



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 8 June 2011

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ECONOMY, ENERGY AND TOURISM COMMITTEE

1st Meeting 2011, Session 4

CONVENER

*Gavin Brown (Lothian) (Con)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

*Rhoda Grant (Highlands and Islands) (Lab)

*Patrick Harvie (Glasgow) (Green)

*Angus MacDonald (Falkirk East) (SNP)

*Mike MacKenzie (Highlands and Islands) (SNP)

*Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

*attended

CLERK TO THE COMMITTEE

Stephen Imrie

LOCATION

Committee Room 6

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 8 June 2011

[Chic Brodie opened the meeting at 09:30]

Chic Brodie (South Scotland) (SNP): Good morning, ladies and gentlemen, friends and colleagues. I am told that I am in the chair because I am the oldest committee member, which means that the average age of committee members must be about 25. If the second-oldest committee member offers their age, there will be retribution, because that will expose my age.

As the oldest committee member, I welcome all members to the Economy, Energy and Tourism Committee's first meeting in the Scottish Parliament's fourth session. I remind everyone—and members in particular—that mobile phones and BlackBerry-type devices should be turned off, as they interfere with the sound system. As much as we might like that to happen, it ain't gonna happen, so, if members would not mind, I ask them to ensure that their phone devices are off.

Before we get into the agenda, it would help if we went round the room to say who we are, although I am sure that we know most members. I am Chic Brodie and I am one of the Scottish National Party members for South Scotland.

John Wilson (Central Scotland) (SNP): I am an SNP member for Central Scotland.

Gavin Brown (Lothian) (Con): I am a Conservative MSP for Lothian.

Rhoda Grant (Highlands and Islands) (Lab): I am a Highlands and Islands Labour MSP.

Patrick Harvie (Glasgow) (Green): I am the Green MSP for Glasgow.

Mike MacKenzie (Highlands and Islands) (SNP): I am a Highlands and Islands SNP MSP.

Anne McTaggart (Glasgow) (Lab): I am a Glasgow Labour MSP.

Stuart McMillan (West Scotland) (SNP): I am an SNP member for West Scotland.

Angus MacDonald (Falkirk East) (SNP): I am the SNP MSP for Falkirk East.

Chic Brodie: I ask Stephen Imrie to introduce the other people who are attending the meeting.

Stephen Imrie (Clerk): I will introduce the officials briefly. I am the clerk to the committee; next to me is my colleague Joanna Hardy. We are joined by two colleagues from the official report

and, at the far end of the table, by Greig Liddell, Nicola Hudson and Alasdair Reid, who are Scottish Parliament information centre researchers.

Interests

09:33

Chic Brodie: Agenda item 1 is the declaration of interests. In accordance with section 3 of the code of conduct for members of the Scottish Parliament, it is my duty to invite members to declare any interests that are relevant to the committee's remit. I remind members that any declaration should be brief but sufficiently detailed to make clear to any listener the nature of the interest.

I have declared interests of shareholdings in two manufacturing companies—an electronics company and a sheet-metal manufacturing company—and in one software company. The shareholdings in the manufacturing companies are minimal shareholdings as a consequence of what I did as a company troubleshooter.

John Wilson: I am a member of Unite the Union, the National Trust for Scotland, Historic Scotland, RSPB Scotland and the Scottish Wildlife Trust. Those organisations are relevant to the committee's remit of economy, energy and tourism because many of them are vocal about how we should move the economy forward, particularly through energy and tourism.

Gavin Brown: I am remunerated as a director of and shareholder in a training company that I set up in 2002 and I am retained on the Law Society of Scotland's roll of solicitors, although I have not practised law since 2002 and have no current plans to do so. Indeed, I am not sure that the society would even have me back.

Rhoda Grant: I am a member of Unison and also received a campaign donation from the Fire Brigades Union. I do not think that the donation is registrable but, given that I have put it down as a voluntary registration, it is probably worth mentioning.

Patrick Harvie: I do not think that any items in the main part of my entry in the register of members' interests are relevant to the committee's remit but, with regard to voluntary registrations, I draw members' attention to my membership of organisations that might want to give us evidence on economy or energy matters, including Friends of the Earth Scotland, Greenpeace, the Oxfam humankind index steering group and the Poverty Alliance. I, too, received a donation from the FBU to my election campaign which, although not in the

register, will be declared through the Electoral Commission.

I am also an unpaid director of Gala Scotland Ltd, which runs the Glasgay arts festival and receives a small amount of money from budgets relating to tourism.

Mike MacKenzie: I am a director of and major shareholder in a property development company. My voluntary activities include board membership of West Highland Housing Association and being a volunteer fireman for Strathclyde Fire and Rescue.

Anne McTaggart: I am an elected member of Glasgow City Council and a member of Unite and the Co-operative Party. I think that that is all I need to declare.

Stuart McMillan: I have no relevant interests to declare.

Angus MacDonald: I have nothing to declare apart from the fact that, until 21 June, I remain a member of Falkirk Council's economic strategy and development committee and the SNP's economic spokesperson on the council.

Chic Brodie: I should also have mentioned that I was a member of the Scottish Social Enterprise Coalition. However, that membership has lapsed. Likewise, my shareholdings are in the process of being liquidated.

Convener

09:37

Chic Brodie: We now come to the more important part of this meeting, which is the selection of convener. The Parliament has agreed that only members of the Scottish Conservative Party are eligible for nomination as convener of the committee. As Gavin Brown is the only member of that party on the committee, I ask that the committee agree that he be chosen as convener.

Gavin Brown was chosen as convener.

Chic Brodie: It gives me enormous pleasure to demit the chair to Gavin Brown.

The Convener (Gavin Brown): I thank Chic Brodie for convening the meeting thus far and thank members for allowing me to be the committee convener. It is an honour and a pleasure. Having sat on the committee for the past four years, I believe that it is extremely important and has done a lot of good work on the economy, energy and tourism. I recognise on the record the work of the committee's previous convener, Iain Smith, who was the MSP for North-East Fife but was not returned. In his three years as convener, he was very good and did very valuable work.

Deputy Convener

09:39

The Convener: The next item is choice of deputy convener, the procedure for which is outlined in a paper from the clerks. The Parliament has agreed that only a member of the SNP is eligible to be deputy convener. Unless there has been a coup d'état in the past 24 hours, I understand that John Wilson is the SNP's nominee. As no one seems to be shaking their head wildly at the suggestion, I assume that he is still the nominee, and I ask the committee to agree that he be chosen as the committee's deputy convener.

John Wilson was chosen as deputy convener.

The Convener: I congratulate John on his appointment and look forward to working with him over the next few years.

Work Programme

09:40

The Convener: The most substantive item on today's agenda is our approach to developing a work programme. We will want to discuss and decide on a number of things today, including our thoughts on how the programme might develop in the next few months and the next year.

There may be suggestions for research that ought to be done or questions that ought to be asked, and it is important that we think about what we might do in the coming weeks. I understand that it may be possible to get at least one of the relevant cabinet secretaries, and possibly both, to attend next Wednesday's meeting, which will allow us to hit the ground running. We will come back to that in a moment.

We have a note from the clerk about the work programme and we have the previous committee's legacy paper, which outlines what the committee did and the things that it felt, without wanting to bind us in any way, were worth pursuing. I open the discussion to members. I am keen to hear thoughts and ideas from every member. On the basis of the discussion, we can take some decisions and leave others for later. I ask John Wilson, as deputy convener, to share his thoughts first.

John Wilson: If we had the opportunity to get cabinet secretaries along to our next meeting, that would be a very useful start for the committee.

As members will be aware from reading the legacy paper and the paper from the clerks, there are a number of issues that the committee could deal with immediately, not forgetting yesterday's announcement from Scottish Power about its energy charges, which will impact severely not only on the wider economy but in particular on the economies of individual households. It would be useful to get Scottish Power and the Office of the Gas and Electricity Markets along to the committee at some stage in the near future so that we can question the validity of the proposed increases in charges. Scottish Power has opened the door to increased charges and other companies will soon follow. Many individual households are facing tough economic times. We have just come through a severe winter, and the bills from those winter months are now hitting the doorsteps and having an impact on those households.

We need to be clear about how we drive forward the energy aspects of this committee's work in conjunction with Ofgem and the energy companies to ensure that we are getting good value in energy provision. We also need to widen that out to

consider how we can improve energy supply to households without increased charges—at increasingly drastic levels—constantly being applied to the consumer.

That gives us a starter to consider, but a number of issues will be very relevant to the committee over the coming months. We will have to focus on those, but we must ensure that the discussions that take place at committee are phased to bring benefits over a longer period. We cannot just jump in and take all the issues on at once. We must ensure that we do things in a programmed way that benefits those who are giving evidence, the committee and the wider public in Scotland, so that they understand the scrutiny that we can apply to policy-making structures—not only the Government but other organisations that impact on communities.

The Convener: You have picked a very important issue, which is a front pager in a number of today's newspapers. We may well wish to consider how we drive that forward.

I think that I am right in saying that Ofgem is in the Parliament today—I am looking at Patrick Harvie, as I think that he is sponsoring an event. He may get some answers at that meeting, although I am sure that they will be off the record.

09:45

Patrick Harvie: I would be happy for people to come and put difficult questions to Ofgem at the lunchtime briefing, if they want to. I echo some of John Wilson's comments about energy issues and, in particular, fuel poverty, but it is important to maintain a focus on the aspects of the fuel poverty issue that the Scottish Government can do something about. It does not have the power to alter energy regulation or to influence energy market reform directly. The demand reduction side of the fuel poverty equation is one that we will have to give some attention to as part of the wider—and urgent—energy agenda.

On the economy side of our remit, I draw members' attention to work that has been done on alternative economic indicators both globally and domestically in Scotland. Members have recently had circulated to them the Carnegie Trust's report, which looks at the Commission on the Measurement of Economic Performance and Social Progress, which President Sarkozy established in 2008. The report that the commission published is known as the Stiglitz report.

In the last year or so, the debate has picked up momentum both globally and in Scotland. The Carnegie Trust is looking at the application of the Stiglitz report to Scotland and there is also the Oxfam humankind index. As I said in my

declaration of interests, I am a member of the steering group for that project. Building on its whose economy? work and after wide public consultation, Oxfam is attempting to produce an initial set of proposals on what the priorities ought to be if we are to supplement or build on gross domestic product as an economic indicator.

In addition, both the previous Labour and current Conservative-Lib Dem coalition Governments in London and the Scottish Government have taken steps in this direction. The Labour Government did so on the advice of Lord Richard Layard, who was an adviser from 1997 and did work on happiness economics, and the current United Kingdom Government has produced measures of national wellbeing, which the media generally refer to as a happiness index. The Scottish Government's national performance framework also takes steps towards supplementary measurements that can sit alongside GDP.

The committee has an opportunity to pick up on the debate that is happening outwith Parliament and carry it forward into an inquiry that we might choose to hold in the future, which could inform the development of the Government's national performance framework. I recognise that we will make decisions later in the year about potential inquiries, but I suggest that we ask the Scottish Parliament information centre to conduct overview research on the work that has been done globally, to consider how much of it is being applied in Scotland and to seek initial views from the Scottish Government and other relevant extra-parliamentary stakeholders to establish where the body of work stands in Scotland. That would inform our discussion, if we have one later in the year, about a possible inquiry.

The Convener: Thank you. That sounds like a good suggestion and we can discuss with SPICe whether it is willing and able to do some research on the issue. Thanks for circulating the paper.

Rhoda Grant: I agree with the suggestions that have been made so far. I will not rehearse them apart from mentioning the energy issue and suggesting that we look at renewables, because they offer the ability to deal with poverty and rising fuel costs. Those who live in fuel poverty probably have less access to renewables and are certainly less able to develop them on their own.

I am also keen that the committee does not lose sight of the third sector, which falls within our brief. The third sector would be able to help us to look at fuel poverty, so I think that we could probably work that in, as well as social enterprise.

The legacy paper also touched on the issue of broadband. I think that that falls within the remit of another committee, but it is certainly a huge

economic generator in rural areas. I cover the Highlands and Islands, where access to broadband is a big issue because of its impact on people's ability to work and to get information and so on. I would be keen to see what the other committee intends to do and, if it does some work on the issue, we could send a reporter along, because broadband is too important an issue for the economy for us to ignore. We could also look at renewables targets, which I think will be a big issue.

The Convener: Thank you. Those are all good suggestions. You are right that, as shown in the legacy paper, the committee had two big frustrations in the previous session. One was skills and the other related to infrastructure and broadband, and we were not able to do as much as we would have liked in either area. We are probably still precluded from doing too much on both, but that does not prevent us from working with the relevant committee and, as you suggest, a reporter might be one way of doing that. The issues have an impact on the economy, and it is a little frustrating that we cannot do more on them directly.

Stuart McMillan: The suggestions up to now have been very helpful.

One of the key phrases throughout the recent election campaign was the reindustrialisation of the Scottish economy. It was focused on the renewables sector, and it is intended to move the Scottish economy forward and to drive Scotland forward in the renewables agenda. It would be good for the committee to keep a watching brief on that work and to ensure that the Government is doing what it said it wanted to do in the recent election campaign. The issue has the potential to have a positive impact across so many facets of Scotland, particularly the economy.

My second point is on the voluntary sector and the social economy. The committee in the previous session did not have a chance to look into that issue and investigate how beneficial it is across the country. There is a good body of work that we could bring together to move the agenda forward. We all know that budgets are decreasing and that the pressures that are placed on the voluntary and third sector are very important, so it is an issue that we can investigate.

On other aspects of the committee's remit, in the previous session we had regular sessions on tourism with VisitScotland, which I found extremely helpful. They ensured that VisitScotland was fully focused on its role, as its representatives were coming here every three or four months to provide parliamentarians with some kind of report. They did not always get a grilling as such, but the questions were robust. That approach was

beneficial, and I recommend that we do something similar again.

The committee in the previous session also produced a banking report. I am not suggesting for one minute that we go back and do another banking inquiry, but it is certainly something over which we should continue to have a watching brief. Other reports will come out later in the year from the United Kingdom perspective. We will still have an input, say and view on how the issue should go forward, bearing in mind how important the banking and financial services sector is to the Scottish economy.

Finally, one of the last inquiries that the previous committee undertook was on the enterprise agencies. One of our recommendations was that there should not be any major structural reform of the enterprise agency network, but we should continue to watch over what is going on. The enterprise agencies will be regular visitors to the committee. They will probably give evidence, both written and oral, on most of the things that the committee will look at, which is the right approach. However, we should not take our eye off the ball because we have produced a report. We should keep a watching eye on developments in the two enterprise agencies.

The Convener: You are right about all those things. The Independent Commission on Banking will report in September. We have had its interim report already, but I am sure that we will also wish to examine the final report.

I understand that the business gateway contracts are up for renewal next year, and the committee may well wish to consider that. I see Chic Brodie nodding.

To clarify what you were saying about VisitScotland, were you referring to on-the-record briefings, at which representatives of VisitScotland were before the committee in this formal setting of a meeting, or did you mean lunchtime, off-the-record presentations?

Stuart McMillan: On the record. I would be happy to have both, depending on the level of focus on the various discussions. However, I would recommend having them on the record—that has been extremely helpful in the past. We should bear in mind what an important element tourism is for the Scottish economy.

Chic Brodie: Many of the issues that I wish the committee to address have been mentioned already. I can see us discussing tactical, immediate issues, such as those around Scottish Power, and we should have the capacity and capability to do that fairly quickly. The other element is strategic and concerns, for instance, the organisation and the diverse nature of social enterprise and the third sector. How do we help

the organisations in that sector to develop activity that is more homogeneous?

The convener was right to mention the renewal of the business gateway contracts, which is a related matter. Between social enterprise and the business gateway, how do we address the whole small to medium-sized business sector? That brings in the relationship with banking, which Stuart McMillan mentioned, and the banking infrastructure and strategy that are required to support the sector meaningfully.

I would like to see exactly what the vision is for tourism. I am at a loss to understand what we are trying to do with tourism. I am less interested in receiving reports on what has just happened; I am more interested in what is going to happen over the next five to 10 years. I would like to see the vision that VisitScotland has.

One particular area that is dear to my heart, which I mentioned in my maiden speech in the chamber, is our capacity to export and the development of cultural awareness in that regard. What do we think is happening, and what is actually happening, to develop Scotland as an international trader?

Finally, how do we deal with technology and products? How do we achieve technology transfer from research and development in companies and from universities? How do we take the benefits of higher education and research and development to the market? There is a huge gap there. I do not think that there is any structure behind that work to make it effective.

The Convener: The second-last report that the committee did in the previous session related to internationalisation and exports. I do not know whether you have been able to see a copy, but we will ensure that you get one. The report contained many conclusions, one of which was, as Stuart McMillan said, to keep a close watching brief on that area, given that there are a number of new initiatives that might or might not work out pretty well. I agree that we should be examining that area.

You have spoken about the vision for tourism. Do you mean the vision that the industry has for itself, or the vision that the Government has for the industry, or both?

Chic Brodie: There is clearly a partnership there. I was referring to the vision that VisitScotland has and whether it can be supported by the Government. We need to know where we are going.

10:00

Anne McTaggart: I will be brief, you will be glad to hear. I want to put a marker down as someone

who comes from a community development background. On page 7 of the legacy paper, the previous committee proposes

"An examination of how mutuals, co-operatives and credit unions can be further supported".

If we are to extend and expand that support, it is extremely important that we know the benefits that those organisations have for the communities that we serve.

The Convener: That proposal was noted. Is there any particular angle from which you want to tackle it, or are you talking about taking a more general overview?

Anne McTaggart: In the communities that we serve, the situation is becoming particularly difficult for the voluntary sector. It is important that we look for a mechanism to support credit unions, co-operatives or mutual trusts.

Mike MacKenzie: We must broadly welcome the opportunities for renewables that are linked to our climate change legislation, which is quite challenging. However, it is also worth recognising that, in the Highlands and Islands and in some of the most remote communities, there can be challenges and real difficulties. For instance, there are unintended consequences of building standards that arise from climate change aspirations to promote greater energy efficiency. I am thinking of, for instance, the Sullivan report and the hard-to-heat homes report, both of which were published during the previous session of Parliament. I wonder whether there is merit in the committee drilling down into some of the detail of renewables building standards and so on to ensure that there are as few unintended consequences as possible.

We should also recognise that, although renewables offer terrific opportunities for some communities, other communities will be unable to access those opportunities and are at risk of being left behind in the economic backwaters. I wonder whether there is merit in the committee addressing those issues at some point and drilling down into them.

The Convener: You would like the committee to have a specific focus on building standards.

Mike MacKenzie: I mentioned building standards because I was a builder man and boy until 6 May, and I carry the scars. I am well aware of the difficulties that have been created throughout the Highlands and Islands, in particular.

Angus MacDonald: I concur with all the points that have been made so far. I cannot fault any of those points, which are valid and salient. Chic Brodie and Stuart McMillan have talked about the enterprise agencies. I am keen to ensure that we

have an early look at the business gateway contracts, because there is concern—certainly in my constituency—that perhaps they are not working as well as they should and could be tweaked.

Social enterprises have also been mentioned. We have someone from Social Enterprise Scotland in the public gallery today—I just met him in the lift. I am keen to progress that aspect of the committee's remit as well. In the Falkirk district, we are a wee bit behind other parts of Scotland and I would be keen to gee that up a bit.

I look forward to working with the committee to do what we can within our wide remit. There is a suggestion in the legacy paper that

“energy might sit better with transport and climate change issues”.

I am pleased that energy is still within our remit. Was any move made by the political parties to see whether it might be possible, in the future, to remove it from the remit of this committee?

The Convener: I am not sure what moves were made. The convener and deputy convener of the previous committee sat on the Conveners Group, and the committee's legacy paper is a matter of public record and was circulated to all members. Probably because the economy—which was always critical—had taken centre stage about a year into the previous parliamentary session, when there were so many purely economic issues to deal with, I think that at the time it was felt that although energy had got a good kick of the ball it maybe had not got the kick of the ball that it merited and continues to merit.

On what moves were made, I guess that the result was that things should carry on as normal. The suggestion was made, but it was not strongly pushed by all members. A comment was made and a view was taken, but I do not think that the suggestion will go anywhere unless there are strong feelings that it ought to do so.

Patrick Harvie: In the context of my former role on the Transport, Infrastructure and Climate Change Committee, I can say that there are probably few areas of policy that committees scrutinise for which a case could not be made that they sit well with climate change. Climate change sits well with energy, with buildings and housing—as Mike MacKenzie said—and with transport. The Rural Affairs, Climate Change and Environment Committee will have to try to take a cross-cutting view and engage with all subject committees on climate change, including the Economy, Energy and Tourism Committee.

Potential changes in the energy situation that the world faces—not least peak oil, which I think has been subject to less scrutiny than other

aspects of energy—will impact profoundly on the economy. There is an opportunity for us to explore the overlap and to consider how energy will continue to impact on the economy and vice versa in the years to come.

The Convener: All members have made initial contributions. It was not my intention that the committee should decide today to undertake a particular inquiry. The Christie Commission on the Future Delivery of Public Services will report later this month and in September we will have the Government's legislative programme and a spending review. I was keen not to take firm decisions on inquiries today, because we want to see how the cards fall on those three issues and others.

As I said, we have pencilled in the possibility of hearing from John Swinney and Nicola Sturgeon at next week's meeting, which would allow us to hit the ground running and get a feel for where the Government is going on its cities agenda and on Mr Swinney's wider economic brief. Are members content to invite the ministers formally and to make their evidence the focus of next week's meeting?

Members indicated agreement.

Stuart McMillan: Next week's meeting will be useful in informing the committee's wider thinking about what we want to do, in particular during the next six months to a year.

In my earlier comments I omitted to mention tourism. There are plans for a homecoming 2 and when the committee considers tourism it would be useful to hear from VisitScotland and, perhaps, EventScotland, to ensure that those agencies are on the ball about homecoming 2. There were issues to do with the first homecoming event in its early stages, so I would like to think that both agencies have learned lessons and can ensure that the second event will be even more successful than the first one was.

The Convener: That was a good suggestion. Homecoming 2 will happen in 2014, so the planning stage is now, if things are to go smoothly.

We have agreed a proposal for next week's meeting. Patrick Harvie suggested that we ask SPICe to produce a background paper on the issues that he raised. Are members content to do that?

Members indicated agreement.

John Wilson: In my opening remarks, I mentioned the situation with Scottish Power. In looking at future meetings, I see that we will hear from the cabinet secretaries next week. Given Scottish Power's announcement yesterday, I think that we should try to fit in a meeting with Ofgem and some of the energy companies before the

recess, if that would be possible, to find out what is going on, because if we wait until after the summer recess, we might find ourselves mopping up what has already happened. It is incumbent on the committee that we deal with the issue with Ofgem. I know that we have the opportunity to discuss it at lunch time today at the event that Patrick Harvie is hosting, but I think that the committee should try to fit in such a session before the summer recess.

The Convener: As far as I am aware, one energy company has announced that the price of gas will go up by 19 per cent and that of electricity by 10 per cent—

John Wilson: It was 11 per cent.

The Convener: Observations of what has happened previously suggest that, following such an announcement, there tends to be a period of change over a number of weeks, during which the other companies take decisions. I am thinking out loud here, but I wonder whether we would want to hear from Scottish Power while it is unclear what other companies will do. In a sense, we would be picking on one energy company when others might make similar decisions weeks or months later. The issue has been identified as an important one. I throw open to members how best we as a committee might tackle it without losing the initiative, as John Wilson touched on.

John Wilson: I know that it might sound as though we are picking on Scottish Power, but Scottish Power was up front in making its announcement yesterday, and I assume that other energy companies will make announcements on the back of that.

My difficulty is that Ofgem had already announced that it expected energy costs to go up dramatically to pay for the new infrastructure that is being talked about in the UK. We need to be clear about whether the energy costs that Scottish Power and other energy companies are talking about are based on what they claim is world demand for gas and electricity, when Ofgem has stated that the costs associated with the creation of the new infrastructure that is needed in the UK will be transferred to the consumer. Given that we are talking about price rises of 19 per cent for gas and 11 per cent for electricity, we need to know whether, in the coming months, we face the possibility of the energy companies saying that they will have to increase prices again later this year or early next year, which would have a more dramatic effect on the consumer.

The debate about energy and how we move to renewables becomes blurred as a result of the energy companies debate. It is incumbent on us to ask Ofgem and others what the energy companies' forward strategy is likely to be and

how Ofgem will deal with the price increases. Any price increase has an impact on the consumer. Other members have mentioned fuel poverty, which we know is a growing problem in Scotland. If fuel prices keep on rising at their present rate, the number of people in Scotland who will be captured under the fuel poverty heading will increase dramatically. The fuel poverty net is a financial burden not just on individuals, but on the Government, because the Government must draw up measures to protect people who find themselves in fuel poverty. Notwithstanding the structural changes to mitigate energy loss in many of the buildings that people live in, if the cost of heating a home or of cooking food continues to rise at the present rate, more than half the population of Scotland may find themselves in fuel poverty. We must try to deal with that situation.

10:15

Chic Brodie: I support that suggestion, but not so much from the point of view of pulling in Scottish Power and asking about yesterday's price increase.

There is a fundamental issue around pricing volatility, buying gas ahead of time and issues of supply and demand that embraces all the power companies. Having gone through this process several times with some of the companies that I have been trying to help, I can say that when you drill down the answers that you get are sometimes not substantive. The issue is to do with impact. People are not simply shooting in the dark, so I would like to understand the mechanisms that they use to arrive at their assumptions, as well as what lies behind the volatility in pricing. If people are buying ahead, they must have some ideas about economic indicators, currency movements and so on. However, for the life of me, I have as yet been unable to determine what those ideas might be.

The question of why prices have gone up by 19 per cent would probably come up in any discussion that we might have with the companies, and I am sure that there is a whole set of reasons behind it, but what is important is the issue of pricing volatility and the mechanism that people use to arrive at their assumptions. We need to find out more about those.

Stuart McMillan: As you said, convener, when one company increases its prices, others follow suit. We all know that, at some point in the very near future, other companies will start increasing their prices, so John Wilson has made a useful suggestion that we should, before the summer, have a committee meeting that will allow us—rather than being a kangaroo court against Scottish Power—to establish a better perspective on, and understanding of, the issues around why prices are increasing, which Chic Brodie just

mentioned. It would be useful if, before any such meeting, the Scottish Parliament information centre could produce a briefing note to show the increases in prices that have taken place over the past three or four years, how long it took other companies to increase their prices after another company increased its prices and what the percentage increases have been in the prices of electricity and gas.

The Convener: Stuart McMillan's suggestion is a good one. It would be helpful for SPICe to give us as much background as possible in relation to previous price fluctuations and changes. It has been suggested that I write to Ofgem and the utility companies to seek the kind of information that Chic Brodie suggested we gather. Once we have gathered that information, we could decide how best to take the issue forward.

Rhoda Grant: I agree with that suggestion, but if we want to talk to people before the recess, we will have to issue invitations to attend the committee. I agree that there should not be a witch hunt against one company, because all the other companies are going to do the same thing. However, the price increases will have such a big impact on the people whom we represent that we need to be seen to be taking an interest early on, before the situation develops further.

The Convener: I see that members are nodding in agreement. I suggest, therefore, that we go ahead and issue those invitations. After next week, there are two Wednesdays before the recess. Are members content to leave those arrangements with me and the clerks?

Chic Brodie: Can SPICe look at the company reports that the major energy companies have issued in the past four or five years and give us a comparison?

The Convener: In the past, we have had short briefings on the subject, so we will be able to get hold of a fair amount of information from SPICe.

Chic Brodie: We should not simply accept the companies' explanation that the costs of raw materials are going up; we should ask what else the companies are doing to mitigate the increases in price.

The Convener: We will ask for that information and take a view thereafter.

Chic Brodie: Thank you.

The Convener: That takes care of next week and the suggestion that was made by John Wilson.

What used to be called away days are now, I am told, called business planning days—because they quite often do not take place away from the Parliament. Is the committee content with the idea

that we should have a business planning day in late summer or early September to work out our work programme? I am not sure whether it will be possible or allowable to hold such a day outwith the Parliament building but, if it is, do members have any suggestions? I know that Stuart McMillan has one.

Stuart McMillan: I spoke to the convener about this beforehand, and I suggested meeting somewhere in West Scotland. No doubt we will all put forward suggestions for our own constituencies or regions, so I thought that I would get my bid in first.

To be fair, it does not really matter whether we meet inside the Parliament building or outside; the important thing is that we get together and thrash out the direction that we want to take. However, for a couple of reasons, I suggest that we meet in Inverclyde—one reason being that Inverclyde is not in a city.

Gavin Brown and I were members of the committee during the previous session of Parliament, so he will have heard me make this point before. Cities are vital to the Scottish economy; I would not argue otherwise, because they certainly are. However, sometimes we do not focus on, or understand, areas on the peripheries of the cities. Inverclyde is only 25 miles west of Glasgow, and the airport is only 20 minutes up the road. Much in Inverclyde could be developed further, and it is hoped that Inverclyde could become a hub for renewables, under the auspices of the urban regeneration company.

To consider one example, IBM came to Greenock, Scotland and the United Kingdom 60 years ago. It does not employ 5,500 people as it did 10 years ago, but it still employs 1,700 people and is a major employer. We need to understand organisations that are just a bit further afield from the areas that we traditionally consider.

I raised a particular issue a number of times during the previous session, and I managed to get a cross-party group established. I hope that the cross-party group on recreational boating and marine tourism will reform next week, and I invite you all to come along. The west coast of Scotland is vital to that sector; it is the second most popular area for sailing and recreational boating in the UK. Over the past three to four years, Scottish Enterprise, VisitScotland and Highlands and Islands Enterprise have started to pay a bit more attention to the wider economic, social and health benefits of the sector to Scotland.

If we held some kind of event in the Inverclyde area, we could also make a site visit to IBM and obtain further information on sailing and recreational boating. That sector is a growing part of Scotland's economy; it has not really contracted

over the past three to four years. Demand is increasing year on year in parts of the sector—in fact, there is record demand. Meeting in Inverclyde would be an opportunity for us to learn a bit more about the sector and how it can contribute to Scotland's future growth and success.

The Convener: Thank you for your good ideas and suggestions, about both sailing and IBM.

Patrick Harvie: Stuart McMillan will be delighted to know that the last time I was at a committee away day, we used as the venue a canal barge that was run by a social enterprise. If we are to have a business planning day away from Parliament and pay for an external venue, I make the case that we should try to find a voluntary organisation or social enterprise that can host it rather than a commercial property such as a hotel. It would probably be cheaper, but it would also be a better use of money we would spend outside of Parliament.

Rhoda Grant: I have a couple of comments. I hear what Stuart McMillan says and think that it is interesting, but his suggestion does not fit with a business planning day. The committee can do such work on fact-finding visits. He is right that we should focus on the economies of different areas to see what makes an area tick because we have tended to take a one-size-fits-all approach to developing economies. Stuart McMillan's suggestion might be a topic for an inquiry later on.

I have been on two away days. When we are business planning, we hear from experts who guide us, but we do not have a lot of time for going out and seeing what goes on. I suggest that we have our away day somewhere practical—perhaps somewhere that helps out a social enterprise. I make a plea for it to be somewhere central, taking into account travel and the like. Perhaps we can look at visiting different places when we consider our work programme. I have lots of suggestions in that regard, but do not want to take up the committee's time with them today. We need to focus on different economies. We did not speak about that in our business plan because I think that we all assumed that the economy was such a big part of our remit that we did not need to discuss it.

The Convener: Are there any other suggestions at this stage? Some people might not have had time to think about it much, so we are happy to receive further suggestions over the next week. We might not have a choice about whether our away day happens outside the Parliament, but we do not have to take a decision on that today. I thank members for their thoughts and suggestions.

Business in the Parliament

10:28

The Convener: Item 5 is the business in the Parliament conference, which has run for about six or seven years. For anyone who has not been to the event or is not familiar with it, we have a paper and notes that outline what happens at the conference, as well as the results of a survey from the most recent conference, which was at the tail end of last year. The survey results appear to be broadly positive and include some constructive suggestions. I am throwing this out to the committee for discussion. The conference takes a while to organise. Does the committee agree in principle that there should be another business in the Parliament conference next year?

Patrick Harvie: I have no problem with the principle. However, can we have more background information further to the paper? I am less familiar with the business in the Parliament conference than are members who have served on this committee before. How is it funded? Is it part funded by Parliament and part funded by the business organisations that take part? What is that balance? I am aware that all committees will find it difficult to justify bids for funding external visits to engage with communities and other stakeholders. The business community is pretty well resourced for lobbying. I would be concerned if an event such as this was entirely funded by Parliament, when other budgets are being constrained.

The Convener: The term “business” is defined widely. It is not purely commercial organisations—it includes the voluntary sector, the colleges and the trade unions.

Stephen Imrie: I am happy to provide further information to members about previous conferences. They are funded entirely by the public sector and not by business organisations or individual businesses. Decisions were taken in the early days about the merits or otherwise of sponsorship, and the advantages and disadvantages of having conferences sponsored by any particular organisation, given that that might lead to certain expectations in such an organisation. The conferences are funded by the public sector on a 70:30 split. They are a joint event by the Scottish Government and the Scottish Parliament. The Scottish Government picks up 70 per cent of the running costs and the Scottish Parliament picks up 30 per cent.

The costs do not come out of committees' budgets for away days, fact finding or research. They are funded essentially as part of the major events strategy. The corporate body signs off a number of major events each year and how they

will be funded. The business in the Parliament conference is one of those. I am happy to provide more details to members, outwith the meeting, on roughly how much the costs come to each year.

The Convener: If we are agreed about the principle of the event, are members happy for me and the clerk to liaise with the Presiding Officer and ministers and to come back to you with dates and proposals about how the conference might work?

Members *indicated agreement.*

Scottish Trades Union Congress (Joint Seminar)

10:31

The Convener: The last item concerns a joint seminar with the Scottish Trades Union Congress, which is another event that the committee has run for a number of years. It tends to be a half-day seminar, which is held in the Parliament and is run jointly between the STUC and the committee. Feedback from MSPs and from the STUC on previous seminars has been pretty good. The STUC thinks that the events have worked pretty well.

It takes a while to plan and organise the seminar, so we need to decide fairly soon whether we are content to do it again. Members have seen the briefing paper, which was circulated in advance of the meeting. Are members content that we organise that event again with the STUC?

Members *indicated agreement.*

The Convener: I thank members for their attendance and contributions today. As agreed earlier, the next meeting will be next week. Both cabinet secretaries who have interests in the committee will attend the meeting. I hope that we will be able to report back on one or two other items.

Meeting closed at 10:32.

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