the ferry subsidy. The PSO can apply to route services between peripheral areas of the community or to thinly served routes that are vital to economic development. We believe that this route meets those criteria. Subject to the committee's support of the motion, I will make an announcement later today of the formal commencement of tendering procedures. I will leave draft copies of that press release with the clerks for your information. As we want to move ahead speedily, I seek your support for the order.

I shall explain briefly the nature of the order. We are using an executive devolution process because the legislative responsibility is, in large part, reserved by the Scotland Act 1998. The service runs from a Scottish port to a port outwith

Scotland, and schedule 5 to the Scotland Act 1998 reserves to Westminster the power to finance such a service. However, there was agreement among all the parties that Scottish ministers should take the lead in the tendering process.

Sections 7 and 8(1) of the Industrial Development Act 1982 give powers both to UK ministers and to Scottish ministers, but to enable us to use those powers outwith Scotland we must devolve the Crown minister's part of that responsibility. That is what the order does—it gives us the power to use the 1982 act to provide a subsidy to such a service under the public service obligation. The order is therefore a vital stage in making the service happen, and I invite the committee to support it on that basis.

**The Convener:** Thank you, minister. Do members have any questions?

**Maureen Macmillan:** I want to say how much I welcome this substantial investment in Kintyre. The area around Campbeltown has been depressed for many years because of various factory closures. The reinstatement of the ferry, together with the Vestas investment, is very much to be welcomed. I also welcome your announcement that the tendering process will start today.

When do you expect to close the tendering process? I ask you to bear in mind the fact that timetables for the ferry service need to get into holiday brochures in early autumn so that people can use it properly next year. Part of the problem with the previous ferry service was the fact that it was not properly marketed. We must ensure that this one is.

**Lewis Macdonald:** We are keen to move forward as quickly as we can. However, the requirements of the European process mean that we have to advertise in the *Official Journal of the European Communities*. We hope to make the announcement later today and place the advertisement in the next few days. Thereafter, a draft service specification will have to be prepared and published. That will be along the same lines as that which we are producing for the west coast ferry services that are operated by Caledonian MacBrayne. Following that process, we will invite tenders according to the service specification. Once we have consulted on the draft service specification, we will invite tenders on the final service specification, which we expect to publish later this year.

The initial contracts will be for five years, according to European PSO rules. We hope to have made significant progress towards having a service in place by the early part of next year. I do not want to be more specific than that, as several procedures must be followed over which we do not

have complete control. Nonetheless, we hope that, following a successful tender process, we will have a service in place by summer 2003.

**Maureen Macmillan:** What about the advertising of the details of that service? How soon can we expect to see that?

**Lewis Macdonald:** Those with responsibility for promoting and marketing the service will need to make their own judgments on that. However, I expect VisitScotland and others with an interest on this side of the route to use their discretion in producing promotional material in advance of the final completion of the process. The timing of that will be a matter for them to judge, but they will clearly keep a close eye on the progress of the tendering process.

**John Scott:** I welcome the order, which, as the minister put it, connects two disadvantaged communities. I want to help by suggesting that the minister make it part of his thinking and part of the tendering process that those two disadvantaged communities should be connected to another community that is less disadvantaged, which is Troon.

**The Convener:** We must focus on the instrument. I realise that Maureen Macmillan strayed over the line into other issues as well, but I want people to focus their questions on the power that is being transferred to Scottish ministers.

**John Scott:** If you will forgive me, I think that the viability of the service should be important to the Government. The service would be much more viable if it were connected to somewhere on the Scottish mainland. Such a service could boost industry and tourism.

**Lewis Macdonald:** I am happy to respond to John Scott and I take the point that he has made. However, the order specifically makes provision for a connection between the Highlands and Islands and Northern Ireland. The order is for the executive devolution of a power that extends only as far as the provision of a subsidy for a service between ports in the Highlands and ports in Northern Ireland. Clearly, if the operators of such a service found that there was a profit-making route with which they could connect, they would need to make a judgment on that. However, the order is specific about the areas for which public subsidy will be provided.

**The Convener:** I hope that Des McNulty's question is not to ask that the route connect to Milngavie.

**Des McNulty:** No, but I am interested in the flexibility of the definition that allows Kintyre, which is neither an island nor part of the Highlands, to become part of the Highlands and Islands.

Can I presume that the reason that the minister did not present a similar order for the Rosyth to Zeebrugge service is that state aid was not required in that context, whereas it is required here? For state aid, is the Executive required to do anything other than ensure that there is a tendering process? What other stipulations must be met of which we should be aware?

**Lewis Macdonald:** Kintyre is within the Highlands and Islands under the definitions that apply to the Highlands and Islands.

**Des McNulty:** Are those definitions legal rather than geographical, then?

**Lewis Macdonald:** They are geographical. I remind you how the king of Norway dragged his longship across the end of the Kintyre peninsula to demonstrate that Kintyre was indeed an island and was therefore under Norwegian sovereignty. However, that was a little time ago.

In modern times, we must deal with European requirements. We made an investment in the Rosyth to Zeebrugge service, but not in the provision of the ferry. Our investment was a freight facilities grant for the creation of capital infrastructure in Rosyth. There is no public service obligation on the route, nor should there be as it is a commercial, profit-making route. We assisted with the capital infrastructure because of the environmental benefits that that would bring to Scotland.

The requirements for the Campbeltown to Ballycastle service are different because of the public subsidy on the route. The European Commission is not in a position to take a firm view on a PSO before the application is made, but we are proceeding on the basis that we are confident that the arrangements will meet with the Commission's requirements. There should be no difficulty there. One requirement for PSOs is that, once the service specification has been set, the contract should be awarded on the basis that provides best value for money. The competitive process must be seen to be transparent and equitable. We are quite content to follow that requirement as we think that it will provide value for money for the taxpayer.

**Robin Harper:** Having visited Campbeltown last year, I want to make the brief observation that I cannot think of a town on the west coast of Scotland that is more deserving of this extra investment.

**Lewis Macdonald:** I would not disagree with that.

*Motion moved,*

That the Transport and the Environment Committee recommends that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2002 be

approved.—[*Lewis Macdonald.*]

*Motion agreed to.*

**The Convener:** I thank the minister and his officials for attending.

## Highlands and Islands Ferry Services

12:30

**The Convener:** Item 6 on our agenda is consideration of a paper produced by committee reporters on Highlands and Islands ferry services. The paper, which has been circulated, updates members on the tendering of the Highlands and Islands ferry contract. The paper also contains proposals for future work by the reporters and committee consideration of this matter. The paper invites us to agree proposals for consideration of the tender, and proposals for the reporters to travel and undertake consultation on behalf of the committee over the summer recess. It proposes that the convener and reporters should work with the clerks to produce a bid for approval of such travel by the conveners liaison group. I invite the reporters to comment on the proposals.

**Maureen Macmillan:** I would be happy to make the trips that are proposed. I presume that Des McNulty would be happy to do so as well.

**Des McNulty:** The trips that we made previously were useful. I visited Cumbrae and Tiree, whereas Maureen Macmillan visited other islands. The trips created a useful link between the parliamentary scrutiny process and the interests of the islands. Now that the specification has been put out to consultation, we can build on the work that we have done and extend it to some of the other affected communities.

**The Convener:** The tendering of the Highlands and Islands ferry services is probably the most important transport issue for many of the communities to which Des McNulty refers, so it is appropriate that we continue our work on that. The reporters should continue to seek the views of people in those communities and of relevant organisations, as it is useful for the committee to receive comments on the tendering process. I recommend that we approve the proposals that have been made.

**Fiona McLeod (West of Scotland) (SNP):** Before we agree the proposals in the reporters' paper, we should be mindful of one of the petitions that we will consider shortly—petition PE421—which may impact on the recommendations that we make to the reporters.

**The Convener:** I anticipate that the petition to which the member refers will inform the work of the reporters. I do not want to prejudge the view that we reach on that petition, but if any of our actions impinge on the work of the reporters, they will take account of those actions in addition to the

proposals that are made in the paper.

**Fiona McLeod:** The paper recommends that the committee

“agree that reporters should undertake consultation and travel over the Summer Recess as outlined above”.

We should add the words “and anything subsequently identified” to that recommendation.

**Maureen Macmillan:** When the draft specification is published, we will consider the detail of fare structures and so on. That will be the appropriate time to consider issues such as road equivalent tariff.

**The Convener:** The paper on petition PE421 recommends

“that the issues arising from the petition be taken into account as part of their consideration of the draft service specification. It is therefore recommended that the Committee agree to take the petition into account as part of its work into the tendering of Highlands and Islands Ferry Services.”

It remains to be seen whether the committee agrees to do that.

**Fiona McLeod:** We will discuss the paper under the next item. I want to ensure that, if we agree to the reporters' proposals, the option proposed in paper TE/02/17/7 will remain open to us.

**The Convener:** Do members agree to the recommendations that are made in the reporters' paper TE/02/17/5?

**Members indicated agreement.**



## Petitions

### Road Equivalent Tariff (PE421)

**The Convener:** Members will recall that petition PE421, from Alasdair Nicholson, was originally scheduled for consideration, along with some other petitions, at a previous meeting of the committee. However, because that meeting overran considerably, we delayed consideration of those petitions.

PE421 calls on the Scottish Parliament to promote and trial a road equivalent tariff for ferry services between the Western Isles and the mainland. Road equivalent tariff is a method of price setting that relates the fare charged for ferry transport to the cost of driving the equivalent road distance.

The petition has already been brought to the attention of Maureen Macmillan and Des McNulty, the appointed committee reporters on Highlands and Islands ferry services. Before seeking other members' views, I offer the reporters an opportunity to comment on the petition and on the recommendation that is made in paper TE/02/17/7.

**Maureen Macmillan:** It is appropriate that the petition be discussed in the light of the draft service specification when that is published. Des McNulty and I—and the committee—will consider all the proposals for fare structures. That would be the appropriate place to deal with the matter. A road equivalent tariff has been suggested for a long time. It is not a new suggestion; it comes up often. We have a good chance to consider it properly.

**Des McNulty:** The draft service specification will drive us into considering ferry issues. Arguably, the road equivalent tariff is a different principle to the one that generally applies to the way in which ferry tariffs are set. We could ask the various community organisations about the road equivalent tariff as part of that process. It might also be interesting to speak to the various public authorities about the operational issues that are associated with moving down that route.

**Maureen Macmillan:** We should also ask them about the financial issues, as there would be financial implications.

**Des McNulty:** We will presumably be in a position to report back on the matter following the consultation.

**Robin Harper:** I have every sympathy with anybody who wants to reduce the cost of travelling by ferry. Apart from anything else, it is a relatively environmentally benign form of transport.

However, I have a problem with the idea of a road equivalent tariff. I would prefer a rail equivalent tariff, not only because travel by rail is more environmentally acceptable, but because the real costs of road transport are considerably greater than the simple cost of putting a gallon of petrol in the back of a car. The real costs are hugely greater than that. That is the danger of accepting a road equivalent tariff as a way of calculating ferry fares. I would be happy to use rail equivalents as a guideline for setting ferry fares, but I would be very unhappy with a road equivalent tariff because of the environmental and real cost implications.

**Nora Radcliffe:** What do we mean by a road equivalent tariff? Would it include the cost of providing the road and all the ancillary costs, such as depreciation of cars—would it be a real road equivalent tariff? My other point is the general one that we do not calculate fares for other forms of public transport on the basis of a comparison with what it costs to drive between two places.

**Fiona McLeod:** I am pleased that the reporters think that they should consider a road equivalent tariff and that it should be considered seriously. I note that the Executive response is basically, "RET? No thanks." I note also that CalMac considered RET as part of its fares review. We must satisfy ourselves that that evidence is being properly weighed in the balance. I look forward to the reporters doing that.

I suggest to the reporters that it may be worth speaking to Professor Neil Kay of the University of Strathclyde, who does a lot of academic work on the subject of ferries. I am sure that you have spoken to him already in other contexts, but the issue may be another one worth exploring with him.

**The Convener:** I am sure that the reporters would be more than happy to talk to Professor Kay. He has sent us several items of information in the course of our work on the issue, and I am sure that he has done the same for the reporters.

**Des McNulty:** I have two brief points. When Maureen Macmillan and I visited Orkney earlier this year, we talked to people about NorthLink Ferries. The Finance Committee will go to Orkney tomorrow and I have a meeting with representatives of NorthLink Ferries. Further information will be available about that.

I say to Robin Harper that all kinds of radical options should be considered in drawing up the service specification. Attention should be given to a number of environmental options and to the road equivalent tariff or other viable alternatives. We have only one chance to get the matter right. It is important that we do not simply replicate existing unsatisfactory systems.

**Robin Harper:** I want to make it absolutely clear that I think that the equivalent tariff should be based on a set of environmental criteria for what is the best method of transporting people from one place to another. That would be to the advantage of sea travel.

**The Convener:** Do members agree to the recommendation in the paper and to refer the matter to the reporters for consideration?

**Members indicated agreement.**

### **Telecommunications Developments (Planning) (PE425)**

**The Convener:** The next petition is PE425, from Anne-Marie Glashan, on the siting of mobile phone masts. At this stage, we are not being asked to deal with the petition, but to consider whether the committee is content with the Executive's reaction to the recommendations of our "Report on Proposals to Introduce New Planning Procedures for Telecommunications Developments". The Executive introduced a new NPPG, which responded to a number of points in the committee's report. The Public Petitions Committee wants to know only how content we are with the action that the Executive has taken.

**Fiona McLeod:** I understand that we must give only our views on the Executive's response to our report, but I want to highlight two items in the Executive's letter to the Public Petitions Committee on the matter. I think that members will not be entirely satisfied with them.

Recommendation 21 of our report stated:

"local authorities should establish a hierarchy of preferred locations"

for mobile phone masts, but the Executive's letter states that the committee did not recommend exclusion zones. That is playing with words. The committee was not entirely happy—at least I was not—with NPPG 19, given our recommendation 21.

I also want to mention the part about scientific research in the Executive's response to the Public Petitions Committee. All that it contains is a one-paragraph answer laying out the research and the dates. Both the committees must ask why the research is taking so long. The initial invitation to submit research proposals was not made until nine months after the Stewart report and 11 months after the committee's report, which recommended that research had to be done.

Why did it take nine months to put out the call for research? Twenty-six full proposals were requested. That was nearly a year ago. What is happening? What is the status of the research? We are 18 months down the line. Is the research being conducted yet? Why is it taking so long?

**Robin Harper:** We were not particularly happy with the Executive's initial response to our report. I have never been happy with the idea that planning permission was not required for all masts, whatever their height or location.

12:45

**Des McNulty:** Three issues that arise from the implementation of the Executive's approach strike me as worthy of further investigation. First, how far have the Executive and local authorities gone in preparing planning guidance? Is that being implemented consistently throughout Scotland? Secondly, is any updated information available on scientific research that has been produced since we conducted the inquiry and since the Executive reached its view? Does an updating process exist whereby the Executive relays appropriate scientific advice to the planning agencies that must make the decisions?

Thirdly, it was central to our initial recommendations that authorities should engage in planning forums with operators, with a view to rationalising masts and co-ordinating the roll-out of masts. My gut feeling is that that has not happened. Individual operators continue to make individual applications to planning authorities, which make one-off decisions. We argued for a more co-ordinated approach. That issue would be worth consideration. I am not sure whether the petition is the vehicle for doing that. We might want to examine the issue as part of post-legislative scrutiny, which we should consider seriously.

**The Convener:** The Executive went a long way towards addressing the recommendations in our report. The introduction of planning procedures for most masts was to be welcomed, although, from the committee's point of view, adoption of all our recommendations would have been preferable.

I am entirely comfortable with our encouraging the updating of the research position. On health issues, it is important to note one conclusion of the Stewart report, which is mentioned in the Executive's response, that

"the balance of evidence indicates that there is no general risk to the health of people living near to base stations on the basis that exposures are expected to be small fractions of guidelines."

We should be cognisant of that. I am unaware of more recent research that contradicts that.

Some members' comments concern the recommendations that the Executive did not implement. It would be fair to draw them to the attention of the Public Petitions Committee. I agree with Des McNulty's view that, at some stage, the committee should consider post-legislative scrutiny, how the guidelines have

worked and whether they need to be improved. I am not convinced that we have sufficient evidence from local authorities and others to gauge that adequately yet. That is for further down the road.

**Fiona McLeod:** I draw to the Public Petitions Committee's attention the introduction to our report, which said:

"Based on the evidence received the Committee considers that there is reasonable doubt about the health risks and recommends that health should be viewed as a material planning consideration and a precautionary approach should be adopted".

It is important that the petitioner understands that that was the view in our report, which backs up the need for further timeous research.

**The Convener:** I suppose the best way for us to deal with this would be to correspond with the Public Petitions Committee and draw its attention to the extracts from today's *Official Report*. Members of the Public Petitions Committee will then be able to see our views that members have expressed about the petition and that can inform their decision. Is that agreed?

**Members indicated agreement.**

### **Transport Infrastructure (Aberdeen) (PE357)**

**The Convener:** The final petition is from Aberdeen City Council, on investment in transport infrastructure. I do not feel the need to make any introductory remarks given that we have dealt with the issue and taken evidence on a number of occasions. I am sure that all members are aware of the issues.

I welcome Brian Adam MSP to the committee. He is here to address the petition. I have received an e-mail from Elaine Thomson MSP, expressing her apologies for not attending the meeting because of her travel arrangements for the meeting of the Finance Committee in Orkney. However, Elaine asked me to make a brief statement on her behalf, which I am happy to read out because it is only two sentences. In response to the petition, she wants the committee to consider her view that she wants the committee to support

"the urgent need to progress the Aberdeen Modern Transport Strategy as proposed by NESTRANS and that full support should be given to completing the transport studies currently in progress as soon as possible."

She goes on to say that she welcomes

"the recognition from the Scottish Executive of the need to tackle congestion in Aberdeen as one of Scotland's top 10 transport priorities."

She urges that those priorities be ranked, and mentions

"the need to improve Aberdeen's transport to be given urgent consideration during the discussions around the Spending Review".

I have put that on the record, as she asked me to.

We have taken a considerable amount of evidence so I ask members to indicate how they believe the committee should address the petition and bring the issue to a conclusion with any recommendations for action. Do any members want to contribute?

Everyone seems to be keeping their powder dry and waiting to see what everyone else says.

**Nora Radcliffe:** The way forward is to go through the north-east Scotland transport partnership's six key requests. By and large, the committee would endorse them all. We might write back to the petitioner and say that.

We acknowledge the transport problems of Aberdeen and the north-east and the need for those to be addressed in the national economic interest. We also recognise the need for upgrading of the strategic road network in the north-east and the Executive's responsibility for this. By its actions, the Executive has demonstrated that it accepts responsibility.

I do not know whether we want to undertake a specific review of the public transport and integrated transport funds to include measures that contribute to modal shift, on top of the review that we undertook in our consideration of the budget. My view is that the committee would be quite happy to indicate its support for the regional transport strategy and the fact that it was done in a constructive and integrated way that involved all the stakeholders. We have called on the Executive to provide significantly increased funding for transport in Scotland. We could therefore endorse all six key issues that the petitioners ask us to endorse.

**Brian Adam:** I echo what Nora Radcliffe said about the six recommendations. I do not see any particular problem in endorsing what has been asked for. I would like to highlight two or three of those points.

The first recommendation that NESTRANS has made to the committee is to recognise that solving the transport problems of Aberdeen and the north-east is in the national economic interest. It is not a local problem; it is a national problem. That is important.

NESTRANS seeks the Executive's acceptance of responsibility for the strategic road network for the north-east. The committee could recommend, or press the Executive to accept, that a new road would become the trunk route.

For those who are not all that familiar with the history of the trunk routes in the area, in late 1996 the ring road in Aberdeen—Anderson Drive, South Anderson Drive and North Anderson Drive—became the trunk route. I hope that Mr Scott will forgive me for saying this, but it was almost one of the Tories' death throes to stop the building of the western peripheral route, which changed the trunk route to the ring road. That road has never been suitable as a trunk route, because it goes through areas of housing and has 17 crossings. That is not the sort of thing that we want for trunk routes. The ring road became the trunk route only in 1996, and I think that the designation of the western peripheral route as a trunk route would be a useful marker.

I am not so sure that the wording of NESTRANS's request (c) is quite right. The steps that have been taken so far have concerned modal shift, which that request involves. They have comprised bus lanes, park-and-ride schemes, cycle tracks and improvements for pedestrians. Some money has been spent on those, which I am willing to acknowledge. Not everybody in the north-east has said that the NESTRANS's request is the priority, but some moneys have been made available.

The moneys that have been available for delivering the changes in rail and road have, until now, largely been for studies—I am concerned about the amount of money that has been spent on studies. Some of my colleagues suggest that at least £12 million has been spent on studies. We have reached the point at which we need action on the results of those studies.

I note from the Executive's latest pronouncements on its plans for Scotland that the western peripheral route is not mentioned as one of the missing links. It has not yet accepted the fact that there is a need for that route as a key element of the modern transport system. I find that disappointing.

As for a response to the petitioner, we should endorse the petition and highlight the committee's feeling that that the peripheral route should be the trunk route. It would be useful to draw that to the minister's attention.

**Des McNulty:** We should commend the work of NESTRANS in trying to develop a regional transport strategy for Aberdeen. I regard its work as a good model for other areas of Scotland to follow, because it draws together the various interests and tries to work through a specific solution.

**Nora Radcliffe:** I point out that the strategy is for Aberdeen and Aberdeenshire.

**Des McNulty:** Sorry. Would it be safe to say "the north-east"?

**Nora Radcliffe:** Yes. The strategy covers not just the city of Aberdeen.

**Des McNulty:** The committee must be careful not to be seen to state that the city is the most important area for investment relative to other areas. To be blunt, we do not get all the information from everywhere. We have a good case in Aberdeen with regard to—

**Brian Adam:** And the north-east.

**Des McNulty:** Yes—the case of Aberdeen and the north-east demonstrates what can be done. We should be entirely consistent in our arguments. As recently as last week, we discussed the budget and argued that, ultimately, the political decisions about the allocation of resources need to be driven by systematic expert analysis through the Scottish transport appraisal guidance—STAG—system. That analysis should inform the decision-making process. It is not necessarily that the numbers decide—ultimately, the politicians decide—but the numbers have to be transparent. That is the basis on which we have to make decisions.

13:00

The other point that I wish to highlight from the work that we have done is our concern about the clarity of much of the debate on congestion management. In our work, we saw a shift from congestion management towards traffic reduction, but we were not clear whether the Executive was clear that it could achieve the aims that it set itself, in terms of its approaches and the policy instruments that it was using. That is a general issue throughout Scotland.

I am not an expert on congestion management in Aberdeen—on which, I accept, a lot of work has been done—but that does not mean that the committee can endorse the entire bid for £275 million and say "That's just great" without examining the bid in terms of delivery, priorities and whether it meets national as well as regional criteria. All we can do is say, "This case has been brought to us. Good arguments are associated with what has been proposed. We would like the case to be put through evidence-based systems to ensure that the criteria are properly met, and that the basis of the proposal is sound." We can let ministers deal with the situation in that context.

To be honest, Aberdeen City Council cannot ask for more than that from the committee. The committee can do only what is consistent with the approach that it has recommended should be applied generally. It is important to put what Aberdeen City Council says in that context, and to say that the matter should be dealt with in that way.

**The Convener:** I can see that some people—

**Brian Adam:** To be fair, on that point—

**The Convener:** Excuse me, Brian.

**Brian Adam:** That is all that the petitioners are asking for.

**The Convener:** Brian, please keep in order. A number of members wish to speak. I will give you another opportunity to come in, but please wait until you are given the opportunity to speak.

**Robin Harper:** I hope that I am not expressing a minority view, but the M74 extension seems to be going ahead without sufficient research to justify it. I would be unhappy if the necessary research, in particular research on modal shift, was not completed before going ahead with any road construction in the north-east. It is important that the solutions to the traffic problems of the north-east should be set within the overall framework of their being acceptable environmentally and socially, as well as economically. That is vital.

I disagree with Des McNulty's observation that the Executive is moving towards traffic reduction, because that is exactly what the Executive did not say. The Executive's aim is to control traffic growth. I am not particularly happy with that, but even if we control the growth in traffic, any policy for the north-east has to be seen in that context. I am from Aberdeen; I am very fond of it and I would like the problem to be solved, but it must be solved in context.

**John Scott:** I, too, want the problem to be solved, and that has been the consistent position of the Scottish Conservatives since the Scottish Parliament came into being. Like Des McNulty, I would like proposals to be STAG appraised. As a committee, we cannot just provide a blank cheque, or say that the proposal is necessarily the best option. It might be, but it must be evaluated properly.

I am sorry, but I take exception to Brian Adam's remarks about Conservative transport policy. The comments were gratuitous, and that is not the way in which the committee normally functions. I leave him with a question; what effect has SNP policy had on road traffic policy in Scotland?

**The Convener:** I wish to make a personal comment, but later I will bring in members who have spoken before and wish to come in again. I agree with some of the comments that Des McNulty, Robin Harper and John Scott made. We need to ensure that the proposals are STAG appraised. One of the recommendations that the committee made last week in its budget report was that the Executive should STAG appraise robustly and that it cost every part of the transport delivery report. It should then prioritise on the basis of informed judgment. It would be correct of the committee to remain consistent with the report that

we approved just last week. That should form part of our response to the consideration.

Robin Harper's point that we should await the completion of the multimodal study is also appropriate and should form part of our response. Building on what Des McNulty said, I think that we should commend NESTRANS for the work that it has carried out. It has put forward a persuasive case on transport issues in the north-east. We should also note that the Executive has acknowledged some of the transport problems in the north-east with the reference in the transport delivery report.

We should build from those comments a response that commends NESTRANS for the development of the strategy. I do not think that we should necessarily endorse every single part of it, because that would be inappropriate, given our report last week. We should ensure that we await the outcome of the multimodal study and ask for the STAG appraisal to be completed robustly, but we should acknowledge that the Executive needs to address urgently the issue of transport in the north-east over the coming years, for the economic, social and environmental reasons that we discussed. The way forward for the committee is to base our response to the petition, including a letter to the Executive, on those points.

Before I bring in members who have spoken already, do any members who have not spoken on it want to come in?

**Maureen Macmillan:** I just want to emphasise that infrastructure in the north-east should be considered in a national context. The roads are not local any more than is the M74.

**Des McNulty:** Did you say that the M74 is a local piece of road?

**Maureen Macmillan:** No, I said that the infrastructure in Aberdeen is not local infrastructure any more than the M74 is local infrastructure. We have to see Aberdeen's infrastructure as part of the national road network.

**Nora Radcliffe:** I want to answer some of the remarks that were made. Even if we endorse all the six key requests that the petitioners have made, we are in no way saying that action should be taken other than in the context of overall priorities. The petition does not ask to be treated as a special case; it asks us to acknowledge the problems.

We have not picked up on request (c), which asks that the committee

"undertakes a review of the Public Transport and Integrated Transport Funds to include measures which contribute to modal shift".

I do not know whether the committee wants to

consider doing that; perhaps we do not want to consider it as a particular piece of work. I see no reason why the committee should not endorse all the other key requests and give a particular answer to that point.

**Brian Adam:** I acknowledge the fact that I made a party-political point earlier, but I also acknowledge that the Conservatives, since the setting up of the Scottish Parliament, have supported consistently the general scheme for the north-east and I believe that that support is welcome in all parts.

Many of the aspects of dealing with multimodal arrangements and modal shift have been set in place already. I welcome the fact that the cross-rail element, which is important, is back on the rails again, following the difficulties with Railtrack. I want to ensure that the point that I made earlier and which Maureen Macmillan endorsed, that the problem is a national rather than local problem, is emphasised in any letter to the minister and the petitioners. I appeal to the committee to take on board the point that I made on the trunking of the route, irrespective of any party-political point that I made about it. Flagging that up would address the underlying situation.

I do not think that the petitioners are asking for preferential treatment. They are asking for fair treatment and support for what they are doing. They are not saying that they should be number 1 in the list, although many of us believe that that is the case, given what else is on the go. We would be quite happy to accept any fair and reasonable assessment of the petition. I do not see any problem with endorsing the requests that the petitioners have made.

**The Convener:** Perhaps Brian Adam and Nora Radcliffe are pushing the issue a bit further, but the majority of members seem to be more comfortable with commending the petitioners, recommending that the projects be subject to full STAG appraisal and stressing the importance of the modal study before approval is reached. Perhaps Brian Adam and Nora Radcliffe want to nudge us further than that, but I do not think that their view is the committee's general view. Do members agree with that approach?

**Des McNulty:** We recognise that a real issue has been identified in the north-east and we are trying to argue a process through which that issue can be addressed, which is fair enough.

**Brian Adam:** I do not see any inconsistency in what Nora Radcliffe and I said and what the rest of the committee said. Against the background of a national appraisal, we are simply asking that the particular points that we made should appear in the letter and the report. I am not arguing against what has been said, but perhaps the detailed

points that Maureen Macmillan, Nora Radcliffe and I made can be included.

**The Convener:** I do not think that I would want the committee to endorse the trunking of the road here and now until the proposal has been robustly appraised. There should be such appraisal before the committee gives a view one way or the other, although I do not rule out endorsement. We can certainly incorporate some comments by members into the response.

**Brian Adam:** That is a judgment call for the committee. I do not see a problem in what I have recommended, but I must accept whatever the committee decides.

**The Convener:** Do members agree with the overall response that I outlined and that the clerk and I should prepare a response on that basis to the petitioner and the Executive?

**Members indicated agreement.**

**The Convener:** I thank members for attending.

*Meeting closed at 13:12.*

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