



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Wednesday 18 January 2012

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## Scottish Parliament

*Wednesday 18 January 2012*

[The Presiding Officer *opened the meeting at 14:30*]

### Time for Reflection

**The Presiding Officer (Tricia Marwick):** Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leaders today are Katie McKenna and Dominic Bradley, former pupils of St Ninian's high school, East Dunbartonshire.

**Dominic Bradley (Former Pupil of St Ninian's High School, East Dunbartonshire):** Presiding Officer, ladies and gentlemen, we thank you for the privilege of delivering this time for reflection.

I am Dominic Bradley and this is Katie McKenna. We are former pupils of St Ninian's high school in Kirkintilloch in East Dunbartonshire and are currently studying at the University of Glasgow. In October 2010, we visited Auschwitz-Birkenau as participants in the Holocaust Educational Trust's lessons from Auschwitz project. This provided an enormously valuable educational experience.

One key memory that remains with me relates to the rows of pictures of prisoners displayed on the walls of the main corridor of block 6. They had been taken on arrival at Auschwitz 1. It was not the precisely recorded names, dates of birth, arrival and death that stayed with me; it was the look on some of their faces: a few of them were smiling. They had nothing to smile about. Their smiles were not to show happiness or hopefulness. Rather, they were a statement of self-worth.

Our guide described a recent tour she had done that had included a woman whose mother had been a prisoner in the camp. She asked for a copy of her picture—the only photograph of her mother—standing, deathly thin, head shaven, dressed in rags, holding her identification number.

**Katie McKenna (Former Pupil of St Ninian's High School, East Dunbartonshire):** This year's theme for Holocaust memorial day is "speak up, speak out". My main difficulty on my return was understanding how ordinary people could stand by while those atrocities happened. Why did no one speak up?

Today, many people believe that they understand all that they need to know about the Holocaust. We said that we would never allow something like that to happen again but, if that were true, man's inhumanity to man would have

ended with the Nazis. Even today, we cannot claim to have eliminated prejudice, hatred or racism from our society, while overseas we have continued to witness the horror of genocide.

Speech can be an incredibly powerful tool. The Nazis realised that, which is why taking away the voices of all of those whom they persecuted was such an important part of their regime.

Ladies and gentlemen, we have a voice and we all have a responsibility to use that voice to speak up for those who cannot speak up for themselves. That is why the words of one survivor, Margit Meissner, are particularly relevant this year. She said:

"one should not become indifferent to the suffering of others, ... one should not stand by and just raise one's hands and say, 'There's nothing I can do, I'm just a little one person' because I think what every one of us does matters."

## Scottish Ambulance Service (Rest Breaks)

**The Presiding Officer (Tricia Marwick):** The next item of business is a statement by Nicola Sturgeon on Scottish Ambulance Service rest breaks. The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy will take questions at the end of her statement and, therefore, there should be no interventions or interruptions.

14:33

**The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon):** I am grateful for the opportunity to outline to Parliament the detail of an agreement that has been reached between the management and the staff side of the Scottish Ambulance Service in respect of rest breaks. I believe that the agreement will deliver a long-term and sustainable solution to the management of rest breaks.

I provided Parliament with the background to this long-running issue on 6 October, so I will focus today on what the new partnership agreement delivers for patient safety and for the resilience of the Scottish Ambulance Service.

On 6 October, I detailed the interim arrangements that were to be introduced for a three-month period to ensure patient safety while a longer-term solution was discussed. That three-month period ended on 10 January. During it, affected staff received a pro rata availability payment of £250 per annum and an activation payment of £100 each time they were disturbed during an assigned rest break.

That arrangement was monitored in partnership, and I received the monitoring reports weekly. Over the three-month period, the number of disturbance payments peaked at around 250 per week. During the period of these interim arrangements, negotiations continued and resulted in December in a further offer by management to staff that included a proposed £1,500 buyout of the availability payment and an on-going commitment to a £100 activation payment. Trade unions balloted their members on this offer, but it was rejected by all three trade unions early in January.

Although I was disappointed by the rejection of what I considered to be a fair and reasonable offer, it made it very clear to me that a radically different proposal would be required to reach a resolution of the issue. Ambulance staff had signalled that the issue was not about personal gain and therefore could not be resolved by simply increasing financial offers to individuals. In any

event, I was clear that offering higher availability or activation payments would not be acceptable from the public perspective either. It was therefore decided to turn the issue on its head and, instead of seeking a resolution that involved paying existing staff to do more, to explore one that increased the service's resources and resilience.

Last week, the previous interim arrangements were, with staff side agreement, extended to allow urgent talks on the possibility of such a long-term solution to take place. I am pleased to announce to Parliament today that those talks have reached agreement and that a long-term solution has been found, with new interim arrangements now in place to support its implementation.

The long-term solution is that the Ambulance Service will move towards a 37.5 hour paid working week for relevant staff inclusive of rest periods, with staff required to attend emergency calls throughout their shift period. Let me explain that in more detail. Currently, staff are rostered to be at work for 40 hours per week, are paid for 37.5 hours and are entitled to 2.5 hours of unpaid rest periods. The management of those unpaid rest periods has proved increasingly difficult over time and led to the unacceptable situation where a critically ill person might not be attended to by the nearest available ambulance crew. That situation compromises patient safety and is unfair to staff who, in simply abiding by their contract of employment, can find themselves the subject of public and media anger. That will no longer be the case.

In future, staff will be rostered for 37.5 hours per week and paid for 37.5 hours per week. Their rest breaks will be included in those hours and, although the service remains committed to ensuring that staff are adequately rested, all accident and emergency operational vehicle crew staff, urgent tier staff, air wing staff and special operations response teams will be available to attend emergency calls throughout their entire shift.

This reduction from a 40-hour to a 37.5 hour rostered week, inclusive of meal breaks, obviously reduces the service's available capacity. As that capacity will have to be replaced, additional investment in the service will be required, just as it would have been to make the payments in the previous offer, had it been accepted. However, resolving the issue in this way ensures that the additional investment will deliver additional staffing, resources and resilience, rather than more money to existing ambulance staff.

In the short term, the Scottish Government will, this financial year, provide the Ambulance Service with additional funding to procure software that will support complex resource and performance modelling to assist in the planning of service

change, performance improvement and strategic planning.

In the longer term, the Scottish Government will support the service in employing approximately 150 additional front-line staff to support this fundamental service redesign. These new jobs represent an increased investment in the Ambulance Service of around £5 million per year. The investment will support the further development of critical care paramedics and paramedics with enhanced skills; will strengthen the clinical response to life-threatening emergencies; and offer opportunities to strengthen the service's resilience and performance. For remote and rural Scotland, this investment will support increased numbers of community paramedics able to work in and with communities as part of an integrated healthcare model, helping to shift the balance of care, and will allow for a review of the geographical deployment of resources to ensure that they are appropriately targeted to meet demand.

Work will begin immediately to support this longer-term solution and both management and staff are committed to moving staff to the 37.5 hour week quickly. However, members will appreciate that such a fundamental change to existing working patterns cannot be achieved for all staff overnight and, in order to safeguard patient safety, new interim arrangements were introduced yesterday.

For the first period of implementation, until the end of June this year, affected staff will be eligible for a payment of £150 per month until they move to the 37.5 hour week, at which point that payment will cease. That new interim arrangement means that all previous availability and activation payments will cease. I can confirm that staff will continue to be required to attend all emergency calls, as allocated, during their shifts.

It is important to stress that both sets of arrangements—the longer-term solution and the new interim arrangements—still require that the Ambulance Service manages rest breaks. The service remains committed to ensuring that staff are rested appropriately. The new arrangements will be monitored in partnership, and I will receive regular reports on progress towards full implementation.

The agreement that has been reached is within the terms of agenda for change, but it recognises the unique position of the Ambulance Service as an emergency service. As I have made clear on a number of occasions, the Scottish Government has never recognised the distinction that some have made that the Ambulance Service is an essential rather than an emergency service. I have always been clear that the Ambulance Service is recognised alongside police and fire services as

an emergency service. Indeed, it is subject to the same derogations in the working time regulations as police and fire services. However, the agreement that I have announced puts beyond any doubt the unique nature of the Ambulance Service as an emergency service, while also protecting the benefits that it and its staff derive from agenda for change as part of the wider national health service family. Both those elements will be fundamental to the long-term success of the agreement.

I stress that full implementation of the longer-term agreement will mean that no individual staff member will gain financially when they are required to attend an emergency call during a rest period. I think that that is for the good. The rest period issue has subjected the Ambulance Service and its staff to much public criticism, which has often been unfair, and I therefore welcome a resolution that clearly demonstrates what I have always known and believed to be the case—that the priority of ambulance staff is their patients, not their personal gain.

The agreement that I have outlined allows me to be assured and, more important, it allows me to reassure the public that patient safety is paramount, that the views of the Ambulance Service workforce are respected and that a radical and long-term solution to the issue of the management of rest breaks within the service has been found.

I will be happy to answer any questions that members might have.

**The Presiding Officer:** We have around 20 minutes for questions, so I would appreciate short questions and short answers so that everyone can get in.

**Jackie Baillie (Dumbarton) (Lab):** I thank the cabinet secretary for providing an advance copy of her statement, and I join her in welcoming the deal that has been arrived at with the trade unions that represent Ambulance Service employees. I agree that it demonstrates that the priority of ambulance staff is their patients, not their personal gain.

I have received several reports from paramedics that patient safety has been compromised as a result of the interim arrangements. I understand from those front-line staff that red emergency calls have been recategorised as yellow calls. The difference is that a red call is responded to within eight minutes, whereas a yellow call is responded to within 18 minutes. A red call merits a disturbance to the rest break, but a yellow call does not.

However, the distinction in categorisation is driven not—I repeat, not—by a person's condition but by where they phone. Someone could be having a heart attack. If they dial 999, it will be a

red call, but if they call their general practitioner, their health centre or NHS 24, it will be a yellow call. Does the cabinet secretary share my disquiet at that news? Is that practice likely to continue in the future? I am sure that the cabinet secretary will agree that the importance of a call should depend on the severity of the symptoms, not the number that the person calls. Therefore, I ask her, in the interests of patient safety, to instruct an urgent and independent review of that revised system of categorisation.

**Nicola Sturgeon:** I thank Jackie Baillie for her welcome for the arrangements that I outlined. I hope that there will be a degree of consensus in the Parliament about the best way forward.

I, too, have heard such allegations or accusations—call them what you want—from ambulance staff, and I have raised them with the Ambulance Service. As I said in my statement in October and repeated today, I have been monitoring the weekly reports on the use of the interim arrangements. Call-outs during rest breaks have, if anything, been slightly higher than anticipated, and the responses that I have had from the Ambulance Service have satisfied me that the arrangements have been used appropriately.

It is important to note that the interim arrangements are no longer in place. The interim arrangements that I announced in October ceased yesterday and are replaced by the new arrangements. I assure Jackie Baillie and the Parliament that I will continue to monitor closely, with the Ambulance Service, the circumstances in which ambulance staff are disturbed during meal breaks, to ensure that the approach is appropriate from the point of view of ambulance staff and appropriate from the point of view of patients and patient safety. Ambulance staff must at all times respond appropriately.

There was a suggestion that the activation payment led to what Jackie Baillie described as misprioritisation. I do not accept that misprioritisation was happening, but the new interim arrangements do not have an activation payment, so any incentive that could have been alleged in that regard no longer exists, if indeed that was happening. Jackie Baillie has my absolute assurance that I will continue to monitor the arrangements carefully.

**Jackson Carlaw (West Scotland) (Con):** I am grateful to the cabinet secretary, as ever, for advance sight of her statement.

The benefit of the deal is that it prevents us from ever again having a public debate under the shadow of allegations about the priorities of unions, paramedics or other ambulance crew. Ambulance staff do a great and vital job and we

commend them for it. An aspect of meal-break remuneration was that there were questions in the public mind about priorities. Staff priorities are no longer in doubt and high-profile cases such as Tomintoul ought now to belong firmly in the past. I welcome the deal.

Can the cabinet secretary reassure me that the deal is sustainable and that funding is in place throughout? Can she tell me where the funding is coming from and assure me that the new arrangements will not be at the expense of other front-line services? What procedures does she intend to ensure are in place to achieve the required recruitment to the schedule that she set out? I note that an 18-month window is vaguely referred to in the agreement. Is the cabinet secretary satisfied that the approach is robust and that there will be no further financial penalty that she or the taxpayer will have to consider adding to the deal that she has agreed?

**Nicola Sturgeon:** I thank Jackson Carlaw for his welcome for the arrangements. The deal that I have announced is fair and sustainable and recognises patient safety concerns and the concerns of ambulance staff. It ensures that staff are adequately rewarded for the job that they do, while also being rested appropriately. For all those reasons, I expect the deal to stick.

I announced that funding will be made available in this financial year to the Ambulance Service, for software to allow it to do the work that is needed to reorganise shifts. The funding will be in the region of half a million pounds. There will be a cost associated with the new, time-limited interim arrangements, and the long-term, on-going cost of the deal will be £5 million per year, as I said. That money will be additional to the Ambulance Service's current allocation.

A couple of years ago, I announced additional funding for the Ambulance Service to recruit extra staff to deal with the problem of single crewing, particularly in the north and south of Scotland. The Ambulance Service has recent experience of recruiting people to deal with a particular problem.

I would not like it to be lost from our discussion that I am announcing 150 new jobs in the Ambulance Service. That is fundamentally and first and foremost to fulfil a requirement as a result of the deal that I have announced, but I am sure that all members acknowledge that, in the current economic climate, such a commitment to extra jobs is extremely welcome. I would not expect the Ambulance Service to have difficulty recruiting new staff. The service will of course then have the obligation to train its new staff and get them ready for work.

**Roderick Campbell (North East Fife) (SNP):** I welcome the resolution to the matter. However,

given that a previous agreement foundered on a ballot of the trade unions, will the cabinet secretary clarify what the situation is in relation to the current agreement and a potential trade union ballot?

**Nicola Sturgeon:** In the final analysis, it is up to trade unions to decide on their arrangements with their members, but the agreement that I have announced today, which delivers a 37.5 hour working week, is within the framework of the agenda for change, which is predicated on a 37.5 hour working week. The trade unions have signed the agreement on the basis that, for those reasons, it does not require to go out to a ballot of their wider membership.

**Dr Richard Simpson (Mid Scotland and Fife) (Lab):** Further to Jackie Baillie's question, will the cabinet secretary now terminate the yellow category response—or ensure that it is terminated—as it is causing confusion?

Can the cabinet secretary confirm that ambulance workers are now categorised as emergency workers under the EU working time directive, in the same way as firefighters and police officers are? Is that a change?

Further to Jackson Carlaw's question, will the cabinet secretary provide written details on the new £5 million? I calculate that there has been a loss of capacity of about 5 or 5.5 per cent in a budget of £200 million and I am not clear how the £5 million will replace that capacity. I understand that it will take some time to build up new capacity.

**Nicola Sturgeon:** The Ambulance Service has always been subject to the same derogations from the working time regulations as the police and fire services are, so the agreement is not a change. I have always said that I did not recognise, politically, that the Ambulance Service was less of an emergency service than the police and fire services, and that there was no legal basis for saying that. However, the new arrangement that I have announced today underlines that and puts the matter beyond any doubt. For that reason, I hope that it will be welcomed.

It is for the Ambulance Service to determine in its emergency medical dispatch centres the appropriate categorisation of calls and to respond appropriately. I am more than happy to reflect on Jackie Baillie's points but, as I understand it, at the centre of what she said was a suggestion, which I refuted, that because an ambulance worker had to be paid £100 to be disturbed during a rest break, calls had been downgraded to avoid that activation. Even if there had at any time been a suggestion that that was happening, the activation system no longer exists. Under the interim arrangements that are now in place, staff will be paid a flat £150 per month whether they are called out 10 times during a month or not at all. I do not

accept the basis of Jackie Baillie's question, but if it ever had any basis, that has now been removed. However, I will reflect further on the detail of the points that have been made.

Before I forget, I will mention the £5 million. I am more than happy to write to members with more details on how the Ambulance Service will make up the lost capacity. As Richard Simpson will appreciate, it will substantially be made up through the additional staff, but there will also be differences and efficiencies in how the Ambulance Service rosters shifts, which will help to make up some of the lost capacity. However, the commitment to provide £5 million and 150 new members of staff is substantial and I hope that all members will welcome it.

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** I, too, warmly welcome the announcement, particularly in light of the fact that I live near the Gray family, who suffered a tragic bereavement last year. I listened with interest to the point that 150 new jobs will be created, which is a substantial achievement in difficult economic circumstances. Will the cabinet secretary clarify her thinking on the expected lead-in time before those new people are in position?

**Nicola Sturgeon:** Before I go into the detail of Annabelle Ewing's question, I think that it is important to reflect on the fact that the controversy and discussion arose out of two tragic cases. I am sure that, today, we will all want to remember those cases and the grief that has resulted to the families involved. My officials have attempted to keep both families as up to date as possible with progress on the discussions. I hope that both families will take some comfort from the fact that we have a long-term resolution of the issue.

On the detailed question on the lead-in time, I would hope and expect—this is reflected in the new interim arrangements—that the shift to a new 37.5 hour working week will be accomplished substantially within the five-month period that the new interim arrangements cover. There will continue to be discussions and, if any part of the implementation is not completed by the end of that period, we will discuss arrangements to cover any time remaining before full implementation.

I emphasise again that there will be 150 new jobs for new recruits to the Ambulance Service. Despite all the controversy, most of the people to whom I speak in the Ambulance Service say that it is a great job to do—that it is a difficult, challenging job but one that is extremely rewarding. I hope that 150 people take the opportunity over the next few months to become part of what is a fantastic service.

**Liam McArthur (Orkney Islands) (LD):** I thank the cabinet secretary for advance sight of her

statement and I warmly welcome the resolution and the deal that she set out. In the context of the commitment to end single manning, what effect will the additional resources that she has announced today have on meeting and delivering on that commitment and how will that be monitored? In her statement, she also referred to the needs of remote and rural Scotland and a review of the geographical deployment of resources. I know that she will not need to be reminded by me of the specific circumstances that face emergency crews in island areas and of how they will be reflected in the review.

**Nicola Sturgeon:** Understandably, Liam McArthur raises the issue from the perspective of island communities. I think that the additional resources will be particularly welcome in remote and rural parts of Scotland because they will give additional resilience to the Ambulance Service and more flexibility in dealing with some of the issues that they grapple with on a day-to-day basis.

On single crewing, the investment that I have announced today is not designed to eliminate single crewing, which has been substantially eliminated from the Ambulance Service. Members will recall that, back in 2008, I announced that just under £5 million over three years would be used to recruit 40 additional staff—20 in the north and 20 in the south-west. Those staff have been recruited and single crewing has, as of late 2010, effectively been eliminated. The Ambulance Service in the Highlands has faced some recent challenges where there have been occurrences of single crewing, but the service is taking action to deal with that and I am receiving quarterly reports on the situation. Thankfully, single crewing is no longer routine in the Ambulance Service and we will continue to do what needs to be done to ensure that, except in the most exceptional circumstances, it is eliminated.

**Nigel Don (Angus North and Mearns) (SNP):** I, too, thank the cabinet secretary for her statement. Increasing the resources sounds like the right kind of solution, especially to those of us in rural areas, where ambulances are necessarily thinner on the ground. However, I make the point that rests are necessary for anybody doing a serious job, especially if they are driving. Can the cabinet secretary give me an idea of how rests will be achieved for ambulance crews and how we will be sure that they get them without compromising the availability of ambulances in rural areas?

**Nicola Sturgeon:** I thank Nigel Don for what is a fundamental question. It gives me the opportunity to place on record my thanks to the Ambulance Service. It has been distressing to me over the past few weeks and months to be in dispute with a service that I rate so highly. Those in the Ambulance Service do a fantastic job

individually and collectively and they deserve the thanks of all of us. It is important because of the difficulty of the job that they do that they are adequately rested during shifts. The Ambulance Service will continue to schedule rest breaks within the shift pattern and endeavour to ensure that the staff get those rest breaks on an uninterrupted basis.

The difference between the new arrangements and the previous ones that we were trying to fix is that the ambulance crews will be on call for emergency cases during the rest breaks. If somebody has an emergency and needs an ambulance, the nearest ambulance will attend, regardless of whether the crew members are on a rest break. As part of the new working week, in return for being on call during their rest breaks, the staff will be at work two and a half hours less a week than they are at the moment. To make that up, there will be 150 new jobs—all in all, a good deal.

**Rhoda Grant (Highlands and Islands) (Lab):** I have raised with the cabinet secretary on numerous occasions the lack of service provided by the Ambulance Service in rural areas. Indeed, it is often the case that the ambulance is over an hour away from the community that it seeks to serve. The cabinet secretary advised in her statement that there will be an increased number of community paramedics for rural areas. Can she give details of the status of those paramedics? Will they be full-time employees with access to emergency vehicles? Can she also tell us what rural areas will benefit from those new posts?

**Nicola Sturgeon:** I have announced that there will be approximately 150 whole-time equivalent, new members of the Ambulance Service. I am sure that the member will appreciate that how they are deployed, how many are full-time, how many are part-time and what parts of the country they are deployed in are operational matters for the Ambulance Service. As those plans are implemented, I will be more than happy to keep members updated about the exact deployment of those additional resources. I know that members will have particular interest from their local and constituency perspectives.

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** In her statement, the cabinet secretary said that the investment will support the further development of critical care paramedics and paramedics with enhanced skills. Can she expand on that, with particular reference to rural areas?

**Nicola Sturgeon:** First, the additional staff members whom I have announced today will replace the capacity that will be lost to the Ambulance Service as a result of reducing the number of hours for which the existing staff will be

at work. However, the additional resource will enable the service to do more of what it is already doing and consider the ways in which paramedics work in an increasingly integrated way with other members of the health team. The service is a crucial part of the national health service, but it increasingly works closely with territorial health boards and other health services. Paramedics no longer simply convey people to hospital; they often treat people at the scene. The additional resource will give the service more capacity to develop that kind of role as well as plugging the gap that will arise because of the deal that I have announced today.

All in all, this is really positive for the Ambulance Service. As I said to Rhoda Grant, I am more than happy to keep members updated as the deal is implemented.

**Kezia Dugdale (Lothian) (Lab):** The cabinet secretary referred to 150 new members of the Ambulance Service. Will she confirm that those are in addition to the existing 86 vacancies and detail how many of those posts will be paramedic posts? The cabinet secretary will be aware that it takes up to two years to train a paramedic. How will she deal with increased demand in the short term, considering that overtime budgets have been halved?

**Nicola Sturgeon:** Yes, they will be additional members of staff. It is for the Ambulance Service to determine exactly what the make-up of that new cohort of 150 members of staff will be, and that decision will be driven by service needs.

With regard to the interim period, I said openly in my statement that this solution cannot be implemented overnight, as it takes time to recruit and train Ambulance Service staff, which is why we have in place an interim arrangement that will pay ambulance staff £150 a month over their salary and any other overtime payments that they have.

This is a good deal that provides a good resolution to a difficult and long-running dispute. I know that a lot of issues of detail exist and that members will want to be kept up to date as the arrangement is implemented. I have given an undertaking to do that. However, we should all get behind this deal and get behind the Ambulance Service as it implements it.

**Graeme Dey (Angus South) (SNP):** Can the cabinet secretary give further details on the current compliance with the targets for category A and B calls?

**Nicola Sturgeon:** The 2010-11 figures show that the full-year performance for category A was 72 per cent, which is slightly down on the previous year, but up from 62 per cent in 2007-08, and the full-year performance for category B was 92.6 per

cent, which is up from 91.4 per cent for 2007-08. On response times generally, the Ambulance Service has improved dramatically in recent years, but it still has a way to go to meet its targets. As well as all of the other reasons for the new resources, they will also help the service to ensure that it is meeting all its targets and continuing to provide a quality service.

## Common Agricultural Policy (Reform)

**The Presiding Officer (Tricia Marwick):** The next item of business is a debate on motion S4M-01679, in the name of Rob Gibson, on the Rural Affairs, Climate Change and Environment Committee's scrutiny of common agricultural policy reform.

I invite members who wish to speak in the debate to press their request-to-speak button. The debate is very heavily oversubscribed, so I ask members to keep to their time limits.

15:04

**Rob Gibson (Caithness, Sutherland and Ross) (SNP):** The common agricultural policy proposals that are to be set in place by January 2014 must be made to be good for Scotland's highly successful food and drink industry and our outstanding environment. My committee is determined to consider which aspects would need to be fine-tuned to suit conditions in Scotland, where less favoured areas—now to be called areas of natural constraint—make up 85 per cent of farming and crofting land.

In relation to an all-European Union policy, stakeholders have rightly raised concerns that the policy stance of the Department for Environment, Food and Rural Affairs ministers in London who sit at the negotiating table is somewhat different. The Secretary of State for Environment, Food and Rural Affairs, Caroline Spelman, and her deputy, Jim Paice, have proposed drastic cuts in direct subsidies. That does not meet the needs of Scottish agricultural conditions, as our evidence will show.

Notwithstanding the size of the industry, food production is essential to everyone's life. Although it is a small part of the overall economy, food and drink is one of the real Scottish economic success stories, and the Scottish National Party Government has set ambitious growth targets that aim to build the value of the industry from £10 billion per annum to £12.5 billion by 2017. Last year, food exports from Scotland broke through the £1 billion barrier.

With regard to the proposed future CAP support system, the maintenance of the broad two-pillar structure of the CAP and the budget has been welcomed by farming interests and the Scottish Government, and fits with what was proposed in the Pack review.

In relation to pillar 1, Scotland currently has a ceiling for single farm payments of €647 million, of which €82 million is deducted through modulation and used to fund the Scotland rural development

programme. In relation to pillar 2, the Scotland rural development programme is funded through that pot. Between 2007 and 2013, Scotland has a maximum of €680 million of European funding.

The committee has, in its scrutiny of the subject, taken evidence so far from Scottish MEPs and, in round-table format, from stakeholders. It is still to take evidence from the United Kingdom and Scottish Governments before it writes up its conclusions and recommendations. Jim Paice, the minister of state at DEFRA, will give evidence to the committee on 7 March, followed by Richard Lochhead on 14 March. The committee will then agree its interim report.

The CAP review process will continue through 2012. Draft reports from the European Commission are expected around April 2012, and the committee may consider taking evidence from Scottish MEPs at an appropriate point in the year, and from the secretary of state, Caroline Spelman, whom I finally managed to meet briefly last Thursday on her courtesy visit to the Parliament.

The following themes have emerged in evidence. The overall EU budget and the current state of the euro zone will have a significant impact on the CAP reforms. Will the CAP budget be slashed? Could that delay the reforms that are due to come into place on 1 January 2014, and could it impact in particular on rural development support?

NFU Scotland said that there must be a planned bridging mechanism to avoid the 12 to 18-month gap in agri-environment support that occurred last time. Scottish Environment LINK agreed that bridging was needed, as it looks as if 2015 is a more realistic start date for the new CAP.

MEPs warned of the possibility of a shrinking budget and diminishing pillar 1 funds in particular. Our committee has to ask if Scotland is prepared in the longer term for those funds to diminish. MEPs raised the issues of food security and the need to achieve the right balance between food production and sustainability and environment measures.

On that subject, Alyn Smith MEP commented in *The Press and Journal* on 13 January that he believed that

"the UK government was naïve in its thinking that higher ex-farm prices could justify the phasing out or elimination of direct subsidies. They ignore the equally high increases in input costs which wipe out a farmer's margins, or the de facto difficulties of farmers to actually secure these higher prices due to supply chain pressures."

In relation to pillar 1 and pillar 2, Scotland obviously wants to ensure that the UK gets a fair share of funds and that Scotland gets an appropriate share of those UK funds—a share that takes account of the particular challenges that are

faced in Scotland. Pressure will come from the calls of new member states in eastern Europe.

On the proposed changes to the administration of pillar 1 funds, the new basic payment scheme—direct payments based on area—is supported as a better alternative to the previous, historically based payments. However, many felt that, although a flat rate would be administratively simple, it would not work in Scotland without significant tailoring to the Scottish environment. Stakeholders were concerned about how the trigger for eligibility for area payments would work. The NFUS and the Scottish Tenant Farmers Association were happy that it would be linked to holdings in 2011 but felt that a stronger link was required between the amount of land that someone had in 2011 and the amount of entitlements that they could claim in 2014.

**Alex Fergusson (Galloway and West Dumfries) (Con):** Does the convener agree that there is also a need to create a year-on-year national reserve, so that people who enter farming after the base year are able to access support? That would be unlike the current situation whereby people who did not receive support in the base years of 2001 to 2003 are unable to do so now.

**Rob Gibson:** We do, indeed, believe that a national reserve is very important.

Stakeholders were concerned about the trigger for eligibility for payments, and the new entrants group described the 2011 trigger as its biggest concern about the CAP reforms. Because new entrants would not have qualified for single farm payments in the past, the 2011 trigger could exclude them in the future. It was felt that basing the scheme on the submission of an integrated administration and control system form rather than a 2011 entitlement would be better from the new entrants' point of view.

On the greening schemes within pillar 1, there were concerns about permanent pasture and crop diversification proposals. The definition of permanent pasture as grassland that is more than five years old was deemed not suitable, with Scottish Environment LINK stressing that such a definition was too broad and crude and would not sufficiently target the most biodiverse, high nature value grassland. There was a feeling that the EU must allow flexibility. Greening must not mean more cross-compliance. Stakeholders were broadly supportive of the greening of pillar 1 as long as the measures fitted the Scottish situation.

On the capping of direct payments, in the evidence that the committee received, people questioned what would happen to the money that was saved. Would capping be an incentive or not? Would the process be bureaucratic? Would the money be kept in Scotland? If not, would it be

possible for us to have extra funds? At present, it seems that only 35 companies receive more than £300,000 in single farm payments, with about 150 companies receiving more than £150,000. That is a small minority of farmers, but it is a significant group and the money may be useful.

Getting new entrants into farming is the biggest challenge of all. The national reserve, which has been mentioned, is important for that purpose.

Many felt that assisting less favoured areas is a top priority for Scotland and that we must ensure that the reforms are flexible enough to allow Scotland to do that. The proposals address that through the areas of natural constraint and by allowing some coupled payments. The Highlands and Islands agricultural group and crofters stressed the importance of targeting support at "vulnerable areas"—that is, areas at risk of de-stocking, where continued agricultural activity provides environmental and social benefits.

High nature value farming areas have been the subject of some discussion and were considered as a vehicle for targeting spending at the most vulnerable areas. On a visit that I made last August to a high nature value farm at Forsie in Caithness, I saw high nature value farming working alongside major commercial cattle and sheep farming. The message is simple: bird-life needs continued grazing, and it needs land to be managed; if land is abandoned or given over only to sheep, precious habitats may be lost. To succeed, constant vigilance and partnership between local farmers are required.

The submission on the CAP proposals from the European Forum on Nature Conservation and Pastoralism argued for targeted payments for types of high nature value farming in defined areas and said that environmental organisations must be mentioned explicitly as advisers to farmers and crofters on the ways to enter such schemes.

The NFUS and Scottish Environment LINK say that designation is not the issue and that the scheme is the key thing. The current less favoured area support scheme does not target areas that are in need and must be more environmentally focused.

The small farmers scheme was not welcomed because it was hoped that the related cross-compliance and greening would happen on crofts. Crofters said that their common grazings must be taken into account as well.

Many stressed that the priority is to get a fairer pillar 2 share from the EU and the UK. Scottish Environment LINK is concerned that not enough money will be available to deliver environmental objectives and to help farming to diversify. A frozen budget means a budget cut in real terms.

The Scottish Parliament and our Scottish Government must get a direct say in the final arrangements for the new CAP. As Brian Henderson wrote in "Down on the Farm" in the *Sunday Post* on 15 January,

"there is one thing that sticks in the craw of many Scottish farmers—despite devolution, Scotland doesn't have a seat at the top level when farming issues are discussed in Brussels—and our devolved voice has to be put through a UK minister who might have little understanding of Scottish issues ... It's also a fact that on a per-acre basis Scotland averages only one third the level of EU support paid to farmers south of the border, putting us alongside Latvia and Estonia as the poor relations in Europe."

Before we report, it will be up to our committee to decide what it thinks of the CAP proposals that are before us this year.

I move,

That the Parliament notes the Rural Affairs, Climate Change and Environment Committee's ongoing scrutiny of the European Commission's proposed reform of the Common Agricultural Policy.

**The Deputy Presiding Officer (Elaine Smith):**

I call Richard Lochhead, who has a tight nine minutes.

15:17

**The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead):** I am delighted to speak on the future of the common agricultural policy. I thank the committee for bringing this important debate to Parliament.

This is a crucial time for Scotland. Every week, I meet farmers up and down the country, as I am sure many other members do. I know how important the policy is to Scottish agriculture. Only last week, I was across in Renfrewshire to talk with 30 or so farmers and to hear about their day-to-day challenges and their views on the future. This morning, I addressed Quality Meat Scotland's biennial marketing conference, where I heard about the growing demand for food across the world and the opportunities that that presents for our producers.

It is vital that we get the new regulations right so that Scottish agriculture continues to underpin our world-class food and drink sector, as well as delivering other benefits. Scotland's food and drink sector has a bright future. In 2009, food and drink turnover in Scotland increased to £11.9 billion. That is already almost at the stretching £12.5 billion target that Scotland Food & Drink set for 2017. We will all have to reconsider our predictions, as we are breaking all records for growth. That has a lot of implications for our primary producers.

Exports provide us with a fantastic opportunity, too. Food and drink exports stood at £2.4 billion in

the first six months of 2011, which is 21 per cent higher than the figure in the same period in the previous year.

Those spectacular successes rely on strong and healthy agriculture with robust protection of our environment—that is very important for our global reputation.

There are good indications that some business conditions for our farmers and crofters might be easing. There is some optimism in the industry but, given the wider economic environment and, in many cases, rising input costs, we must not become complacent. However, after two years of decline, total income from farming increased by 25 per cent in 2010.

Strong export demand produced excellent market conditions that drove up prices for cattle and lambs in 2011, and prospects continue to look good for this year. There are welcome signs that the Scottish beef herd is at least stabilising. The Scottish Agricultural College's recent report "Response from the hills" suggests that the industry might be at a turning point.

Scottish cereal production is also estimated to have increased by 5 per cent in 2011, producing the fourth-biggest Scottish cereal harvest in more than 20 years.

All that is despite having in the past 12 months some of the most extreme weather that our farmers and crofters have experienced. Those weather conditions highlight the resilience of our food producers but also show why the CAP plays such an important role in Scotland. It helps farmers to produce crops and livestock, whatever the conditions; it is a buffer against volatile conditions, be it the weather or the market; it encourages businesses to innovate and to produce the novel goods that consumers now demand; and it looks after our many natural assets—after all, farmers are the keepers of Scotland's natural resources.

The CAP has always been important for Scottish agriculture, and it will continue to be so. No one in Scotland will be immune from the effects of CAP reform, whether they live in our rural communities or in the heart of our cities. The CAP is a key European common policy that is suitable for agriculture across Europe. It needs to support farms of all types—large and small, lowland and upland. We have all those types in one country, so the shape of the future CAP is of paramount importance to us all.

**David Stewart (Highlands and Islands) (Lab):**

I warned the cabinet secretary that I have a brief point to make. What are his views on what the voluntary modulation rate and the rate of co-financing will be in the new CAP procedures? The

rules and responsibilities in that regard lie with the Scottish Government.

**Richard Lochhead:** I thank the member for the notice that he gave me just before I sat down. He raises an important issue. On co-financing and pillar 2 of rural development funding, there will be an appetite for greater co-financing from Europe, especially given the pressure on some EU states' domestic budgets. The new proposals are to replace modulation with flexibility for member states to transfer funding between pillars 1 and 2. That will be the successor to modulation.

I turn to the Scottish debate. Brian Pack's inquiry was absolutely crucial in putting Scotland in the middle of the action. Many aspects of the European Commission's proposals resonate with ideas that were proposed by Brian Pack's team. For instance, the Commission proposes smaller area payments with various top-up payments, which is similar to what Brian Pack's inquiry proposed.

The Commission also recognised that there is a continuing need for coupled payments, and it proposes to increase the level above the 3.5 per cent that is currently permitted. There is synergy between many of the principles that Brian Pack reached after consulting the people of Scotland and the Commission's proposals. Scotland's principles are based on Scotland's distinctive needs, our diverse industry and our aspirations for the future.

**Tavish Scott (Shetland Islands) (LD):** The roadshow that his officials conducted in Shetland was extremely helpful, but the statement that there would be little or no change to the bureaucratic impositions on crofters and farmers right across Scotland somewhat filled the room with gloom. Does the minister have any better news for us? Such a change would be a welcome reform of the common agricultural policy.

**Richard Lochhead:** Tavish Scott raises a very good point. The only bit of good news that I have on that point is that all member states across Europe share his concern. I hope that that strong message is conveyed to the commissioner and that he listens to it.

The Commission has published seven draft regulations—four main ones and three minor ones—that cover the whole CAP. The negotiations have now started and will be long and complex. We have to plough our way through almost 800 pages of legal text. As a country, we will have to think about all the options that are open to us. The final options will have to be agreed by the European Council and the European Parliament, so there is a long way to go before we get to the finish line.

I hope that in Scotland we can all agree on what we want success to look like. Success will be a fair deal for Scottish farmers with a policy that has food production at its heart while protecting our environment and biodiversity. The future CAP must be flexible enough to accommodate the diverse range of farming activities that are found in Scotland.

**John Scott (Ayr) (Con):** Will the cabinet secretary give way?

**Richard Lochhead:** I apologise to Mr Scott for not giving way, but I am running out of time.

Future CAP processes must be simpler for farmers and Government alike, with regulatory burdens that are proportionate to the risks involved.

We need the industry's help to achieve those objectives. Scotland has a strong track record of people working together and we will pursue that approach in the coming years.

However, we must stay on our toes during the discussions, because every aspect of the CAP will be revised. These are important decisions for Scotland and we need to be certain of what the Commission is proposing and what it might mean for Scotland. Therefore, we will not make any snap decisions. At this stage, most of the thinking is about the principles of what we want for the future and the balance of one thing against another. For example, when money is tight, we might want public money to generate greater public goods. Many of us support in principle the idea of greening the CAP, but the proposed focus on greening pillar 1 direct payments seems problematic for several types of traditional Scottish farming. No quick and easy decision can be made in that area.

We also need to think carefully about what the provisions might deliver and all the unintended consequences. Some are obvious. Given that Scotland currently has the lowest rate of rural development funding and the fourth-lowest rate for single farm payments in Europe, it is clear that our priority should be to argue for a fairer share of both those budgets, which benefit not only farming, but wider rural Scotland. It goes without saying that we must continue with direct support in Scotland. We know that the UK Government would rather phase that out as soon as possible and that, if it does not get that outcome, it will be looking to transfer funds from pillar 1 to pillar 2. However, Scottish farming would be simply unviable without that support and unable to compete with non-EU countries that do not have to meet the same standards that we demand of our industry. Therefore, we will continue to urge UK ministers to base their negotiations on the need for

food security, not cost-cutting demands from the UK Treasury.

Many of the EU's proposals are welcome, and I hope that we can cover them in the debate. In my winding-up speech, I will do my best to address many of the issues that I have not had enough time to mention in my opening speech.

I am sure that, by working together, we can all achieve success for Scotland and our farmers, crofters and wider rural communities.

15:26

**Claire Baker (Mid Scotland and Fife) (Lab):** I am pleased to open for Labour in the debate.

I welcome the Rural Affairs, Climate Change and Environment Committee's work in considering the CAP reform proposals and in including a chamber debate as part of the inquiry.

CAP reform is complex and wide ranging, and the level of scrutiny that the process is being given in Scotland is welcome. I thank all the organisations that have provided us with briefing material for the debate. In the time that I have, it will be difficult to refer to every organisation, but I will try to raise the key issues that they have identified. I also welcome the series of engagement meetings that have been taking place with the farming sector and the inclusion in the CAP reform reference group of RSPB Scotland and Scottish Environment LINK among others.

The way forward in Scotland is about balancing the needs of our farmers—who play a key role in food security, supply world-renowned produce, operate to high animal welfare standards, support the rural economy and maintain Scotland's land—and the need for sustainable farming in the future, environmental protection, responsible stewardship and growth in our rural communities in a way that promotes responsible and sustainable agriculture. The way forward is really about integrating those demands, and we can do that successfully in Scotland. Reform of the CAP is important if we are to embed those values into farming practices and build confidence in the use of public money to support a vital sector. The key to our discussions is getting the best deal for Scottish farmers, but it is also about addressing the challenges that we all recognise. The European Parliament, which must agree the new regulations, identified those challenges as the need to respond to future food security issues, rising energy prices, climate change, environmental protection, land abandonment and the economic crisis.

In Scotland, as a result of previous reform and the introduction of the rural development programme, we have seen a change in the way in which we support our agricultural sector in

delivering environmental benefits as well as sustainable production, but we are dealing with a complex and bureaucratic system that too often works counter to what it is trying to achieve. I refer, for example, to the difficulties that new entrants face in gaining enough support, the perverse creation of slipper farmers, a regulatory system that lacks flexibility, and inequalities in the distribution of support across member states. Those are just some of the challenges that reform must address.

In the reform proposals, there is a desire to further develop and embed environmental benefits into the CAP, principally through the proposal to green pillar 1—although, given the significant budgetary pressures that the EU faces, that is partly a recognition that no more financial support will go into pillar 2, whose support levels have been cut. Indeed, the Scottish Wildlife Trust raised concerns about the domestic cuts to the agri-environment budget. I understand that the Scottish Government has said that the budgets are reducing due to a lack of demand. That is surprising. Perhaps the cabinet secretary will say more about that in his closing speech.

There is support for greening pillar 1 measures. In evidence to the committee, the NFUS said:

"we do not have a problem with the general direction that the European Union is taking".—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 23 November 2011; c 401.]

However, there are real concerns that the measures are not suited to the Scottish farming sector and about the proposed rules on maintaining permanent pasture and crop diversification not being flexible enough to deliver the best benefit for Scottish farming or our environment. Alongside those concerns is a strong body of opinion that we need greater greening of the CAP, whether through reform of pillar 1 support or, as Scottish Environment LINK, the Scottish Wildlife Trust and the RSPB argue, through the progressive transfer of support to pillar 2 and agri-environmental benefits.

The cabinet secretary says that he has no objection to the principle of greening, so we need to retain the principle but argue for alternatives that meet the demands of Scottish farming. There is a commitment to that approach across different interests. Scottish Environment LINK said in its evidence to the committee:

"We need to make pillar 1 work hard and deliver for the environment in ways that are compatible with running a farming business."—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 23 November 2011; c 407.]

We must try to influence the debate on greening in our interests. There is potential for direct support to provide increasing environmental

benefit. We must have a strong pillar 1. Many in our farming community rely on direct support to remain viable and to expand sustainably, but we should also strive to recognise and reward through an alternative pillar 1 greening programme what farmers already do.

There are debates about greening; about how support is distributed and whether it should be focused on more productive areas or concentrated on more vulnerable farming areas; about how areas of natural constraint will be identified; and about how far resources will shift. Those examples illustrate the discussion around what we want CAP to deliver in future.

There are opportunities. Historically, the UK's funding allocation from pillar 2 has been low and we must push for a fairer distribution of that funding throughout the EU. We must also work to ensure that Scotland gets a fairer share of UK funding, because historically Scotland has received a lower per-hectare share. CAP reform gives us an opportunity to address that issue.

The significant financial challenge is the EU budget. In June last year, the CAP budget for 2014 to 2020 was announced, delivering a 9 per cent cut over that period. The assumption that everyone has been working to is that the budget will stay the same and that redistribution will happen within that envelope, but increasingly there are concerns that the budget will be cut further. Prior to the announcement in June, the UK and German Governments argued that the CAP budget must fall significantly within an overall declining EU budget. There is now such instability in the EU that there are growing concerns that there will be a further cut.

**The Deputy Presiding Officer:** You should begin to conclude.

**Claire Baker:** I have only one paragraph left, Presiding Officer.

Such a cut would be very difficult for Scottish farming and would make it very difficult for the CAP to deliver the necessary reforms across all its objectives. Although it has taken a while to reach this stage, these are early days in the negotiations. We must work together to ensure that we can get the best deal for Scottish farming while delivering for the wider public benefit.

15:32

**Alex Fergusson (Galloway and West Dumfries) (Con):** I refer members to my entry in the register of members' interests.

The backdrop to the debate is interesting in that, until recently, the typical reaction from recipients of CAP support to the question of reform tended to be along the lines of, "You must just make sure

that we get a fair share of the cake." That has changed to, "Will there actually be a cake to get a fair share of?" Such is the state of the euro zone, and such is the resultant uncertainty surrounding the European budget, that the size of the cake is now as much in doubt as our share of it. Nonetheless, we can surely assume for the purposes of the debate that the general principles of the proposals will remain the same, whatever the size of the cake—or the budget.

Within the proposals, there are perfectly reasonable and valid arguments about fair shares. I will come to fair shares in Scotland later but, as members have said, there is no doubt that we have a strong case to make for a fairer share of pillar 2 resources, given that we receive the lowest share per hectare in the whole of the EU. I agree with the Rural Affairs and Environment Committee report from the previous session of Parliament that that is an unacceptable situation, not least because of the high proportion of our land that is classified as less favoured. I have no doubt that we are fully justified in seeking a fairer share of that particular cake.

How we do that is open to question, but I hope that the degree of Scottish and UK intergovernmental joint working that marked the recent common fisheries policy negotiations will be replicated in the CAP negotiations. That would be a positive start, and in a very brief meeting that I had with Caroline Spelman last week, I was given the distinct impression that the door is well and truly open. I hope that the cabinet secretary will avail himself of it. I wish both our Governments well as we move towards the negotiations. There is an enormous amount at stake that affects both our rural and national economies and we all have a considerable interest in the outcome.

I will use the time that is available to me to raise one or two concerns about the proposals. The first proposal that I will address is the much-vaunted greening of direct, or pillar 1, payments. The idea is to attach compulsory elements to those payments to ensure that producers undertake activities that are beneficial to the environment and help to tackle climate change. It is hard, if not impossible, to argue with the sentiment of that aspiration, but we need to exercise a degree of caution about the proposal. I have no problem with farmers being asked to produce food in an environmentally sustainable and friendly way, but I do have a problem if that environmental sustainability comes at too great a cost to food production—and I do not mean a financial cost; I mean a cost in terms of output. Food production and security are surely the primary functions of our agricultural sector, and they should remain as such.

Of the three main elements of the greening proposals, which Ms Baker mentioned, crop diversification is barely relevant to Scotland, the definition of permanent pasture as anything over five years old would have a catastrophic impact on our time-served agricultural practices, and the idea of leaving 7 per cent of eligible hectares fallow simply takes us back to the dreadful days of set-aside, which we have finally managed to put behind us. I therefore argue that the rightful place for greening measures is in pillar 2 and that we should be wary of the pillar 1 element of the proposals.

I also harbour major concerns about the local impact of the shift from historical payments to area-based payments—not about the principle, which I fully accept, but about the potential to transfer vast resources from our most productive agricultural areas to our least productive areas. In 2009, the total value of single farm payment entitlements was €56 per hectare in Caithness and Sutherland and €256 in Dumfries and Galloway. That is not a measure of unfairness; I believe that it is a measure of comparable productivity based on historical support payments.

What we must therefore strive to achieve is as fair a redistribution of support as is possible, coupled with as long a period of transition as is possible, to allow our producers to adjust their businesses to any new system of support. Farmers are extraordinarily flexible in adapting to what their political paymasters ask of them, but they need time to make adjustments and we must ensure that they get it.

Time is something that is running out for me, which from my perspective is a great shame as I have an enormous amount that I would like to discuss. To the detriment of the chamber, I will not be able to do that. However, I will mention the need to create a year-on-year national reserve, which the convener of the Rural Affairs, Climate Change and Environment Committee and I briefly discussed, and the need to support new entrants to farming. That issue is terribly important and it needs extensive debate. In Scotland, it cannot be divorced from the need for a policy on land tenure that encourages those who have land to let to do so without fear that it will be taken from them.

We also need to discuss the forestry sector, which was hugely disadvantaged by the transition period during the previous reforms, as the convener briefly mentioned. Bridging the gap between periods of reform is vital, and it is a good note on which to wind up. I do not think that anybody really expects the reforms, whatever their final shape, to commence on time in 2014. Therefore, all Governments must be prepared to have an arrangement in place to ensure that CAP support is continued to all recipients so that their

work can continue uninterrupted in the event of any slippage.

At the end of the procedure, we must not forget that there is a world out there to be fed. It is a world that is expanding rapidly, and the ability to feed it, and ourselves, must remain the priority for current and future CAP reform. I wish the committee nothing but success in its continued deliberations.

**The Deputy Presiding Officer:** We now turn to the open debate. Speeches are of six minutes, but as we are very tight for time, it would be appreciated if members were able to make their contributions in less than six minutes.

15:38

**Aileen McLeod (South Scotland) (SNP):** As a member of the Rural Affairs, Climate Change and Environment Committee, and as a South Scotland list MSP who represents a large rural and farming community, I welcome this timely and most important debate on the future of the common agricultural policy.

Food security will be one of the most critical issues in the coming years, and a thriving farm sector that preserves and develops the indigenous capacity to produce safe, secure, nutritious and diverse supplies of food is not a luxury but a necessity. That is especially relevant to the local food and drink sector across South Scotland and Dumfries and Galloway, which is one of the most successful drivers of economic growth in the region.

The current discussions on the future of the CAP take place against the most difficult economic backdrop that we have experienced since the EU was established in 1957. Like all other sectors of society, Scotland's farmers are facing very difficult financial and market conditions. More than ever, it is essential that the Scottish Government is able to represent the distinctive interests of our farming sector at the forthcoming CAP negotiations. The reforms must support our farmers and not damage them.

In truth, our farming interests will be properly represented only when Scotland takes its own seat at the EU negotiating table as an independent member state and negotiates as an equal partner alongside the other national Governments. The vast majority of Scotland's farmers do not believe that the UK Government's position on CAP reform is in their best interests or reflects the serious challenges that they face. Scottish farming is different, but the differences seem to be lost on the UK Government. It is therefore essential that this Parliament fully engages in a debate, along with the Scottish Government, on the shape of the post-2014 CAP. We must develop a clear set of

objectives for the CAP reforms and exert as much pressure as possible on the UK Government to ensure that Scotland's views are represented as the negotiations proceed.

Before considering some specific issues, I add my voice to those who are urging the European Commission to ensure that the reforms do not add to the complexity of the CAP. We need a simpler CAP and not a more complex regime. I want a CAP that gives maximum flexibility to those who implement the new arrangements to allow them to tackle the specific challenges that they face.

Although the final shape of the reformed CAP is far from clear, we can endorse from a Scottish perspective a number of the underlying principles that inform the Commission's proposals. I firmly believe that the maintenance of direct support to farmers, particularly those in fragile areas and sectors, should be the top priority of agricultural policy and our top negotiating point in the upcoming negotiations. Direct payments are crucial for Scotland's farmers, and the phasing out or elimination of that arrangement would fundamentally undermine the sustainability of our rural communities. This is an instance when our Government's position diverges from that which the UK Government is adopting, and that is causing concern in our farming sector. I urge the UK Government to retreat from its fixation on what is simply a cost-cutting measure, as it will jeopardise the welfare and future development of our farming sector and rural communities.

I welcome the prospect of reforms that bring to an end what is, in effect, discrimination against new entrants to farming as a result of direct support being linked solely to past output levels. I want support to be geared towards farmers who are active and producing for the nation, and I therefore want to see new entrants coming into the sector.

I will now focus on some aspects of the reforms that are important for our upland livestock farmers. First, to follow on from my previous point, there are understandable concerns about the shift from historical payments to area-based direct payments and the implications in terms of lost subsidy for smaller hill farmers. I acknowledge that the proposed reforms will make it easier for new entrants to the sector, but it is essential that the Scottish Government tailors the implementation of the new arrangements to meet the specific needs of our farming sector. I want the reforms to provide the flexibility to allow our Government to deliver an area-based system that meets our needs.

Secondly, I am pleased that the proposals allow member states to set aside up to 5 per cent of their national envelopes for coupled payments to a variety of sectors. The Scottish beef calf scheme has shown that a certain number of headage

payments are needed to maintain production in economically and environmentally fragile areas, and the scheme has succeeded in stabilising the drop in livestock numbers, as shown by the latest agricultural census. We need to retain our ability to run such a scheme, and indeed a case can be made for raising the ceiling beyond 5 per cent.

Thirdly, given that 85 per cent of Scottish land is eligible for less favoured area status, the future of the less favoured area support scheme, which invests about £64 million a year in some of Scotland's most remote farming regions, is of great interest to us. LFASS is undergoing a thorough Europe-wide review, but to date we lack comprehensive impact assessments of the Commission's new proposals, which makes it difficult to assess their consequences. I urge the Commission to come forward with the new maps of the LFA delineation as soon as possible.

It is clear that the future rules of the CAP will be decided over the next 12 months or so. I want to ensure that the views of this Parliament and those of Scotland's farmers are fully represented in the negotiations both directly in Brussels and via the UK Government. I hope that members who represent the parties that form the UK Government will join SNP members in ensuring that Scotland's distinctive farming interests are fully recognised by London in the EU-level negotiations over the months ahead so that we have a CAP that works for and in Scotland.

I am confident that, by the time we get to 2018 and the next round of CAP reforms post-2020, Scotland will be at the EU negotiating table, negotiating in our own right, pursuing our own priorities, influencing the EU agenda, and working together with our European partners on the challenges that our rural and farming communities face.

**The Deputy Presiding Officer:** I reiterate to members how short of time we are and that we will not be able to get everyone into the debate if members take more than six minutes. I therefore intend to switch off speakers' microphones after six minutes.

15:45

**David Stewart (Highlands and Islands) (Lab):** I welcome the opportunity to contribute to this debate on the common agricultural policy. I congratulate Rob Gibson and the Rural Affairs, Climate Change and Environment Committee on their novel approach of initiating a pre-committee report debate.

I will focus my remarks on the Highlands and Islands and the pillar 2 rural development programme.

It is worth pausing the debate for an instant and looking into history. Agricultural support—more specifically, support for farmers and the development of agricultural produce for the export market—was arguably an early driver for the treaty of Rome in 1957. The powerful dynamic between France and Germany, which is also reflected in foreign affairs and defence, demonstrates the strength of those countries' relationship, which presents major challenges for the review, reform and renewal of the CAP.

The bigger question for us is simply this: what is the purpose of public support for agriculture? That was well covered in the evidence to the committee on 30 November last year, when Alyn Smith MEP said:

"National security is predicated on food security, and that must be our absolute north star in the negotiations."—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 30 November 2011; c 448.]

The international picture is a crisis in global food price inflation, which has led to food riots in every continent but Europe. Instability in the middle east has hit the price of oil and affected transport and fertiliser costs. The key point is that security of supply is not an issue for the energy markets alone.

Many members have commented on the current CAP budget. Perhaps we would need the Braham seer to predict the budget, but the Scottish Parliament information centre briefing makes it clear that the budget for each pillar will decrease by around 9 per cent. In his evidence to the committee, George Lyon MEP estimated that the fall will be around 12 per cent compared with the budget for 2006 to 2013.

Although we do not know exactly what will be in the budget, the omens are not good. More than a year ago, even before the euro crisis, the net contributors to the EU—France, Germany, the UK, the Netherlands and Finland—wrote to the President of the European Commission making it clear that the EU budget should remain static in cash terms or decline in real terms over seven years.

As I said in my intervention on the minister, the actual budget for each pillar will depend on the rate of modulation—the transfer of support from pillar 1 to pillar 2. The total modulation this year is 14 per cent, 10 per cent of which is compulsory and 4 per cent voluntary. I thank the minister for making some points about voluntary modulation and co-financing, which is in the Scottish Government's hands and can affect the level of the budget.

A number of members, including Claire Baker and Rob Gibson, flagged up the changes to pillar

1. I will concentrate on pillar 2 and the rural development programme.

In Scotland, support is paid through the Scotland rural development programme. The new European agricultural fund for rural development will fit into the new common strategic framework. That is also applicable to other funds, such as the European social fund and the European regional development fund.

The support will have to set a clear link to performance and be linked to the six priorities, with 5 per cent being held back for performance reserve. In addition, 25 per cent of the rural development programme will be focused on land management and, quite rightly, the fight against climate change.

The six priorities include enhancing competitiveness, promoting ecosystems and promoting social inclusion and poverty reduction. Pillar 2 has a crucial role to play in supporting and developing the delivery of public goods and services by agriculture but, as a number of members have stated, the UK receives the lowest share of all the EU member states and Scotland has the lowest share of the four countries in the UK.

Whatever the final EU framework, there will be an element of subsidiarity to member states and, of course, devolved Governments. Should there be a status for and recognition of mountains and islands, as the Scottish Crofting Federation has argued? Is there room for sub-programmes in a future SRDP? Could we construct targets to increase the numbers of crofters and small farmers?

Does any member seriously suggest—I do not think that they do—that food production is inherently in conflict with the protection of the environment and climate change mitigation? As William Houstoun from Angus Growers told the committee:

"We are going to need more food, but the arable areas of Scotland have the ability to become more intensive at the same time as becoming more environmentally beneficial".—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 23 November 2011; c 414.]

I want a future rural development programme that has strong environmental stewardship, works actively to secure biodiversity and manage landscapes and habitats and stresses the needs of people in rural and remote areas.

We all know what the rural development challenges are—distance, remoteness, low population density and lack of access to services—but my greatest concern is the loss of young people from remote and rural areas. The hills and glens are important, but this is more about the character of the people. Rural

development needs the people's intelligence and individuality, but we also need to develop life sciences, create green jobs, form clusters of renewables, stimulate research and development, and link industry with higher education. The acid test for the new CAP and SRDP will be how they deliver for our most fragile and remote rural areas and for the young, the dispossessed and the disadvantaged.

15:50

**Graeme Dey (Angus South) (SNP):** As is Alex Fergusson—his recent departure from the Rural Affairs, Climate Change and Environment Committee has deprived the committee of a valued and considered contributor—I am concerned about the proposed redistribution of the financial support for farmers under the CAP and its potential impact on food production. I do not understand how such a move will in any way protect, let alone enhance, existing production levels.

At this point, I should declare an interest: I represent an area that will be adversely affected by redistribution of direct payments. However, aside from my obvious constituency interest, I come at the matter as a member of the Rural Affairs, Climate Change and Environment Committee who believes that there ought to be a demonstrable return on financial support that is provided under the CAP. I know that these days we skirt around the issue but, in reality, subsidies exist largely to protect and encourage food production.

According to the Commission, the early CAP focused

“on encouraging better agricultural productivity so that consumers had a stable supply of affordable food”.

Although, with environmentally sound farming coming to the fore, the connection between subsidy and production has been—at least at face value—apparently severed, does not that initial driver still remain? I accept that the existing system, which is based on historical criteria and is biased against new entrants, is skewed and should be rebalanced, so my question is this: What guarantee do we have that fairer distribution will do what we want?

Provided that active agriculture takes place, justification can be found for moving to area-based payments, even though the English experience has shown that such a move has its difficulties. However, as George Lyon told the committee,

“a move to an area-based payments system could drain a whole lot of money out of productive agriculture”—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 30 November 2011; c 444.]

if subsidy is provided without some tangible return being secured. I would be interested to hear the views of the cabinet secretary, on whose watch Scotland's food and drink has flourished, on how we can safeguard and build on existing production levels. After all, we must be concerned about this. If any reduction in support to areas such as Angus leads to a drop in production, what assurance do we have that the situation will be mitigated through more money to less favoured areas?

We need a proper regional framework that allows Scotland to set deliverable and appropriate criteria in different areas and to target payments flexibly across the regions in order to maximise return on subsidies while providing better support to vulnerable farming areas. We must not have a set-up that disincentivises efficient farming. Instead of working to some uniform diktat, we should approach the issue on the basis of what we are trying to achieve and how we might achieve it.

Although the move in the CAP to link pillar 1 subsidies to implementation of agreed greening measures is, in principle, welcome, the problem is in how we implement greening without jeopardising food production. As others have said, a prescriptive one-size-fits-all approach across the European Union is not what is required if we are to achieve the ambitions that we should have in this regard. In evidence to the committee, Alan Boulton of the Tenant Farmers Association said:

“measures need to be regionally appropriate, and to deliver some green environmental benefits”.—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 23 November 2011; c 402.]

Other members have highlighted examples in that respect.

However, let us be clear: it is not enough for the agricultural sector to say that it recognises that the CAP needs to be greened and to embrace the principle; it needs to act. We should be in no doubt that agriculture, which is reckoned to be responsible for about 20 per cent of Scotland's greenhouse gas emissions, must—willingly or otherwise—contribute to cutting them.

There needs to be better use of fuel, feed and fertilisers and we need to encourage innovative measures such as the filter fences that were designed by the James Hutton Institute and the Scottish Agricultural College and which have been, and remain, on trial in Angus. These fences can be installed for limited periods to trap harmful silt following the growing of tatties or other vegetables; I understand that the indications are that they might be particularly effective on sloping fields. During the initial five-month trial, a 70m-long fence trapped about 70 tonnes of soil and 40kg of phosphate. The cost effectiveness for mitigation of phosphate pollution was estimated to be around £30 per kilogramme. Individuals who are more

knowledgeable than I am think that those results compare favourably with the results for many buffer strips. Should implementing such schemes not be considered to be a qualifying measure under the 30 per cent greening top-up?

There have been suggestions from some quarters that we should allow an opt-in system when it comes to greening, but how can Scotland, which has set leading climate change targets, go along with allowing a section of the farming sector to ply its trade in a way that does not pay regard to the environment while still receiving substantial public subsidy?

It should be acknowledged that, to a greater or lesser extent, many farmers are already seeking to be environmentally responsible. Right across the board, we need buy-in to the greening of the CAP, albeit with the assurance that what we sign up to will do what it says on the tin.

15:55

**Mary Scanlon (Highlands and Islands) (Con):**

Last week, I remarked on how unusual it was to have a committee debate before a report had been published. That worked well in last week's Education and Culture Committee debate, and I am sure that it will work again, particularly given the importance of 2012 for negotiations on the CAP reforms. It is welcome that we are gaining wider views on those reforms prior to their implementation.

I commend Graeme Dey—I hope that this does not damage his future career—for an excellent speech. I commend him not just for the content of his speech, but for the fact that he managed to focus on agriculture rather than on the constitution.

This is my first agriculture and rural affairs speech. I say that with some trepidation, because I am surrounded by farmers, although Alex Johnstone has just left. I grew up in Angus and, every school holiday, all my school friends and I picked berries, tatties, daffodils and anything else that could be picked. My father worked on farms all his life and we lived in a tied cottage on a farm. I have lived in Scotland all my life and, as others do, I want what is best for Scotland from the CAP reforms.

As David Stewart said, the many upland hill farmers across the Highlands and Islands receive their single farm payment not simply for farming or crofting, but for the benefits that they bring to their local areas. In the introduction to its session 3 “4th Report 2011: Report on the future of agricultural support in Scotland”, the Rural Affairs and Environment Committee noted that hill farmers deliver public benefits beyond food production, such as

“environmental protection, carbon capture ... biodiversity ... and ... retention of sustainable rural communities.”

On that last point, although far fewer people are now employed directly in agriculture in remote and rural areas, it still provides much-needed employment, brings families to areas and helps to support the local school and the village shop.

Although the debate may highlight regional differences in what is best for Scotland post-2014, as Alex Fergusson said, the bare statistics are clear. The CAP accounts for 43 per cent of the entire EU budget. Scottish agriculture currently receives in the region of £670 million through support payments. In an age of restrained and decreasing public spending, the limits and priorities of the current and the future CAP are clear. Jim Paice has said that he wants to see a CAP that encourages more food production while ensuring that farmers play their part in looking after the environment.

Unusually, I commend the Scottish Government and Richard Lochhead, in particular, who have shown commitment to promoting Scotland's food and drink. That is to be commended, but there is still more potential and more that can be achieved on that front. Putting on my consumer hat, I always look for food and drink that are made in Scotland. That is easy if one drinks whisky, but it is much more difficult to find Scottish food. At the moment, we are lucky if, in any supermarket, we can buy four types of vegetable that have been grown in Scotland and, outwith the berry season, it is extremely difficult to buy fruit that has been grown in Scotland.

Even in the most remote shops in the Highlands and Islands, there is often little in the way of local produce. I hope that the Government will build on the work that has been done to promote local produce and allow Scottish consumers to support our producers, because however committed people are to doing that, it is difficult if the food is not there.

I visited the island of Canna last year, where the National Trust for Scotland is bringing the walled garden of the main house back into production. The NTS has found types of apple and other fruit tree there that are not found anywhere else in Scotland or the United Kingdom. The fruit trees have been on Canna for centuries, helping to feed local people, so surely we could be doing more to incentivise local producers on the islands and in other remote and rural areas, particularly given the cost of transport and energy.

I have been consensual, so I think it fair that I mention the Conservatives' own John Scott's ongoing commitment to farmers markets. I welcome what is happening, but much more could be done.

Many members said that fewer young people are entering the industry. The truth is that many farmers struggle with paperwork and bureaucracy that seem to crowd out much of the time that they want to spend on farming enterprise. Audit trails are important and cross-compliance has its place, but if we want farming to flourish again we must consider loosening the constraints of red tape on the industry. I note that the NFUS said in its briefing that the new CAP system is likely to be much more complex than previous systems.

16:01

**Jean Urquhart (Highlands and Islands) (SNP):** Farming and rural communities will welcome the programme of meetings that are being held across the country, and the invitation to submit recommendations. It is important that there be the widest-possible consultation on common agricultural policy reform.

Our farmers and crofters desire to be heard and must be listened to. Without their experience, and without an understanding of the practical implications of legislation—including electronic identification and funding mechanisms such as pillars 1 and 2—we will have little hope of getting it right this time round.

It is also important that we take cognisance of how rural development LEADER funding has contributed to economic activity through community companies, social enterprises and the growing third sector. There is evidence of entrepreneurship, which in many cases adds value to farmers' raw products.

As complex as the CAP is, the people whose livelihoods depend on it are central to the industry's future. The industry can deliver not only strong communities in rural and often remote areas, but the sustained high-quality food production for which Scotland has a growing and strengthening reputation. To not get CAP reform right for Scotland is simply not an option.

Agriculture policy in the coming decades will be shaped first and foremost by the following factors: the need to meet the rising demand for food and non-food crops in a globalised world, the need to create and preserve vital and attractive rural regions, and the need to conserve biodiversity and to adapt to the requirements of climate change.

It is right that we acknowledge agriculture's importance. In recent times there has been a change in people's interest in living in rural areas in certain parts of the Highlands and Islands. Incentives that build on such interest and which attract younger folk to tenant farms or the croft entrant scheme are to be encouraged, and CAP reform must not act as a disincentive. We are at only the beginning of the road and we need to

attract special people—creative thinkers who are multiskilled and committed to continuing a tradition while finding working patterns that are acceptable in the 21st century.

If CAP reform is about anything, it should be about equity and fairness. Reform presents an opportunity to simplify overcomplicated processes and calculations, to ensure equality in the food chain between large and small farmers and crofters, and to end the historical model of support that created slipper farmers. It is not acceptable that inactivity should attract substantial grants when we cannot offer credible support to guarantee continued employment or to assist new entrants to the scheme.

Education programmes to introduce young people to the land are hugely successful and awaken an interest not only in those who have previous connections to the land.

Farming contributes massively to our tourism industry. I often describe tourism as the hugely important by-product of land management, agriculture, environmental programmes, conservation, traditions, development and contemporary life in Scotland. Highland cattle, red deer, belted Galloways, Aberdeen Angus cattle, sheep of every kind and other farmed animals have become the subject of postcards. Colin Baxter has even photographed them in the rain, which has become almost acceptable. I mention tourism because it has a strong role in our food industry. Scotland's table of hospitality is the outcome of all that we will argue for in CAP reform.

Tourism is set to break barriers this year, which must be important to the food and drink sector. As the marketing and exporting of our quality produce become ever more successful, it is essential that we support the primary producers, who are the key to our continued success. The CAP must recognise that importance and, in turn, reflect it in financial support.

As we have heard, Scotland has not had a fair share of the agricultural budget and nor have we equitably shared the little that has come through the UK representations. It is with those failings in mind that we consider reform of the CAP. It is important for everyone in the industry to compare and contrast what our share might be if we made our case as an independent country. I make no apology to Mary Scanlon for mentioning constitutional reform. Alex Fergusson wondered how we might get a greater, and justified, share of the cake. I ask him and all the members who are in opposition to the Government to consider the likely income to our farmers and crofters were Scotland to become independent.

16:06

**Jim Hume (South Scotland) (LD):** I thank the clerks and the Scottish Parliament information centre for their hard work on the subject and on the many other subjects that the Rural Affairs, Climate Change and Environment Committee tackles. I refer members to my entry in the register of interests.

The common agricultural policy is the number 1 issue for rural Scotland. Remote communities from Lerwick down to Whithorn are reliant on the CAP funds that come into communities and which indirectly support local businesses, shops and schools, as other members have said. Our environment is managed by farming communities—there would not be heather-clad hills or rolling green pastures without a vibrant agriculture industry. The CAP is also the first step in food and drink production, which is a vital industry. The base product in whisky—our largest export—is farm-grown Scottish malt barley.

Of course, agriculture also produces more basic products for vital foods such as bread and milk. We simply cannot survive without it. Worldwide demand increases as the population rises—it is now more than 7 billion. The combination of that with climate change—which is changing parts of the world from fertile areas to arid regions that are unfit for production—heightens the importance of getting the reform of the CAP correct.

All alterations to the CAP ultimately result in redistribution. The EU must bear that in mind in its deliberations and it must ensure that there is a transition period to give businesses time to change. As part of that, if we do not have an agreed CAP for the end of the current arrangement in 2014—which is possible—a bridging mechanism must be in place to ensure a smooth transition to cover any gap in the CAP. Transition measures could be used until 2019, which is five years after the proposed introduction of the new CAP in 2014, but if, as is possible, the introduction of the new CAP is late by a year or two, enough flexibility should be installed so that the 2019 date can be set back to allow at least five years of transition.

Scotland could benefit from redistribution within the EU of pillar 2 environmental payments; we are at the bottom of the payment per hectare league on those. There is, I hope, potential for good news. However, the proposals have various anomalies that must be addressed. New claimants in 2014 will need to have made a claim in 2011. How can we encourage new entrants in or after 2014? This morning, the committee heard that the situation is holding up the letting of land until we find out what is what. New entrants could be kept out of CAP for good if that issue is not addressed.

There is a need for a national reserve not just at the beginning of the new CAP, but throughout it.

Others have mentioned permanent pasture, which it is proposed will be classified as grass over five years old. When I was a student, any grass under five years of age was classified as temporary grass. Permanent grass—or ley, in Scotland—was traditionally grass that was 28 years old. It was often direct-drilled grass, which saves digging up stones and the land is therefore permanently in grass. Moreover, the longer grass is undisturbed, the more biodiverse the pasture becomes. Given the proposed greening of CAP and the knowledge that increasing ploughing intervals will only increase our carbon emissions, it must be recognised that a five-year permanent pasture proposal is unsuitable, at least for the Scottish situation. I hope that subsidiarity will be the key to be used in that regard.

As I mentioned, the proposal is for a greening of the CAP so that 30 per cent of direct payments will be to benefit the environment, and that payments should not go to so-called slipper farmers. It is absolutely correct that someone who is not farming should not benefit. However, the EU must recognise more of Scotland's anomalies. For example, there is a call for three-crop rotation, but in most of Scotland it is impossible to grow three different crops on the same land, and the crop rotations that do occur are rightly influenced by what it is possible to grow on the land and what there is a market or a need for.

Another greening issue is the 7 per cent of farmed land that is to be put aside for environmental benefit. I question the benefit of that proposal, given that people in certain parts of the world are starving. However, if it goes ahead, it must not be 7 per cent of every parcel of land, as some suggest, but be either on a whole-farm or community basis, and it should also take into account whether the farmer has been in a scheme like the rural stewardship scheme in the past.

There has also been mention of areas of national constraint and the ability to fund such areas. Orkney could benefit, but at the moment there is concern that such areas would be unfundable through the less favoured area schemes. I would like clarification on that matter from the minister, if possible.

My final point is about the fact that the Scottish Government holds back payments of the single farm payment if there is a live cross-compliance check on a farm. We see at the moment many farms waiting for their SFP that have perhaps altered their maps as per instruction from the Scottish Government and are honestly complying but who are suffering because of that. The Government states that it is an EU rule. If that is the case, the new CAP should allow provision for

payment of, say, 90 per cent of CAP payments while waiting for conclusion of the cross-compliance check. I hope that the minister can concur with my view on that at some stage.

16:12

**Mike MacKenzie (Highlands and Islands) (SNP):** Presiding Officer, I have a confession to make: I cannot pretend to understand properly the common agricultural policy, some of which is mind-boggling in its complexity. That, of course, is part of the problem. I therefore welcome some of the proposed reforms, especially the proposed simplification, although I remain sceptical about elements of the proposals that may increase complexity.

As I said, I do not fully understand the CAP. Fortunately, I know a man who does. He is sitting in front of me: he is the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead. It was no surprise to me that he was the first cabinet secretary to be re-appointed last May, because every farmer I talk to all over the Highlands and Islands sings his praises as being the first Cabinet Secretary for Rural Affairs who properly understands farming and who fully represents their interests.

I repeat that I do not fully understand the CAP, but having carried out building work for a number of farmers over the years, I do know something about farmers. I know them to be the most versatile and capable of people who can mix a batch of concrete as easily and as well as they tend their livestock and their land. I know, too, from my own previous occupation how difficult it is to work outside all day, often battling against the elements and dealing with the practicalities of running a business, then to come home at night to face a mountain of paperwork.

I know, too, of farmers whose fathers and grandfathers were farmers and who wish, in their hearts, that their sons and daughters, too, could be farmers, but whose heads now dictate that they advise their children to take up other occupations. I share their sadness at that.

However, our farmers are still in many ways the mainstays of our rural economy, and they represent a culture, tradition and way of life that has been passed down through the generations. They have been the custodians of our environment and they are the reason why we still enjoy a high quality environment.

Thanks, again, to the energy, the effort and the enthusiasm of Richard Lochhead and to the hard work of our farmers and others in the supply chain, in the face of global competition, our farm produce—our wholesome Scottish food—is increasingly being marketed and brought to the

tables of Scots and of others around the world, with exports significantly increasing as the quality of our produce is internationally recognised. That, in turn, feeds into our tourism industry, and I am pleased to see that across the Highlands and Islands people can, in many of our restaurants and hotels, eat the top-quality produce of our land and our seas, which adds immense quality and value to the visitor experience.

I welcome the proposed greening of our agriculture, but only as far as it can be implemented with the willing consent of our farmers. They are the local experts and I have concerns that the particular challenges that our Scottish farmers face will not be understood properly in Westminster.

Whatever the final outcome of the negotiations with Brussels, Scotland's farmers must be listened to and be heard. I know that the cabinet secretary is listening, but I have concerns about the challenges that he has in being heard properly in Brussels. After all, he has too often had first to fight the UK Government for the opportunity of taking the case of our Scottish farmers directly to Brussels.

**Alex Fergusson:** I am sorry to interrupt a very good speech. Does Mike MacKenzie accept that the door of DEFRA is, as I understand it, open to the cabinet secretary, just as it was in the fishery negotiations, and that joint negotiations are the best way in which we can set out the real problems that Scotland has with the reforms.

**Mike MacKenzie:** I am delighted to take Alex Fergusson's assurance that the door is now open, although I am sure that he would agree that there have been occasions in the past when it has not been as open as he suggests it is now.

I am concerned, too, that we have only six MEPs in Brussels. It is a matter of common sense that Scotland's farming interests will be better represented when we have 20 or more MEPs.

**Jim Hume:** Is Mike MacKenzie just picking numbers out of the blue?

**Mike MacKenzie:** I understand that the number of MEPs would be in the region of 20. Of course, that will be a matter to be decided when the great day comes. I look forward to the day—the not too distant day—when, as an independent country, we have full and proper representation in Europe, and to Scotland getting the proper proportion of CAP funding that we are entitled to and should receive.

16:18

**Elaine Murray (Dumfriesshire) (Lab):** Having recently left the Rural Affairs, Climate Change and Environment Committee, I would like to start by saying how much I enjoyed serving on that

committee and on its predecessor, the Rural Affairs and Environment Committee, over the past three-and-a-bit years, and to wish the committee well in its future deliberations. Unfortunately for the cabinet secretary, I am turning up like the proverbial bad penny in this debate.

This is a time of important negotiation in the EU. The common fisheries policy is up for renegotiation, as the common agricultural policy will be, a year later. As others have said, this is also a time of great fiscal uncertainty in Europe. Indeed, I think that today sees the beginning of the restarting of discussions on the restructuring of the Greek debt.

We do not know the extent to which that will affect the EU budget, and therefore the way in which funding is distributed across the EU's programmes. The Commission currently intends to freeze the budget for the CAP, which—as other members have said—will amount to a real-terms cut of around 9 per cent. It is difficult to predict how the financial problems throughout Europe will affect those allocations in the longer term, and what the knock-on effect will be for the budget streams within the CAP.

Fiscal austerity concentrates minds more than ever on the purpose of public subsidy, and the nature of the public goods that subsidy should support. In the early days, the CAP's purpose was to support food production: in the end, that emphasis led to beef and butter mountains and wine lakes. The reaction to that overproduction led to schemes such as set-aside, in which farmers were paid not to use their land at all.

More recently, there has been a recognition of the important role that agriculture plays in preserving and enhancing our rural environment. In many parts of Scotland, the countryside that we love and consider to be nature is in fact the result of centuries of farming. On our hills, grazing by sheep and cattle plays an essential role in preserving habitats and biodiversity, and agricultural activity such as crofting helps to support communities in some of the most remote and fragile areas of our country.

The relationship between agriculture and the environment is recognised in the current CAP through schemes such as cross-compliance, in which farmers who are in receipt of single farm payments and other forms of direct support are required to demonstrate good agricultural and environmental conditions.

The nature of the public goods that are to be supported and the extent to which each receives support are central to reform of the common agricultural policy. Because agriculture is very different across the 27 EU members states, the policy must be sufficiently flexible to allow member

states and devolved Administrations to make the appropriate choices for farming and the environment in their areas.

With an increased focus on concerns over food security, food production is an obvious public good, although there must be an emphasis on preventing food wastage and on the sustainability of food production—no one wants to return to the days of overproduction. As Scotland's climate is—shall we say—less benign than that in much of the rest of Europe, there is perhaps a greater recognition here that agriculture needs more direct support. That is why some of us in this Parliament have been a bit more enthusiastic about the retention of pillar 1 direct payments than have some of our colleagues at Westminster.

I welcome the Commission's intention to retain direct support, and its proposals that will end the support for agricultural activity that is no longer taking place, or so-called slipper farming. Claims in 2014 will have to be linked to activity in 2011, other than for new entrants into farming. Whether the proposed link is strong enough must of course be considered; NFUS and the Scottish Crofting Federation propose that it should be strengthened.

The successor to the less favoured area support scheme within pillar 2 is to be welcomed, although—as other members have said—it is not yet clear how the proposed natural constraints payments, which will be linked to eight biophysical criteria, will work in practice. It is quite likely that some areas of Scotland that currently receive LFAS will not be eligible for the new payment. That will be hard on those areas, but it must be right that those parts of Scotland where crofting and farming are most difficult because of the terrain and climate should be the main beneficiaries of those particular funding streams.

Activities that address climate change have for the first time been included in the CAP reform proposals. As Graeme Dey mentioned, agriculture is a major source of greenhouse gas emissions, and it is right that support is offered to encourage practices that reduce those emissions. Specific funding streams within pillar 2 are proposed, along with new standards of good agricultural and environmental condition—for example, protecting wetlands and carbon-rich soils. However, as other members have said, there are some concerns about the proposals on permanent pasture.

Rural development remains key to the CAP, but restructuring around the six priorities is intended to make it more flexible. I, like David Stewart, am particularly interested in the potential of placing a priority on the promotion of social inclusion, poverty reduction and economic development in rural areas. There is a great deal of potential there, and such programmes must be developed

to make a real difference to some of our more disadvantaged rural communities.

I wish the committee well in its deliberations. I am certain that it will not be possible to achieve consensus among stakeholders on some aspects of the proposals, and on whether they go far enough or possibly too far, but there are many positive aspects to the reform proposals. I hope that the current difficulties and financial problems in the euro zone will not derail the CAP reforms.

16:25

**Paul Wheelhouse (South Scotland) (SNP):**

We have heard that Scotland's food and drink sector accounted for a turnover of £11.9 billion in 2009, with £4.8 billion in gross value added, and that that figure is targeted to grow to £12.5 billion by 2017. The sector already employs 360,000 people in the supply chain, and 6,000 people are directly employed in farming and food production in the Scottish Borders alone. Food and drink is big business and is of huge importance to areas such as the Borders, East Lothian and Dumfries and Galloway. It covers a huge range of businesses, from artisan producers to multinationals. A healthy, sustainable farming sector is crucial to the continued success of the sector as a whole, and we must recognise the value of farming to guaranteeing our food security.

Broadly speaking, the CAP aims to ensure food security while also generating a range of environmental benefits, addressing the climate change objectives of the EU and member states, and helping to sustain vulnerable rural economies and communities through economic development interventions. Agricultural statistics analysed by the Scottish Government indicate that, across a range of products, commodity prices were buoyant in 2010-11: malting barley was up 40 per cent; lamb was up 21 per cent; beef was up 20 per cent; milk was up 12 per cent; oilseed rape was up 11 per cent; and pork was up 8 per cent. Potato prices, however, are known to have gone down substantially.

On the face of it, those figures might point to good times for most, but against that good news farmers have faced even greater rises in input prices. The price of fertilisers such as ammonium nitrate has gone up by 31 per cent; the price of red diesel—which has been crucial, given the wet harvest in many areas—has gone up 25 per cent; and the price of animal feed has risen by between 19 and 24 per cent. There is also some evidence that cereal prices dipped towards the end of the year, according to NFUS in the Borders.

Like Mary Scanlon, who is unfortunately not here to hear this, as a consumer I find it depressing that the supermarkets are squeezing

margins, especially for our dairy sector producers, and that it is difficult to find Scottish products such as chicken and pork on our supermarket shelves. Brazilian chicken and Danish pork and bacon seem to predominate at the moment. I urge our supermarkets to do far more to support Scottish farming where they can.

Much of our farming sector is marginal, and the CAP is not helping our less favoured areas sufficiently. As members have said, Scotland's funding under pillar 1 is, at €130 per hectare, the fourth-lowest in the EU compared with that of other member states. It is just 48 per cent of the EU average of €269 per hectare. CAP reform proposals indicate that there should be a minimum one-third convergence towards 90 per cent of the EU average payment by 2019. If that took place, according to the SPICe research paper, it would require the EU to increase pillar 1 payments to Scotland by €190 million per annum. By my calculation, if Scotland were to achieve the EU average and reach €269 per hectare after 2020, that would result in a net additional €628 million per annum for Scottish farming at current rates. We must hope that the UK Government passes on the estimated €190 million per annum from the initial phase of convergence between member states by 2019, as that is money to which Scotland is fully entitled under the Commission's proposals.

The SPICe briefing indicates that the Commission intends payments to be distributed more equitably within a member state, with member states moving towards allocations based on a uniform flat rate per hectare at the national or regional level by 2019. Under the current constitutional arrangements, the UK could choose to have different levels of funding in regions within the UK, in which event convergence may not happen to the same extent in Scotland. However, I—like Aileen McLeod—fully expect that the people of Scotland, in their infinite wisdom, will ensure that we are independent well before 2019 and that, when Scotland becomes independent, the full economic benefit of convergence between member states will be delivered to Scotland automatically. On the basis of current rates, that could be worth up to €628 million per annum to the Scottish farming sector. Regardless of how far convergence ultimately goes, it is important that it still allows scope for regional differences within Scotland to reflect different circumstances, levels of productivity and farming uses. Nevertheless, the point remains that Scotland would be guaranteed to gain from the EU policy of convergence to the EU average rate per hectare and would not be forced to remain a fourth-class member as a mere UK region.

Under pillar 2, the SRDP has delivered a huge number of projects—there are 6,500 projects that are worth £480 million under the rural priorities

scheme alone. However, the level of funding from Europe for rural development in Scotland under pillar 2 is a scandal. In the United Kingdom's union and after feeble UK representation in past negotiations, Scotland has been left high and dry with the lowest pillar 2 allocation anywhere in the European Union. That is some UK union dividend.

**Jim Hume:** Will the member give way on that point?

**Paul Wheelhouse:** I am afraid that I am in my final minute.

It is nothing less than a scandal that, because of the poor representation in the past and the flawed CAP as it stands, Scotland's allocation of €360 million for 2007 to 2013 is just 17 per cent of the allocation to Finland, whose population size is almost identical to ours. Our allocation is just 22.5 per cent of that to Ireland, whose usable agricultural area is similar to that in Scotland.

We need to ensure that that fundamental unfairness is addressed in future allocations, as such funds are vital for agri-environment schemes that aim to tackle climate change, to which my colleague Graeme Dey referred, and for sustaining our rural communities.

**The Deputy Presiding Officer:** Before we move to closing speeches, I apologise on the Presiding Officers' behalf to the members whom we could not call in the debate.

16:31

**Jamie McGrigor (Highlands and Islands) (Con):** I refer members to my agricultural entry in the register of members' interests.

Getting the CAP reform right and getting the fairest deal possible for Scotland are fundamental to the future of farms and crofts throughout Scotland and to the communities that depend on them. My friend Alex Fergusson was right to talk about the need for flexibility. It is accepted that we will move towards an area-based single farm payment, but there must be an appropriate transitional period, which could be longer than is currently envisaged. The Irish Government is keen to achieve that. It is worth pointing out that England's move to area-based payments began in 2005 but will be completed only in 2014.

The key challenge will be to achieve a flexible arrangement whereby those who might lose most under the move to an area-based system—I am talking about key groups such as Orkney and Caithness beef producers and the dairy farmers of Kintyre—can be compensated through flexible alternative measures that recognise their needs and the number of animals that they keep.

We need flexibility over the national reserve. We are sympathetic to the NFUS's view that the reserve should not be only for one year and should be on-going, not least to support new entrants, who are important to the farming industry.

Food security and maintaining stock numbers are vital. I share the anxiety that the proposals for greening pillar 1 could lead to additional bureaucracy that is associated with yet more cross-compliance. Farmers have faced difficulties in the EID tagging of sheep. I brokered a meeting only last week of the agriculture and rural development directorate-general's deputy director-general and his officials with George Milne and James Sinclair of the National Sheep Association. The NSA made the point effectively that Scotland has achieved movement traceability par excellence but is being penalised for doing so. It is eight years since the relevant regulation came into being and a review is needed to correct the imbalances and unforeseen consequences that are hindering Scottish farmers' attempts to lead the field on traceability and making them fear cross-compliance issues.

I return to the CAP. I agree with the widespread criticism of the proposal to define permanent pasture as any grassland that is more than five years old. That definition is far too crude and fails to recognise that many Scottish hill farmers run a 10-year or longer rotation on pasture. If the proposal was implemented, artificial fertilisers would have to be used more and more, instead of reseeded. The proposal that a blanket 7 per cent of land should be left fallow is questionable in food security terms and fails to recognise the good work that many farmers are doing. That figure must be lower; it should apply on a farm scale and certainly not on a field scale.

The future of LFA support is vital, too. We need to come up with the most appropriate solutions for targeting support within the LFA boundary. The Scottish farming and crofting community hopes that overall support levels will be maintained, but all of us are aware that, if CAP budgets are cut because of the financial crises that are afflicting Europe, we must as a priority protect LFA support for our vulnerable areas.

Again, the proposed areas of natural constraint system must be as flexible as possible. Given that the current rural development programme concludes in 2013, the Scottish Government must be prepared to use a bridging mechanism to allow the rollover of existing schemes until the new regime is in place. We simply cannot have a situation such as that which arose in 2007-08, which I well remember, when the introduction of the new SRDP meant that no agri-environmental

schemes were approved for approximately 18 months, and some valuable projects were lost.

Since the removal of hill tracks to improve accessibility for the public from the menu of options that are available to hill farmers, little in the land management option scheme is of much practical use. I encourage a look at the options to make them more practical and useable for farmers. I suggested something on quad bikes, which every hill farmer uses. The idea was popular with them but it has so far not come to fruition.

Although farmers are enjoying an increase in livestock prices, they have only caught up with the vastly increased cost of input that farmers have experienced, so there is no room for complacency in trying to achieve the best results for Scottish farmers in the reformed CAP.

There is a new optimism about farming and it is important that the Scottish Government and the European Commission fan the vital spark that is the lifeline of Scotland's rural communities. I agree with Jean Urquhart that Scottish food and especially Scottish drink are very important for the tourism sector.

Today's debate has been important and useful and I look forward to the committee's report on the subject and to future debates on the CAP reforms, which are simply vital for Scotland.

16:37

**Claudia Beamish (South Scotland) (Lab):** As a rural dweller, the new shadow cabinet minister and a new member of the Rural Affairs, Climate Change and Environment Committee, I am delighted to contribute to the debate, albeit with some trepidation in view of the complexities of CAP that Mike MacKenzie has already mentioned. I do not intend to sum up because I think that that would be arrogant of me in my new role, but I will highlight a few points, some of which members have raised already and some of which I hope will be new.

This is, of course, a time of uncertainty for everyone but particularly for farmers, who face the complexities of the EU and the CAP reform again. Food security, good-quality locally sourced food and air miles are all issues for consideration, and Scotland takes those issues very seriously within and beyond the agricultural and rural communities. Demand is increasing for a healthy diet and access to fresh food at fair prices, which has implications for our farmers and the whole food chain.

David Clarkson of Woodlands in Clydesdale has said:

"If SFP and LFAS payments have to keep reducing, the production of beef and sheep will become unsustainable.

As soon as our prices go up our input prices increase, especially fertiliser costs which wipe out any benefit."

Regionality is a concern. NFUS argues for a CAP outcome that will allow flexibility for all member states and regions and, within that regionality, for three areas—possibly the Highlands and Islands, an LFA, and then the south-west, Fife and East Lothian.

However, the issue becomes more complex as we focus on specific areas. Ian Parker, a Clydesdale organic dairy farmer, highlights that from one perspective:

"Many of Scotland's rural areas have different qualities of land in close proximity. This is very pronounced in South Lanarkshire"

where dairy farming follows the course of the Clyde, but there are other forms of farming in the area. If regionalisation goes down to smaller areas, that is a concern. On the other hand—there is, of course, a counter-argument—Scottish Environment LINK argues for the division. It says that such calls are an area for concern and states that

"the underlying rationale for such calls is to limit the redistributive effects of moving to a regionalised support system."

We must be clear in our assessment of more detail on how regionality can be done in the fairest way.

Bureaucratic paperwork is not something that farmers, teachers or, indeed, politicians enjoy, especially when we feel that it is getting in the way of our daily work, and farmers often have to work long into the night on bureaucracy. However, the suggestion that there should be a shift from unannounced inspections to more emphasis on working with farmers on action plans and offering guidance that focuses more on outcomes would be welcomed by many and would take down stress levels considerably. There is no room for mistakes in the current system, and more engagement by inspectors in the process can help to tackle that injustice.

I gather that the average age of farmers in Scotland is similar to mine. I certainly would not like to be out in a lot of the weather that they go out in. As many members have stressed, new entrants must have our support if the industry is to continue to be vibrant. Land costs, the challenges of getting a loan and the problem of not qualifying for the single farm payment in the shift are serious problems for new entrants. As Andrew Craig of Normangill farm in Clydesdale has said:

"The industry as a whole is an aging one and needs to find a way to allow young people to take over the farming business without saddling them with an enormous debt that will be with them for a long time."

It is important that the new CAP recognises that farmers are already doing a great deal in respect of environmental worth, but one of our priorities is biodiversity. EU member states did not meet the 2010 biodiversity target, so there is a serious problem to be dealt with. In that context, Wilma Findlay of Cream o' Galloway—I am always talking about her ice cream, but it is very good—argues for support of the Scottish Government's land use strategy. We must make a contribution within the CAP to ecological connectivity. Indeed, we can all enjoy the benefits of that, even those of us who live in towns and cities—we can enjoy more green space around us and have access to the countryside and valuable habitats. The farming community has a strong role to play in meeting those targets. The Scottish Wildlife Trust has highlighted that issue, and the Scottish Council for Voluntary Organisations has stressed that it is

“important to remember that CAP reform is not just about farming”

in rural areas. Not only do the ecological connectivity arguments highlight that; the SCVO talks about the opportunities for an

“increased share of the next programme's funding to be targeted on supporting communities to take control of and develop their local assets, to improve their local facilities and services and to support small enterprises including social enterprises.”

Margaret McDougall, who is a new member of the Rural Affairs, Climate Change and Environment Committee, is unable to speak in the debate, but she wanted to highlight concern about CAP delivery in relation to economic growth, rural sustainability and food security without the waste of things such as tobacco, which is obviously a very unhealthy crop that is grown elsewhere. There should be support for farmers in the interim. Andrew Craig, who farms at Normangill farm, has said:

“you will get a different answer from whomever you ask their thoughts about CAP reform.”

Finally, I ask members to think outside the box. David Findlay of Cream o' Galloway has proposed a new sustainable land use contracts scheme, which seeks to address and integrate the many challenges that we face. Let us think outside the box, but let us also get the balance right for all our rural communities in moving forward together.

I thank the committee for the debate.

16:43

**Richard Lochhead:** I have very much enjoyed the debate and once again congratulate the committee on its novel approach of having the debate prior to publishing its report.

Other novel approaches have been taken. We heard Graeme Dey of the SNP praising Alex

Fergusson of the Conservative Party, and then we heard Mary Scanlon of the Conservative Party praising Graeme Dey of the SNP. Perhaps that will raise suspicions about Graeme Dey among SNP members. However, I am implicated as well, as Mary Scanlon made some very nice comments about my role, for which I thank her.

Some wild claims have been made. Mike MacKenzie claimed that his cabinet secretary understands the common agricultural policy. Without disabusing him of his belief in that, I have to say that, having met the authors of the common agricultural policy, I do not believe that anyone understands it. That is another case for simplicity as the debate moves forward. However, I look forward to working with the committee, MSPs from all parties and, of course, the UK Government in the years ahead—at least the next two years or so.

It is important that UK ministers not only talk the talk but walk the walk. I welcome the fact that the Scottish Government has access to some of the negotiations, but it remains to be seen whether we will have access to them all, particularly the crunch negotiations when the dotted line will be signed. It is very important that Scotland is in the room when those vital negotiations take place in the next year or two.

Before I turn to some of the common themes in the debate, I reiterate the situation in the Council of Ministers so far, because a couple of themes that have emerged have attracted consensus among all member states.

First, on the proposals for greening, which many members have highlighted, it is certainly my perception that all member states are concerned about the proposals. They are concerned not so much about the principles but about the way in which they are presented. There is concern about the proposal for 7 per cent of land to be put aside and not involved directly in food production. There is also concern about the fact that it would be expected that monoculture is avoided and that it would be necessary to ensure that there is the rotation of three crops on any ground. That would not be suitable in many Scottish circumstances. If barley growers want to supply our booming whisky industry, they should be allowed to do that. Of course, in certain parts of our remote upland areas there are not options to grow three different crops. We must ensure that Scotland's concerns are taken into account.

The other theme on which there is consensus among member states is complexity. All member states, all of us in the Parliament and, especially, our industry are concerned by the increasing complexity of some of the proposals. In Scotland we will do what we can to tackle complexity and bureaucracy, which is why I have asked Brian

Pack to head up a new review to look at red tape and bureaucracy in what we have control over in this country and to make recommendations to other authorities. The issue is a big concern with regard to the new common agricultural policy, so we have to tackle it.

I turn to some of the themes in the debate concerning Scotland's distinctive needs. Many members have mentioned the need to have a better budget. Paul Wheelhouse used the word "scandal". It is a scandal that we get the lowest pillar 2—or rural development—budget in the whole of Europe and the lowest in the UK, so we are at the bottom of the bottom of the league. That is unacceptable. If anyone asks what the UK has perhaps not done for Scotland in negotiations in past decades, please point to not only the pillar 2 budget but the pillar 1 budget—those budgets are an indictment of the fact that no importance was attached to rural communities in past decades by UK Governments. We can perhaps change that.

**Jim Hume:** The cabinet secretary goes on about budgets being cut, but the Scottish Government, much to the RSPB's dismay, proposes to cut the agri-environment budget. Does he not agree that that puts us in a weaker position to argue for more environmental payments in the CAP?

**Richard Lochhead:** Claire Baker and now Jim Hume raise the concerns that have been expressed by environmental stakeholders about the agri-environment budget. Up to September 2011, which was the last round of applications under the existing budgets, 82 per cent of applications were met. That is one of the highest ratios. We are therefore confident that the budget available will meet demand in the future but we will, of course, keep a close eye on that.

**Alex Fergusson:** Will the cabinet secretary take an intervention?

**Richard Lochhead:** I will move on, as I have covered that issue.

We all accept that one big challenge is the transition from the historical basis of payments to area payments in the future. Graeme Dey and others mentioned the potential impact on the production of raw materials for our food sector if we do not get that right. Let us not deny that that will be a difficult debate. We have the same size of cake and we have to redistribute it, so there will be winners and losers.

It is important that we have the ability to have top-ups to the area payments, so that we can link them to productivity and give extra payments where necessary for certain types of activity. I hope that that will be a means to support production in Scotland, in particular in the LFAs where, if there was only a straight area payment,

that would clearly not be good for livestock production, because there would be no incentive or support for it.

As Aileen McLeod and others have said, we can bring in limited headage payments. That is very important. Under the current proposals, we are allowed up to 5 per cent for headage payments. Brian Pack proposed that up to 15 per cent should be the threshold, so we should certainly negotiate that 5 per cent upwards. Again, the UK Government seems to take a different view from Scotland on the issue, but negotiations are on-going between Scotland and the UK, just as they are between the UK and Scotland and the EU, so we have to continue to make that point.

I have said before that the pace of transition from historical payments to area payments should be dictated by the extent to which we can give support to new entrants. Many members have expressed support for ensuring that new entrants get support from day one of the new common agricultural policy. We should move from historical payments to area payments so that we include new entrants, but they should get support from day one.

As others have said, if there is a delay in the new CAP coming into play, there should be some bridging mechanism. That is not so much a case for Scotland, but the EU would certainly have to ensure that it is possible so that new entrants receive support from day one and other schemes can continue.

We have all agreed that there is a need for direct support in Scotland through pillar 1. I welcome the cross-party support for that as it highlights Scotland's distinctive needs, but there will be difficult decisions. There is a tension between our desire to have a new common agricultural policy that adheres to simplicity and the fact that in this chamber and the industry we are all asking for Scotland's diverse agricultural sectors to have tailored policies. There is a tension between the two positions of wanting simplicity and wanting total flexibility to allow everyone's diverse circumstances to be taken into account, which entails more bureaucracy and complexity. That is a difficult debate, which we will have to have.

In conclusion, I think that we all recognise that we have to protect our massive food and drink sector in Scotland and the primary producers who produce the raw materials for that sector, as well as the other environmental and economic benefits. The committee certainly recognises it, and I am sure that, working together, we can achieve that.

16:51

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** I am pleased to wind up the debate in my capacity as the deputy convener of the Rural Affairs, Climate Change and Environment Committee.

At the outset, I commend the quality of this debate on what is an extremely important issue. It is clear that members on all sides recognise the importance to Scotland of the agriculture sector. Those who have spoken have put forward various suggestions and ideas as to how the CAP reforms should pan out. As a result, the debate will help the Rural Affairs, Climate Change and Environment Committee with its on-going scrutiny of the CAP reform proposals.

Mary Scanlon pointed out that, as with the Education and Culture Committee debate last week on the educational attainment of looked-after children, there is as yet no committee report. This anticipative-style committee debate, which I understand is being piloted to ensure that all members can inform the proceedings of committees on important matters, is a good process. It is particularly apposite as the CAP negotiations are at an early stage and will be on-going throughout the course of this year.

The Rural Affairs, Climate Change and Environment Committee will keep a close watching brief on the development of the proposals throughout the year. It may be—I am looking at the convener here—that a further committee debate in the chamber will be appropriate when negotiating positions on the detail are being firmed up.

The committee has already taken evidence from some of our MEPs and key stakeholders. We have an evidence session planned with the UK farming minister, Jim Paice, on 7 March, to be followed by an evidence session with the cabinet secretary on 14 March. The committee will then agree a position paper that is to be forwarded to the key players. At EU level, the draft European Parliament reports on CAP reform that are being drawn up are anticipated around April, and the committee will decide what further action needs to be taken at that time.

By now, the committee hoped to have heard directly from the UK Secretary of State for Environment, Food and Rural Affairs, Caroline Spelman MP, as part of its initial evidence gathering. Regrettably, notwithstanding the committee having offered videoconferencing, the UK secretary of state had no date to offer the committee. However, I understand that further to her visit to a Scottish farm on 12 January—her first visit to a Scottish farm since taking office some 20 months ago—she made a courtesy call at the

Scottish Parliament and the committee convener managed to secure a commitment from her that she will come before the committee at a later stage of the CAP negotiations. I am sure that the committee members will be pleased to hear that.

I turn to the substance of this afternoon's excellent debate. I emphasise the key points about the context of the CAP reforms that are being proposed. Of course, the overarching issue is what the overall CAP budget will be. In effect, the Commission's proposals preserve the current budget, with the concomitant greening proposals that we have heard about. Of course, it is too early to say what the final budget will be, given in particular the difficult economic circumstances in both the euro zone and other member states. That was a concern raised by a number of members, including Alex Fergusson, David Stewart and Elaine Murray.

In the context of the final agreed budget, whatever that may be, it will be vital for Scotland to ensure that we move from the current abysmal position of fourth lowest recipient of pillar 1 funding in the entire EU and lowest recipient of pillar 2 funding in the entire EU. I was pleased to hear members from across the Chamber support not only a fair deal on pillar 2 funding but, importantly for our farmers, a fair deal on pillar 1 funding.

Some members, including the committee convener and colleagues such as Aileen McLeod, Jean Urquhart, Mike MacKenzie and Paul Wheelhouse, said that if Scotland were independent and had her own voice as a sovereign member state of the EU, she would not secure such a pitiful result in negotiations. Indeed, Scotland, as Scotland, would be able to put her own priorities first and not see them inevitably diluted as a result of the fact that the UK Government currently has the voice in Brussels. In the negotiations on the convergence proposals that are under way, if Scotland were already at the top table in her own right, we would see a net gain of hundreds of millions of pounds, as the figures have shown that we fall far below the European average in terms of current funding.

I recognise that not all members of the committee would, at least at this juncture, support Scotland's having her own seat at the top table in the Council of Ministers, although of course views can change. Nevertheless, it is important to recognise where we stand in terms of agricultural support and where we hope to go. At the same time, it is important to note that while the UK secretary of state has been reported as stating that she understands the distinctive Scottish needs in the CAP debate, the UK Government has none the less made it clear that it wants the CAP budget to be slashed, with a move away from pillar 1 funding. Indeed, the debate in Westminster

seems to be driven principally by the UK Treasury, not by DEFRA. I listened carefully to Alex Fergusson's point about joint negotiations, but unless the UK position changes in favour of the Scottish position, then that, to me, is not joint negotiation.

**David Stewart:** As the member knows, the Scottish Government has control over voluntary modulation and co-financing. Would she like the Scottish Government to maximise its discretion in those areas?

**Annabelle Ewing:** Of course, we operate within our devolved budget, which has been cut by £1.3 billion by Westminster. The cabinet secretary dealt with those points during the debate.

It is vital for our farming industry that we retain the pillar 1 support, and the committee will keep a close eye on developments to ensure that we secure that deal for our agricultural sector. We have heard about the move to the area-based system and the concerns that remain in that respect, and about the greening of the pillar 1 proposals. Although those developments have been accepted in principle, broadly speaking, members across the chamber have raised serious concerns about the details that we have about crop rotation, permanent pasture and the 7 per cent ecological focus areas. Graeme Dey mentioned an interesting pilot scheme. As regards the greening of the CAP, it is important that we are allowed to ensure that due account is taken of the best practice that we are setting here in Scotland.

We have heard about pillar 2 funding and about various views on the relationship between pillars 1 and 2. David Stewart and Elaine Murray, among others, spoke about the need to consider widening the scope to cover social inclusion and, in the case of David Stewart, the position of our mountainous and island areas under Scotland rural development programme funding. Those points were well made.

The debate has proved very useful for the committee and will inform its considerations. We must all work together as team Scotland to get the best deal for our farmers, who are, after all, the stewards of the land, as my colleague Mike MacKenzie said. Across Europe, there is a need to get this right. For us here at home, that means that we need to ensure that the interests of people in our farming sector are promoted not only as the stewards of the land, but as those who are charged with securing the food supply and as contributors to the huge success story that is Scotland's food and drink industry.

## Business Motion

16:59

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of business motion S4M-01730, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

Wednesday 25 January 2012

1.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Ministerial Statement: Referendum Consultation
<i>followed by</i>	Stage 1 Debate: Budget (Scotland) Bill
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 26 January 2012

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Labour Party Business
11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Education and Lifelong Learning
2.55 pm	Scottish Government Debate: Claim of Right
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 1 February 2012

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 2 February 2012

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Finance, Employment and Sustainable Growth

2.55 pm Scottish Government Business  
*followed by* Parliamentary Bureau Motions  
5.00 pm Decision Time  
*followed by* Members' Business—[Bruce Crawford.]  
*Motion agreed to.*

## Parliamentary Bureau Motions

17:00

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of three Parliamentary Bureau motions. I ask Bruce Crawford to move motions S4M-01731 and S4M-01732 on the approval of Scottish statutory instruments and motion S4M-01733 on the designation of a lead committee.

*Motions moved,*

That the Parliament agrees that the Equality Act 2010 (Specification of Public Authorities) (Scotland) Order 2012 [draft] be approved.

That the Parliament agrees that the Scottish Public Services Ombudsman Act 2002 Amendment Order 2012 [draft] be approved.

That the Parliament agrees that the Rural Affairs, Climate Change and Environment Committee be designated as the lead committee in consideration of the Long Leases (Scotland) Bill at Stage 1.—[Bruce Crawford.]

**The Presiding Officer:** The questions on the motions will be put at decision time.

## Decision Time

17:00

**The Presiding Officer (Tricia Marwick):** There are four questions to be put as a result of today's business.

The first question is, that motion S4M-01679, in the name of Rob Gibson, on the Rural Affairs, Climate Change and Environment Committee's scrutiny of common agricultural policy reform, be agreed to.

*Motion agreed to,*

That the Parliament notes the Rural Affairs, Climate Change and Environment Committee's ongoing scrutiny of the European Commission's proposed reform of the Common Agricultural Policy.

**The Presiding Officer:** The next question is, that motion S4M-01731, in the name of Bruce Crawford, on the approval of a Scottish statutory instrument, be agreed to.

*Motion agreed to,*

That the Parliament agrees that the Equality Act 2010 (Specification of Public Authorities) (Scotland) Order 2012 [draft] be approved.

**The Presiding Officer:** The next question is, that motion S4M-01732, in the name of Bruce Crawford, on the approval of an SSI, be agreed to.

*Motion agreed to,*

That the Parliament agrees that the Scottish Public Services Ombudsman Act 2002 Amendment Order 2012 [draft] be approved.

**The Presiding Officer:** The next question is, that motion S4M-01733, in the name of Bruce Crawford, on the designation of a lead committee, be agreed to.

*Motion agreed to,*

That the Parliament agrees that the Rural Affairs, Climate Change and Environment Committee be designated as the lead committee in consideration of the Long Leases (Scotland) Bill at Stage 1.

**The Presiding Officer:** That concludes decision time.

## Independence Referendum

**The Deputy Presiding Officer (Elaine Smith):**

The final item of business is a members' business debate on motion S4M-01596, in the name of Elaine Murray, on the independence referendum and let Wallace vote. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament notes that for generations Scots have taken up opportunities to work in other parts of the UK and beyond and that many have subsequently returned to Scotland to use the skills and experiences that they have gained elsewhere; understands that Scots working outwith Scotland at the time of the independence referendum will not be eligible to vote on Scotland's constitutional future whereas anyone eligible to be on the electoral register in Scotland will be entitled to vote; believes that Scots living outwith Scotland should be able to register to vote in the independence referendum on the same basis as expatriate UK citizens can vote in UK elections, and congratulates Dumfries-born James Wallace on his online campaign, letwallacevote, to bring this issue to the attention of the public.

17:03

**Elaine Murray (Dumfriesshire) (Lab):** I lodged the motion as an individual MSP—it is not a Labour Party position—to use members' business to discuss some ideas and air some views on a particularly important issue: who should be entitled to vote on Scotland's constitutional future.

I raised the franchise a considerable time ago in a debate, because it has always struck me as slightly strange that my husband, who is English and has lived in Scotland for many years, will get a vote on Scotland's future, whereas my sister, who is Scottish but has lived in England for a similar length of time, will not be able to vote on her country's future.

**Joe FitzPatrick (Dundee City West) (SNP):** Does the member think that people's ethnic origin should be taken into account when deciding the franchise?

**Elaine Murray:** No, absolutely not. As I speak, Joe Fitzpatrick will hear more of my view about how the matter could be addressed.

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** Will Elaine Murray give way?

**Elaine Murray:** No, I will not take another intervention just now.

I considered the issue in more depth after I was contacted by James Wallace. He is naturally a constituent of Alex Fergusson's, but I have known him for many years. He was at school with my daughter and did some work experience with me

after school and when he was first studying at the University of Edinburgh.

Mr Wallace was born in Dumfries, attended Dumfries academy, supports Queen of the South—which is a bit of a trial at the moment—and is a proud Doonhamer and Scot. Indeed, it is precisely because he feels so profoundly Scottish that he wants to be able to vote in the independence referendum. He has gained graduate and postgraduate qualifications in law and is a clever, ambitious young man who wants to pursue a career in international law. This year, he has taken up a trainee position with Baker & McKenzie, a global law firm that was based originally in the USA and which has its UK office in London. He would be in the gallery this evening wearing his kilt and “Let Wallace Vote” T-shirt were he not at the firm’s headquarters in the US negotiating something to do with his traineeship.

As he is not a student, Mr Wallace is not entitled to be registered to vote at his parent’s Scottish address and if he is still in London in autumn 2014—or whenever the referendum takes place—he will not have a vote. However, he is doing only what generations of Scots have done. They travelled outside Scotland to get work, training or experience. Of course, many of them returned—my grandparents, my parents and I certainly did—while some, like my sister, would like to return but the employment to which their experience is applicable is not available in Scotland. I believe that several current Scottish National Party MSPs have worked in other parts of the UK and abroad and I am sure that, in returning to Scotland, they have brought valuable experience to their roles. Surely they will testify to the fact that living somewhere else does not make a person feel any less Scottish; no one ever loses their Scottish identity because they live in another part of the UK or elsewhere.

At a time when youth unemployment is high and graduates are finding it very difficult to get work, many young Scots, in particular, are applying for jobs throughout the UK—not because they wish to leave Scotland, but because they want to gain employment in the careers for which they are qualified. Had a referendum on Scottish independence been held when SNP members were living outwith Scotland they might have taken a different view on not being allowed to vote on their country’s future.

It is true that Scots living outwith Scotland do not have a vote in Scottish parliamentary elections, but then they are not directly affected by the decisions that we take here. I did not have a vote in the 1979 referendum because I was living in Cambridge, so one might well ask why I believe the franchise for this referendum should be different. It is because of the very nature of the

question to be posed. After all, we are talking about what is probably the most important decision that can be made about Scotland’s future. Whatever the question might be, the choice is between remaining on the path of devolution or changing direction and following the road to independence. That is why Scottish Labour believes that there should be one question to determine whether the Scottish people want to follow a different route, which, if taken, will be very difficult to get off again. Devolution can evolve, but becoming a separate state is a final decision. Many Scots who might be living temporarily in other parts of the UK want to be included in this once-in-a-lifetime vote—indeed, I have received loads of e-mails today from Scots living in other parts of the UK—because it could fundamentally change the nature of the country to which they might wish to return.

How could this issue be tackled? Some have suggested that those affected could register to vote at their parents’ address. However, there are specific circumstances in which an elector is allowed to register at a former address—for example, students can do so—but people are usually expected to register at their current address. Indeed, I think that someone who registers at a former address where they do not actually live is probably breaking the law.

After looking into this, James Wallace has suggested that a mechanism similar to that enabling expatriate UK citizens to vote in UK and European elections could be applied to this referendum. Holders of UK passports who live abroad can register to vote in those elections if they have been registered to vote at a UK address within the past 15 years—or, in the case of a young person, if their parents or guardians have been so registered. I understand that similar criteria apply in many other democracies across the world. If we made a direct analogy with this referendum, Scottish people who had been resident in Scotland at some point in the past 15 years and wanted to vote could apply to be on the register. The Government would not have to seek them out; they could simply apply to get on to the electoral register in order to vote.

I realise that, as responsibility for the franchise lies with Westminster, the Scottish Government does not have the power to introduce those changes. However, the Scottish Government has stated that it wants the franchise to be extended to include 16 and 17-year-olds and I assume that it will attempt to negotiate that with the UK Government at some stage. I ask the Scottish Government to consider whether the franchise can be extended to people who have had an address in Scotland in the past 15 years or whose parents or guardians have such an address to enable

them to have their say on whether Scotland should become an independent state.

In the meantime, while that issue is considered, I congratulate James Wallace on raising and researching the issue. He has certainly had some impact on the debate about the franchise and how we might consider extending it.

**The Deputy Presiding Officer:** Speeches should be of four minutes.

17:10

**Chic Brodie (South Scotland) (SNP):** I welcome the debate. I have three children and a stepson, all of whom are Scots born, who live in Surrey and Bedford. I have many—too many—grandchildren who were born in Surrey or Bedford, and I love them all to bits. My two daughters each have a framed poster of the declaration of Arbroath—one has it in her kitchen and the other, unsurprisingly, has it in a downstairs toilet, where it can command full attention, at least from men. *[Laughter.]* Thank you, Mr McDonald.

It has been some time since I have been able to instruct my daughters, “No you can’t,” but in the case of the younger one, Eilidh, I had great cause to do so last week, when she asked whether she could vote in our referendum. I was able to say in my best Obama-esque voice, “No you can’t,” and unless she comes home, neither should she be able to.

It is right, as so many leaders of the wide political and civic spectrum across Scotland have said, that the referendum on Scotland’s constitutional future, when it comes in autumn 2014, will be for those who are registered and eligible to vote in Scotland. It would be quite wrong to dilute the interest of those who live and are registered to vote in Scotland at the time of the referendum by affording those Scots and, indeed, those non-Scots who may have lived and worked here for a long time but who have now moved outside Scotland the right to participate and vote in the referendum.

The motion clearly states that the Parliament

“believes that Scots living outwith Scotland should be able to register to vote in the independence referendum”.

Is it referring to Scots in the UK, to Scots in Europe or to the whole Scottish diaspora? If it is referring just to Scots in the UK, why is that the case? The motion does not say where they might live, or when or for how long they need have lived outwith Scotland. As a consequence, no mention is made of the exorbitant cost, the logistics or the securing of the integrity of the vote that giving an expat Scots vote would entail. Would we have to extend the remit of the overseers of the referendum on an international basis? If so, under

what rules? Under whose rules would they operate?

**Elaine Murray:** Will the member take an intervention?

**Chic Brodie:** No, I am sorry—I have only four minutes.

The motion neither answers nor gives foundation to the honest request that it makes or, indeed, to the many questions that it raises, but it confirms the ties that our fellow and adopted Scots abroad have to Scotland and to their identity as Scots, and their undying and emotional attachment to Scotland.

The motion does one other, extremely interesting thing. In its first line, it confirms why Scotland should and will be independent. As Elaine Murray suggested, many Scots—I am one of them—do not leave Scotland voluntarily to take up opportunities to work in other parts of the UK and abroad. The harsh reality is that many have had to leave to find work or better-paid work, or have been pursued because of their skills, experience and education, usually to work in the overheated economy of the south-east of England.

Therefore, it is right that the referendum be decided only by those who are registered to vote in Scotland. It is right that only they should have their say in its future, just as it is right to say to Scots abroad, “Come home and bring your independence votes with you,” so that we can say to them about voting on Scotland’s future, “Yes you can.”

17:14

**Kenneth Gibson (Cunninghame North) (SNP):** Although I do not agree with what Elaine Murray proposes, I congratulate her on securing the debate. She was right to say that the independence referendum will be a final decision. No nation that democratically gains its independence ever gives that up voluntarily, which shows the success of independence.

In the previous speeches, we heard a strong argument against the union. Where is the union dividend, when we keep hearing that people’s relatives—brothers, sisters and so on—have grown up expecting to have to leave their country to fulfil their potential? My twin sister lives in Toronto. I do not think that people who grow up in Stockholm, Copenhagen and Oslo necessarily think that they must take the same path.

I confess that part of me thinks that it would be exciting to campaign for Scottish independence in Scunthorpe, Southampton and Swansea, rather than in Saltcoats, Shiskine and Skelmorlie, in my constituency. Why stop there? Why not open things up further and let native Scots in other parts

of the world vote? Why not include Scots in the Seychelles, Singapore or the much more exotic South Africa?

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** If the member reads the motion, he will see that that seems to be the logical conclusion of Elaine Murray's position.

**Kenneth Gibson:** The motion is all over the place. We only just heard from Elaine Murray about an apparent 15-year cut-off. Why not 14 years or 16 years? I do not understand.

**Elaine Murray:** An analogy is being drawn with the circumstances under which UK citizens who live outwith the UK can vote. We know how to operate that system, which is not onerous and relies on people registering to vote. The approach that is suggested is analogous with an approach that is already taken.

**Kenneth Gibson:** The cut-off is still arbitrary, is it not?

Can anyone say that Scots-born people who live in the Seychelles, Singapore or South Africa are less Scottish than people who live in the UK towns that I mentioned? Of course, if we extended the right to vote in the referendum to people across the world, I would have an opportunity to visit my sister, after leading street work on behalf of the yes campaign in Toronto. It goes without saying that making arrangements for such a campaign would be administratively difficult. It is wrong that Dr Murray thinks that her sister in England but not my sister in Canada should get a vote.

As Joe FitzPatrick said, the issue is not and never has been identity. The Scottish National Party supports independence for Scotland because we think that it is the best way of developing a fairer and more prosperous Scotland. If it was about identity, why would the SNP have so many members, from the Cabinet to the grass roots, who were born outside Scotland? I know many people in my constituency who were born in England or other countries, who have made a life here and call Scotland home, and who think that independence is the best way forward for their adopted country. The corollary of Dr Murray's approach is that we take away such people's votes because they were not born here.

The United States has struggled on reasonably successfully since gaining independence from London. During the American revolution, the cry was, "No taxation without representation!" Labour now seems to want representation without taxation. From Malta to Montenegro, there is no precedent for Dr Murray's suggestion. Even when the Baltic states secured independence from the Soviet Union—which Labour no doubt opposed—only the people in each Baltic state could vote.

I acknowledge that it is not only Elaine Murray who thinks that Scots who live outwith Scotland should be able to vote in the independence referendum. As of noon today, 155 people had signed Mr Wallace's petition. I understand that Labour chief whip Baroness Taylor of Bolton agrees with it. I disagree with her, but I accept that she is a proud Scot, and I accept that many Scots who have made their lives on both sides of the border identify themselves as Scots or British or both.

The wider debate on Scotland's constitutional future is and should continue to be about the path that offers the best prospect for a fairer and more prosperous Scottish society. The SNP believes that that path is independence. People who live in Scotland, whether they are Scottish, Pakistani, Indian or Chinese, or indeed English, Welsh or Northern Irish, by birth—the people who pay Scotland's taxes, who elect the members of the Scottish Parliament and who have chosen to make a life for themselves here—are the most important stakeholders in the wider debate. They must decide Scotland's future.

17:19

**David McLetchie (Lothian) (Con):** I welcome the debate and congratulate Elaine Murray on bringing it to the Parliament.

I have considerable sympathy with Mr Wallace's proposition. He has raised what Tam Dalyell called in 1997 the Gary McAllister question, in reference to the then captain of the Scottish national football team, who was playing for Coventry at the time and did not have a vote in the 1997 referendum.

**Jamie Hepburn:** Will the member give way?

**David McLetchie:** No, thank you—let me make progress.

As a Scot and a citizen of the United Kingdom, albeit one who is no longer resident in Scotland because he works in London, Mr Wallace does not have a vote in Scottish Parliament or local council elections. As matters stand, he will not have a vote in a legal referendum on independence if the franchise is the same as applies in Scottish Parliament elections. In that context, it is worth noting the many thousands of people who are resident in Scotland and who are not UK citizens but who will nonetheless have a vote on independence for Scotland and the break-up of Britain.

First, we have the Irish, whose ancestors voted for independence and breaking away from the United Kingdom. Secondly, the franchise extends to European Union citizens. There are more than 58,000 citizens of other European Union countries on our electoral register who could vote in a

referendum as the rules stand. Thirdly, citizens of Commonwealth countries who are resident in Scotland will also be eligible to vote. The numbers involved are a bit more difficult to calculate but, in the UK as a whole, the annual population survey in 2010-11 estimated that well over a million citizens of Commonwealth countries are resident in the UK and would be entitled to register to vote. No doubt, a significant number of them who are resident in Scotland will have chosen to do so.

So we have it that the Irish, Poles and Australians who happen to be resident in Scotland at the relevant time will all be able to vote on the break-up of Britain, but Mr Wallace and many others like him who were born in Scotland and who retain a substantial Scottish connection will not be able to do so.

What can be done about the issue? We have heard about the amendment in the House of Lords that has been tabled by Baroness Taylor of Bolton. I do not think that that is the correct approach, because it is based on place of birth and, as Elaine Murray correctly pointed out, if we are to have a proper analogy with UK parliamentary elections, it should be on the basis of people who have been on the Scottish register within the past 15 years and, of course, who are United Kingdom citizens.

**Mark McDonald (North East Scotland) (SNP):** Mr McLetchie seems concerned that Irish voters who might be more naturally disposed to independence will have a vote in the referendum. Some of those Irish voters might vote for centre-right political parties in Ireland and then move over here, but I do not object to their having the franchise for Scottish Parliament elections on the basis that they might then vote for the Tories.

**David McLetchie:** I was simply illustrating the anomalies in the franchise for UK and Scottish Parliament elections and pointing out that the Irish, in common with many other citizens of foreign countries, will have a vote that determines the future citizenship of people in Scotland when they themselves are not citizens of the country in which they are resident. That is actually quite unfair.

The arguments that have been made will have a strong resonance with tens of thousands of Scots who are resident elsewhere in the United Kingdom. The interesting thing is that those expat Scots might themselves qualify for Scottish citizenship in future, although we await with interest the SNP spelling out the precise rules on citizenship and rights to residence that would apply in an independent Scotland. I trust that those will be forthcoming before we vote in the referendum.

I caution members that we are getting into difficult territory if we start to argue that there should be a special referendum franchise.

**The Deputy Presiding Officer:** Mr McLetchie—

**David McLetchie:** Sorry?

**The Deputy Presiding Officer:** I was going to point out that your time is up.

**David McLetchie:** I beg your pardon.

All I will say in conclusion is that, if we have a special referendum franchise and argue that 16 and 17-year-olds should have a right to vote, people such as Mr Wallace will argue they should be included, too, and others will argue that many people in Scotland are not UK citizens and should not be entitled to vote at all.

17:24

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** To echo Kenny Gibson's comments, I thank Elaine Murray for at least bringing the subject to the Parliament. I cannot find much to agree with in the motion, but I welcome the fact that we are continuing to debate Scotland's constitutional future. That will be part of the context of the coming years.

It is unfortunate that Mr McLetchie did not let me intervene during his speech, because I was merely going to point out that if Gary McAllister had dispatched his penalty against England in 1996, he would probably have been the figurehead for the devolution campaign, never mind getting a vote in the referendum. However, that is another matter.

Like others, I congratulate James Wallace. I profoundly disagree with the terms of his campaign, but he is absolutely right to raise the issue and is to be congratulated on doing so. However, Scotland's future should and must be determined by people who live here. Elaine Murray said in response to Joe FitzPatrick that her proposal was not to determine who got the vote by ethnicity. However, what other conclusion are we to draw when she suggests that Scots who do not live here should get a vote—presumably by virtue of their ethnicity?

**Elaine Murray:** My proposition is that the criterion would be similar to that used for expatriate British people voting in European and British elections: people who want to vote in the independence referendum should have been resident in Scotland during the past 15 years. That has nothing to do with ethnicity, and it would be up to them to determine whether to take advantage of the opportunity.

**Jamie Hepburn:** In a moment, I will come to the nightmare that extending the franchise in that way

could be. I was going to say that it was for others to explain their obsession with ethnicity, so I suppose that Ms Murray has at least attempted to do so.

Mr McLetchie seems to be riled at the prospect of Irish and Commonwealth citizens getting a vote in the independence referendum. However, they may want to take advantage of the potential to have Scottish citizenship, which will be their right in future. It is absolutely right that people who live here have that chance to vote.

There are inconsistencies in the position adopted by those who say that the franchise should be extended in the way that the motion proposes, but who also say that 16 and 17-year-olds who live here should not get the vote. Many members of Ms Murray's party said that the franchise should have been extended to 16 and 17-year-olds in the alternative vote referendum. I say to Mr McLetchie that, unlike those Labour Party members, neither I nor my party believes that the franchise should be extended on a special basis. My party believes that 16 and 17-year-olds should have the right to vote in each and every election in Scotland. We have demonstrated that through our actions in the pilot health board elections and the elections to the Crofting Commission. We have a positive record in that regard, which Mr McLetchie would do well to remember.

The suggestion that citizens outwith Scotland should get the vote is interesting. I wonder whether there is any precedent for that happening across the world. For example, among recent referenda was the one in Montenegro. Did citizens outwith Montenegro get to vote on whether Montenegro should be independent?

**Neil Bibby (West Scotland) (Lab):** Will the member give way?

**Jamie Hepburn:** Do I have time to give way, Presiding Officer? Will I get a little leeway?

**The Deputy Presiding Officer:** Yes, indeed.

**Neil Bibby:** If the Scottish National Party achieves independence, would people who previously resided in Scotland get a vote on Scotland's future in Scottish Parliament elections thereafter, or has that been ruled out?

**Jamie Hepburn:** I just about followed Neil Bibby's logic. Frankly, the only basis on which we can determine Scottish citizenship is from a position of independence. Although I may not have time to do so, I want to deal with that point.

Determining the criteria for who is eligible to vote in relation to people outwith Scotland is a problem. Who is a Scot? The only clear and concrete fashion in which we will be able to decide that is when we can grant citizenship. At the

moment, we are not Scottish citizens. We can grant citizenship only in the context of independence. I would be quite relaxed at the prospect of people from outwith Scotland demonstrating at that stage their willingness to become Scottish citizens and participate in Scottish Parliament elections. However, that is a separate matter.

**David McLetchie:** Will the member give way?

**Jamie Hepburn:** I do not think that the Presiding Officer will be able to extend me that much leeway. In fact, she is indicating that I cannot take an intervention, so I apologise. If Mr McLetchie had taken my intervention on Gary McAllister, I would have let him in the next time.

I do not think that there is any international or, indeed, domestic precedent for extending the franchise in the way that the motion proposes. It was interesting to hear Elaine Murray say that the independence referendum is of such importance that the franchise should be extended in this case. Was the referendum on devolution not of such importance that the franchise should have been extended then? If the franchise that we had for the devolution referendum was good enough for that referendum, it is certainly good enough for the coming independence referendum.

17:29

**Mark McDonald (North East Scotland) (SNP):**

I congratulate Elaine Murray on bringing the debate to the chamber. As she might have guessed, I do not agree with the position that she and Mr Wallace take on this matter.

I have to be honest and say gently to Mr McLetchie that he has to be careful about how he frames the notion of people who were not born in Scotland having a vote in the referendum, because he seemed to suggest that some special criteria were being used. That is not the case. The people he referred to are entitled to vote in the elections to this Parliament, so they have a right to a vote on the future of this nation. They have chosen to come to Scotland and to make it their home, and they demonstrate that they are willing to participate in the future of this nation. As our departed but never forgotten colleague Bashir Ahmad quite rightly said,

"It isn't important where you come from; what matters is where we are going together as a nation."

That is the important element to this debate.

With regard to the issues around residency and who should vote, Jamie Hepburn has made the point that, in other referenda—such as the devolution referendum in 1997, the recent referendum in Wales on the extension of powers to the Welsh Assembly and the recent

independence referendum in Montenegro—residency was the criterion that was used, not place of birth.

Jamie Hepburn rightly raised the issue of how we define and capture the Scottish expat. At the moment, no one has Scottish citizenship; we have British citizenship. Expats are allowed to vote in UK-wide elections because British citizenship is a legally defined term. Elaine Murray's motion and Mr Wallace's campaign ask us to establish some quasi-legal criterion of Scottish citizenship or Scottish expat status to entitle those people to vote in Scottish elections.

**Elaine Murray:** I agree that there is no such thing as Scottish citizenship, in the sense that people do not have Scottish passports. I am suggesting that people who have a UK passport but have been resident in Scotland at some point during the past 15 years will have the chance to register to vote.

**Mark McDonald:** I think that Elaine Murray has introduced an even stranger burden of proof. Initially, she spoke of expats as being people who were born in Scotland, but she is now talking about people who have spent some time living in Scotland at some point in the past 15 years. Now we will have to find proof of people's address and so on, adding an even greater burden to the process.

I am disappointed that we are talking about the extension of the franchise in a way that I do not think is necessarily logical. If someone leaves Scotland at the age of three and is resident outside Scotland for 15 years, under Elaine Murray's criteria, they would be entitled to a vote—

**Elaine Murray:** No.

**Mark McDonald:** If they chose to register.

**Elaine Murray:** No.

**Mark McDonald:** I am sorry if I have taken the member's point wrongly. However, I still do not see why we are talking about extending the franchise to people who live outwith our borders and not to those who live within our borders, who contribute to society through taxation, employment and so on. Why should my aunt and uncle, who left Scotland for Canada many years ago, be entitled to a vote in this referendum, but not my cousin, who will be 16 and perhaps in employment at the time of the referendum?

I believe that we are having the wrong argument today. If we are going to extend the franchise, we should be extending it to include those who are aged 16 and 17, who live in Scotland, who contribute to the future of Scotland and who will, I hope, continue to play a valuable role in the future of Scotland.

I apologise for the misunderstanding that clearly arose, but I do not think that that in any way diminishes the fact that the proposal would result in a process that would be extremely difficult for the Scottish Government to administer and would require great leaps of logic in many areas. We would do far better to focus our efforts on extending the franchise to 16 and 17-year-olds than to extend it to those who might not have known Scotland as their home for a very long time.

17:34

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** I congratulate Elaine Murray on securing the debate. In her speech, she mentioned expats who have UK passports who had been resident "at some point" in the past 15 years. For how long in the past 15 years? Where? Where is the evidence?

**Elaine Murray:** If I could just clarify that, I said that the person would need to have been on the electoral register at an address in Scotland. That is the equivalent criterion to that which applies to expats' ability to vote in UK and European elections.

**Christine Grahame:** So, "at some point" could mean that they been on the electoral register for just a period of months. Someone could put themselves on the register for that year but not re-register. That is the point that Elaine Murray is making.

Elaine Murray has introduced complexities—quite apart from a principle—that I cannot quite follow. The democratic principle, as I understand it, is that someone is on the electoral register to vote in various elections in which they are affected by those policies. That is why we are on the electoral register for UK elections, and why people must be on a Scottish electoral register for Scottish Parliament elections. A person has to live in a ward to vote in council elections. There is a direct connection between people's right to vote and what happens as a consequence of their vote.

I cannot follow the argument that people—goodness knows how to define them—who say that they are Scottish but will perhaps never return to Scotland, or have no intention of doing so, should have a vote on the future of this nation and whether or not it is free and independent. That cannot be democratically right in principle alone, if one follows the logic of the argument.

Putting that argument to one side, it seems that Elaine Murray wants to extend the franchise, but I cannot for the life of me understand—others have said the same—why she opposes 16 and 17-year-olds having the vote in the country to which they are committed. Neither can I understand why Mr

McLetchie has unfortunately introduced the idea of immigrants who take the trouble to put themselves on the electoral roll. That does not just happen—people have to make sure that they sign the form every year to ensure that they have their vote.

I would say to Mr Wallace, with whom I have every sympathy, that he has two years to come back to Scotland, put himself on the electoral roll and vote for independence. That would be the cure for him.

**Joe FitzPatrick:** Will the member take an intervention?

**Christine Grahame:** I have finished.

17:36

**The Cabinet Secretary for Parliamentary Business and Government Strategy (Bruce Crawford):** I congratulate Elaine Murray on bringing the debate to the chamber. I am glad that she has lodged the motion, because the issue deserves to be aired to allow some of the facts to surface.

I will begin with a fact that I think is already accepted: the Scottish Government has an overwhelming mandate to hold an independence referendum. The Secretary of State for Scotland, for example, told the BBC in May 2011:

"I firmly believe that the Scottish Parliament, if it so decides, can proceed with a referendum ... we could, I suppose, try to make a constitutional issue about where the powers lie or don't, but I don't think that would be a sensible use of anybody's time."

I happen to agree with him.

Similar comments—not all of them so detailed—have been made by senior members of the Conservative, Liberal Democrat and Labour parties. The common theme of those comments is that the election result last May gave the Government a mandate to hold the referendum, and that that referendum is a matter for the Scottish Parliament and Scottish Government to determine.

The Scottish Government has repeatedly set out its view that the referendum should be designed and built in Scotland, after a thorough consultation process that takes account of the range of views across Scotland's political parties and civic Scotland. As members know—and as they can see in today's *Business Bulletin*—the Scottish Government will publish a consultation paper on arrangements for the referendum on Wednesday 25 January. We have taken into account the responses from our previous consultation and have considered lessons that have been learned from last year's National Assembly for Wales and alternative vote referendums. Among other things, the consultation document will set out our

proposals to ensure that the referendum will meet the highest international standards for transparency and fairness. Members will need to wait until next week to see the details of what we propose, but I will not give anything away if I confirm our thoughts on the franchise at the referendum.

The draft referendum bill that was published in February 2010 confirmed that it is our intention that eligibility to vote in the referendum should be based on that for the Scottish Parliament and Scottish local government elections. That means that those who are resident in Scotland will be eligible to vote, with the exception of the citizens of non-Commonwealth and non-European Union countries. I understand that that causes frustration for some people, including James Wallace, who will be unable to vote in the referendum.

The referendum will be of worldwide interest and it will, understandably, engage both the intellects and the emotions of the many people in the other nations of these islands and in the wider world who feel a strong affinity for Scotland. Scotland as a whole benefits hugely from the fact that so many people with ties here, but who live elsewhere, retain a deep and abiding interest in this country. However, in determining the rules for an independence referendum, the Scottish Government's view is that voting rights should be based firmly on residency.

There are two very good reasons why the Scottish Government proposes to use a franchise that is based on residency. The first is practical. Estimates vary, but hundreds of thousands of people who were born in Scotland now live elsewhere in the UK and beyond, so registration and validation of entitlement to vote would add significant complexity to the task of electoral professionals in organising and running the referendum.

**David McLetchie:** Are not the people who would be entitled to vote under Elaine Murray's proposition exactly the same people who would have been able to apply and vote in the 2010 general election? [*Interruption.*] I think that that is the proposition. It is exactly the same number, and it is not

"hundreds of thousands of people".

**Bruce Crawford:** I ask Mr McLetchie how, in those circumstances, we would deal with Commonwealth and EU citizens who stayed in this country up to 15 years ago and who were registered to vote. Would they be included in the process and allowed to vote?

**David McLetchie:** No.

**Bruce Crawford:** Of course they would not.

**David McLetchie:** They are not citizens.

**Bruce Crawford:** That would create an absolutely complex set of circumstances.

**David McLetchie:** No, it would not; it is very simple.

**The Deputy Presiding Officer:** I would be grateful if any points from members were taken through interventions; otherwise, the cabinet secretary should continue with his speech. Thank you.

**Bruce Crawford:** For example, voters would be asked to demonstrate that they were entitled to vote in the referendum based on their birthplace. That would require registration officers to develop a completely new electoral register.

**Elaine Murray:** Will the cabinet secretary take an intervention?

**Bruce Crawford:** Let me finish this important point. There are issues beyond the practicalities. The second and most important reason for our proposed approach, however, is that there is an internationally accepted principle that the franchise for constitutional referendums should be determined by residency. There is evidence from decisions of the United Nations Human Rights Committee that the international community might question the legitimacy of the referendum if the franchise were not territorially based. That principle is accepted by international organisations that are charged with monitoring referendums. As other members have said, it was adopted for the referendum in Montenegro in 2006 and, closer to home, for the referendum in Wales in 2011.

That approach is also consistent with the franchise that was used in Scotland in 1997 for the devolution referendum. During the parliamentary stages of the 1997 Referendums (Scotland and Wales) Bill, Donald Dewar made clear the Labour Party's view that the local government franchise

"most nearly accords with the residency test, which we believe is the proper way to decide someone's eligibility to vote."—[*Official Report, House of Commons*, 21 May 1997; Vol 294, c 728.]

We see no reason to depart from that precedent or from international principle in relation to the franchise for the 2014 referendum.

**Elaine Murray:** I clarify once again that my suggestion is that people who are eligible to vote will have a UK passport with a passport number that can be easily verified. They will also have to have been registered at an address in Scotland within the past 15 years—again, records of that are kept and it can be simply verified. That is done for every UK and European election. It is not that complex.

**Bruce Crawford:** Let me come to what the UK Government says in that regard. It agrees about the complexity of the issue. Our not following

international principles would potentially undermine the credibility of the referendum process and the eventual referendum result. That is one view that the UK Government shares with us. Members will know that the UK Government published a consultation paper on our referendum last week. Although there are areas where we disagree with the UK Government document, we agree with what it says about the need to base the franchise on residency. The UK Government agrees that the Scottish Parliament franchise achieves the right balance of clarity, consistency and transparency and would be administratively straightforward to deliver. The UK consultation document concludes:

"In considering the two existing franchises, it is the UK Government's view that the devolved legislature and local government franchise would be most suitable. This is of course the franchise that elected the current Scottish Parliament and it was also used in 1997 for the referendum that established the Scottish Parliament."

That is the UK coalition's view. We must assume that it is also the Labour Party's view, because Ed Miliband and the Prime Minister made it clear last week that they speak with one voice on the referendum.

Next week, the consultation paper will set out in more detail our proposals for the independence referendum in 2014. In doing so, it will mark the start of a period of consultation across civic Scotland about how the referendum process will work. The result of the consultation process and the subsequent legislation will produce a referendum that will be seen by everyone to be a process in which we can have faith and which was legislated for by Scotland's Parliament, in the interests of Scotland's people. That is the outcome that everyone should support.

*Meeting closed at 17:45.*



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