



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 3 October 2012

Session 4

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.scottish.parliament.uk or by contacting Public Information on 0131 348 5000

Wednesday 3 October 2012

CONTENTS

	Col.
SUBORDINATE LEGISLATION	1157
Crofting Reform (Scotland) Act 2010 (Commencement No 3, Transitory, Transitional and Savings Provisions) Order 2012 [Draft].....	1157
DRAFT BUDGET SCRUTINY 2013-14	1164
EUROPEAN UNION ENGAGEMENT 2011-12	1195

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
21st Meeting 2012, Session 4

CONVENER

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

DEPUTY CONVENER

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

COMMITTEE MEMBERS

*Claudia Beamish (South Scotland) (Lab)

*Graeme Dey (Angus South) (SNP)

*Alex Fergusson (Galloway and West Dumfries) (Con)

*Jim Hume (South Scotland) (LD)

*Richard Lyle (Central Scotland) (SNP)

*Angus MacDonald (Falkirk East) (SNP)

*Margaret McDougall (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dan Barlow (Scottish Environment LINK)

Hazel Curtis (Seafish)

Jamie Farquhar (Confor)

Willie Fergusson (Lantra Scotland)

Richard Frew (Scottish Government)

Jonathan Hall (NFU Scotland)

Nick Hawthorne (Clerk)

Professor David Miller (James Hutton Institute)

Clive Mitchell (Scottish Natural Heritage)

Grant Moir (Loch Lomond and the Trossachs National Park Authority)

Vicki Nash (Office of Communications)

Allan Reid (Scottish Environment Protection Agency)

Paul Wheelhouse (Minister for Environment and Climate Change)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

Committee Room 2

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 3 October 2012

[The Convener *opened the meeting at 10:15*]

Subordinate Legislation

Crofting Reform (Scotland) Act 2010 (Commencement No 3, Transitory, Transitional and Savings Provisions) Order 2012 [Draft]

The Convener (Rob Gibson): Welcome to the 21st meeting in 2012 of the Rural Affairs, Climate Change and Environment Committee. Members and the public should turn off mobile phones and BlackBerrys; even leaving them in flight mode or on silent will affect the broadcasting system.

Agenda item 1 is consideration of subordinate legislation and will enable members to take evidence from the Minister for Environment and Climate Change on a Scottish statutory instrument that has been laid under affirmative procedure, which means that the Parliament must approve it before the provisions can come into force. Following evidence, the committee will be invited to consider the motion to approve the instrument under agenda item 2.

It is my great pleasure to welcome to the committee Paul Wheelhouse, our new Minister for Environment and Climate Change. I am sure that we will have long and engaging meetings, although I suppose that some people will not want them to last too long. For clarity, perhaps you could introduce us to your officials.

The Minister for Environment and Climate Change (Paul Wheelhouse): On my left, I have Michael Anderson, who is here to support me on the legal aspects of the order. On my right, I have Richard Frew, who is the Scottish Government's policy adviser on crofting and who led the work on the Crofting Reform (Scotland) Bill. I am thankful that we have their support.

The Convener: Would you like to make any introductory remarks?

Paul Wheelhouse: Yes, I would, convener.

Thank you for the opportunity to address the committee on the Crofting Reform (Scotland) Act 2010 (Commencement No 3, Transitory, Transitional and Savings Provisions) Order 2012. The order will commence all remaining provisions in the 2010 act, primarily covering the new crofting

register, which will provide legal certainty on the extent of, and interests in, croft land.

It is simply a commencement order. The time for debating the register was during the bill's Parliamentary passage. Today, we are simply delivering the will of Parliament in commencing the provisions, so I urge the committee to support the order on that basis.

Commencement orders are not normally subject to any parliamentary procedure but, during the bill's passage, it was accidentally made subject to affirmative procedure. At the time, business managers agreed that the order should be treated, as far as possible, just as any other commencement order would be, so I present the order on that basis. Nevertheless, it may be helpful for me to touch briefly on its contents.

The order will commence the remaining provisions in three stages. Article 3(1)(a) appoints 30 October 2012 as the commencement date for the provisions that are needed in preparation of the new registration process. Those include establishing the new crofting register and the powers to make subordinate legislation for the register, for example on rules and fees. That date is also appointed for commencing section 52 of the 2010 act, which is a technical order-making power that has been designed to make easier any future consolidation of crofting law. That does not represent a commitment to consolidation; rather, it means that provisions will be commenced whenever a draft bill that will consolidate crofting law is brought before Parliament.

Article 3(1)(b) appoints 30 November 2012 as the commencement date for voluntary registration of croft land. In order to ensure the register remains up to date, provisions requiring registration of subsequent events relating to voluntarily registered croft land will be brought into force on that date, too.

Article 3(1)(c) appoints 30 November 2013 as the date for the coming into force of the remaining provisions. Those require registration of croft land where certain events, such as a regulatory application or a transfer of ownership, occur.

The three stages will deliver the Government's commitment to providing an opportunity to voluntarily register croft land in the first year of the register's availability.

I also want to explain the effects of the transitory, transitional and savings provisions in article 4 and schedule 2. Paragraph 1 of schedule 2 details how the provisions that will be brought into force on 30 November 2012 should be interpreted before the requirement to register is introduced on 30 November 2013. That is necessary because it is not always possible to achieve a neat separation between provisions

referring to voluntary and mandatory registration. The remainder of schedule 2 will ensure that any applications that are submitted before the mandatory provisions come into force will be allowed to be concluded under the law at the time when the application was received. That will provide fairness in the application process.

The key purpose of the provisions is to ensure the registration process works effectively. As I said, this is simply a commencement order, so I again urge the committee to recommend that the order be approved. I am happy to take any questions.

The Convener: Thank you, minister.

Annabelle Ewing (Mid Scotland and Fife) (SNP): Welcome to your new post, minister. I was interested to note the provision for group registration when 10 or more applications are submitted from the same township. That is helpful, given that the idea is to facilitate voluntary registration in the first year of the system. Do you anticipate actively promoting group registration? I am sure that it will be financially attractive for a crofter to be part of a group registration.

Paul Wheelhouse: You are quite right. There is a financial incentive in the form of a lower registration fee. The Government intends that there will be a discount for groups of 10 or more applicants.

Another advantage is that group applicants from a township will have the opportunity to resolve boundary issues among themselves, without recourse to formal procedure. Of course, the applicants' crofts might be dispersed, with boundaries that are not contiguous, but where boundaries are contiguous, group applicants will be able to agree on the extent of their crofts before applying collectively, which will reduce the likelihood of appeals against registrations. There are procedural as well as financial advantages.

You asked whether we will promote group registration. If the order is approved by Parliament, the Government will publicise the issue and we will do everything that we can do to ensure that crofters are aware that they can benefit from a discounted fee, and to encourage them to take part while the process is voluntary.

Annabelle Ewing: I was interested to see that there will be a voluntary approach in the first year of the system. Has anticipated take-up been estimated? That is an important carrot to get mapping properly under way, which I think everyone wants.

Paul Wheelhouse: As the committee probably knows, we have allocated £100,000 for discounted fees, which allows for a certain volume of activity. At this stage, it is difficult to predict how many

crofters will come forward. We will work with the Scottish Crofting Federation to deliver its community registration project, which will help to publicise the facility for group registration. We intend to do everything that we can do to encourage crofters to take advantage of voluntary registration in the first year.

It is for crofters to ensure that they take advantage of Government investment, on a first come, first served basis. I hope that by making crofters aware that a finite amount of money is available for discounted registration fees, we will encourage them to take advantage of the opportunity early, rather than leave registration until later.

Jim Hume (South Scotland) (LD): You clarified that the £100,000 is a finite amount for discounted registration and that a first come, first served approach will be taken. Has the Government estimated the best-case and worst-case scenarios in relation to costs? What costs might individual crofters face either if they have managed to get some of that money or if they miss out on it?

Paul Wheelhouse: Jim Hume is correct to raise that matter. I know that an indicative range of anything between £80 and £130 for the fees that might be levied has been given previously. We are working on the assumption that the amount will be £100 or less; that is the latest position and we are confident that we can bring it down to that sort of level. Obviously, there is potentially a 20 per cent discount through the sums that are available for discounted fees. That may not be a large discount on the fee in absolute terms, but it is proportionately quite substantial. We think that that is a reasonable level, but we still have to finalise the figure.

Jim Hume: Do you envisage further fees in years to come for people to state after land has been registered that they still own it or have access to it? Will there be a one-off payment unless the croft changes hands in the future?

Paul Wheelhouse: Exactly. There is an opportunity for the crofter to get a legal security in the new register and to resolve any potential disputes about their croft's boundary. Unless there is any change to the croft through a new registration or a new application that affects its registration, there will be no need to charge additional fees in the future to renew the registration, for example. It is a one-off cost. If nothing changes on the croft, there will be no reason to seek a further charge from the crofter.

Jim Hume: You mentioned resolving any disputes. Do you envisage cases in which disputes may come to the fore because of divisions and lines?

Paul Wheelhouse: No. The new register offers an opportunity for definitive registration of where croft land is. Obviously, there will be a period of nine months in which a third party could appeal after a croft is registered. There is potential for a dispute over the registration at that point, but assuming that no appeal is made during that period, the land will be registered to the crofter, who will therefore have a degree of certainty about the land for which they have responsibility.

It is worth stating that we have worked closely with the Registers of Scotland to ensure that the cost is kept to a minimum. That is why we are confident that the figure will be lower than was originally suggested.

Obviously, there is the potential for boundary disputes in the future, but we encourage crofters to work together before an application is submitted, where that is possible. As I have said, another advantage of the group application process is that it can eliminate any potential neighbour disputes about croft boundaries.

I hope that that helps.

Alex Fergusson (Galloway and West Dumfries) (Con): I welcome Paul Wheelhouse to his new post and wish him well in it.

I want to ask a brief question about the implications for Registers of Scotland. A number of recent constituency issues suggest that there is a considerable backlog in Registers of Scotland. I have one case involving a fairly simple piece of documentation that relates to land transfer, which has taken more than six years and still has not been finished. I know that it falls to Registers of Scotland to establish and maintain the register. Does the Government envisage that extra staff and resources will be needed in Registers of Scotland? If not, what impact is there likely to be on what appears to be an existing backlog in its workload?

Paul Wheelhouse: We will certainly review uptake of registration. The advantage of the voluntary opportunities in the first year is that we will be given the chance to see what numbers come forward. We propose to monitor the numbers at regular intervals of six and nine months and thereafter to take account of what is happening.

We will charge a fee to reflect the additional costs that Registers of Scotland faces in adapting to take on the additional responsibility. I know that there has been commentary on charging a fee at all, but it reflects the costs to Registers of Scotland. We have worked with it to keep the fee down, and we are negotiating with it on the level of resource that will be needed. It has certainly indicated that it is able to keep the register with its existing staff complement, but obviously we will

keep that under review and, if there are any resource implications, we will reflect on them.

10:30

Alex Fergusson: With respect, I understand that, but will you undertake to ensure that Registers of Scotland will be able to do that without any impact on its existing workload that might delay it even further?

Paul Wheelhouse: Registers of Scotland tells us that it is confident that it can cope with the work without its having any impact on staffing, but we will come back to the committee, if need be, with a more definitive statement. We will continue to monitor the situation.

Annabelle Ewing: From my previous life as a conveyancing lawyer, I know that cases in which registration takes years are very much the exception, and usually have to do with particular circumstances such as difficulties with the Ordnance Survey map. There is not necessarily a direct correlation, because whatever is going on at Registers of Scotland, there will always be the odd application for registration that will take years because of the particular circumstances to do with that case.

Alex Fergusson: The relevance of my question still applies, convener, but I am grateful for that useful advice.

The Convener: That is helpful.

Angus MacDonald (Falkirk East) (SNP): Good morning, minister. To pick up on Annabelle Ewing's earlier point about group registrations, would there be any scope for reducing the figure of 10 in certain exceptions, given that there may be townships of fewer than 10 with crofts that may wish to make a group registration?

Paul Wheelhouse: I will bring in Richard Frew to answer that.

Richard Frew (Scottish Government): That point was considered by officials and key stakeholders at an early stage, when the draft bill was produced. We are currently preparing the subordinate legislation that will cover registration.

It is a matter of scale. I take the point that smaller communities may wish to register, but the whole purpose of group registration is to set it at a level at which it would benefit a number of crofters. It may well disadvantage smaller communities to an extent, but there is nothing to prevent them from working together, although I appreciate that they might not get the fee reduction.

The Convener: Can you remind the committee about the pilot study that was undertaken at Badrallach and Little Loch Broom? It might be useful, so that people realise how the process has

been effected. I understand that it was done with the help of a facilitator.

Paul Wheelhouse: Again, I will ask Richard Frew to address that.

Richard Frew: I am aware of the Badrallach case, and I look forward to that particular group submitting collective registration in order to gain the benefits that the minister has outlined.

It really is for communities themselves to engage in the process. The issue of mediation—which is what I think you are getting at—was raised with us by the SCF.

We think that the £100,000 that the Government is putting in can best be spent on directly benefiting crofters rather than on a mediation service. That is not to say that we do not recognise the benefits of such a service, but we are trying, through the policy, to encourage crofters to work together for the benefit of crofting in the longer term.

The Convener: Thank you. To put that in a wider context, it is clear that we are talking about costs that are lower than the price of a television licence, and I think that many members will welcome that.

Are there any further questions?

Margaret McDougall (West Scotland) (Lab): I notice that the 2010 act provides for registration of common grazings, and that the Government has provided an additional £100,000 towards that.

Are there any plans to have a register for smallholdings? I know that I am going off on a tangent here.

Paul Wheelhouse: There are no plans at present that I am aware of. That is not covered by the commencement order, but Parliament could make representations on it.

The Convener: We will end the questions. I thank the minister and his officials.

Agenda item 2 is consideration of motion S4M-04276.

Motion moved,

That the Rural Affairs, Climate Change and Environment Committee recommends that the Crofting Reform (Scotland) Act 2010 (Commencement No. 3, Transitional and Savings Provisions) Order 2012 [draft] be approved.—[*Paul Wheelhouse.*]

Motion agreed to.

The Convener: I thank the minister, and we look forward to seeing him again soon.

10:36

Meeting suspended.

10:42

On resuming—

Draft Budget Scrutiny 2013-14

The Convener: Agenda item 3 is a round-table evidence session on the Scottish Government's draft budget for 2013-14. The committee has agreed to scrutinise the rural affairs and environment budget through the lens of sustainable economic development, as recommended by the Finance Committee, and today's session is intended to be a discussion about what the budget is delivering in terms of economic development as opposed to environmental outcomes.

I welcome our witnesses, who have had very short notice to attend the meeting. I thank you for coming along and invite you to introduce yourselves very briefly.

Professor David Miller (James Hutton Institute): I am from the James Hutton Institute in Aberdeen and lead the realising land's potential research area.

The Convener: That is the kind of short and sweet that I like.

Jamie Farquhar (Confor): I am the national manager in Scotland of the Confederation of Forest Industries, or Confor.

Jonathan Hall (NFU Scotland): I am Jonnie rather than Jonathan Hall—that is my Sunday name—and I am the director of policy and regions for the National Farmers Union Scotland.

Vicki Nash (Office of Communications): I am director of Ofcom in Scotland and represent Ofcom in Scotland and Scotland in Ofcom.

Willie Fergusson (Lantra Scotland): I am the director of Lantra Scotland, which is the sector skills council for the environmental and land-based sector. Our concern is ensuring that all the skills are in place to allow the sector to be productive and profitable.

Dan Barlow (Scottish Environment LINK): I am head of policy at WWF Scotland and am representing Scottish Environment LINK, which is the umbrella organisation for 36 environmental groups in Scotland.

Grant Moir (Loch Lomond and the Trossachs National Park Authority): I am director of conservation and visitor experience at the Loch Lomond and the Trossachs National Park Authority.

Clive Mitchell (Scottish Natural Heritage): I am from Scottish Natural Heritage.

10:45

Hazel Curtis (Seafish): I am the chief economist at the Sea Fish Industry Authority, otherwise known as Seafish, which is a United Kingdom-wide non-departmental public body that supports the seafood industry. I am also a member of the European Commission's scientific, technical and economic committee for fisheries.

Allan Reid (Scottish Environment Protection Agency): I am chief officer at the Scottish Environment Protection Agency.

The Convener: Graeme Dey will kick things off and then we will see how the discussion flows. Anyone who wishes to speak should indicate as much to me and I will try to bring you in.

Graeme Dey (Angus South) (SNP): As far as generating sustainable economic growth is concerned, are we getting the best possible return from spend? If not, how might budgets be better deployed to achieve that aim?

Vicki Nash: The budget contains specific allocations for broadband roll-out and Ofcom—and, I suspect, many of the organisations that are represented at the table—would see the benefits of good connectivity throughout Scotland, particularly in rural areas. There are two issues to deal with—the availability and take-up of new technology—and I welcome the fact that the budget allocations support the four strands of the Government's digital action plan.

Of course, as with any technology, you can always spend more. To address the real problem of connecting the final 10 per cent in rural areas, particularly those in Scotland and those who are represented by Claudia Beamish—to whom I was just speaking—the chairman and many others around the table, we would probably need about £7 billion to £8 billion. Obviously, that is not feasible and the Scottish Government has set out in its digital action strategy a range of initiatives that it might take using different forms of technology such as fibre, of course, but also white spaces and fourth-generation technology. Indeed, chairman, you will be aware that, last night, we announced our proposals to proceed with the auction of 4G technology, which will be really important in rural areas and will contribute not only to the sustainability of rural economies but to engagement in health, welfare, economic and indeed environmental matters. With areas such as e-health, more digital connectivity in communities can help to cut down travel and so on.

I hope that that introduction has been helpful. I am happy to have set off the discussion.

The Convener: Thank you very much. Actually, I am the committee convener, not the chairman.

Vicki Nash: I apologise.

The Convener: That is all right. I think that it is a Scottish term.

Clive Mitchell: For me, the question of the best possible return from spend raises the issue of preventative spend and how we use assets to support economic growth and wellbeing. I think that that aim has been very well captured in the Scottish Government's central purpose, which is to create a flourishing Scotland with opportunities for all through achieving sustainable economic growth. That suggests that sustainable economic growth is not an end in itself, but a means to creating a flourishing Scotland, and I think that shortening that focus to sustainable economic growth, or even just economic growth, might not deliver that overall purpose. We must recognise that our assets, including the natural ones, that will support a flourishing Scotland and the extent to which we invest in them as the basis for wealth creation and wellbeing are crucial.

Jonathan Hall: From an agricultural perspective, as someone who represents the largest single land use industry—apart from, of course, Jamie Farquhar and his forestry interests—I think that the industry is faced with a number of funding streams from various pots and sources. The primary funding stream is the single farm payment from Europe, while the secondary one is the rural development fund, which also comes from Europe but receives significant co-financing from the Scottish Government budget. In many ways, they are achieving economic development and sustaining economic activity throughout Scotland. However, I question whether that is sustainable economic development.

I am not sure whether we are making the best use of the connections between different funding streams. We have environmental funding streams, business funding streams, social and community funding streams and so on. The question we have to ask is whether we make the most of those by integrating them and, in effect, getting the greatest bang for our buck. The broad remit of the discussion is sustainable economic development, with particular reference to environmental outcomes. The two things are not mutually exclusive. We can be a lot smarter at ensuring that sustainable economic development embraces environmental outcomes, for example with input efficiency at farm level. We could spend money on input efficiency so that businesses operate more effectively in terms of their input use. That could have a significant impact on some of our major environmental challenges.

The Convener: Will you explain "input efficiency"?

Jonathan Hall: I am talking about the inputs that go into agricultural production systems, such as energy use, fertiliser use and the management

of waste—although it is not really waste—such as manures and slurries. Although the issues that agriculture faces represent environmental challenges throughout Scotland, that is something that comes with production. If we can become more effective and efficient in utilising our inputs, that will not only be good for the bottom line of individual farm businesses but it will contribute significantly to some of our major environmental challenges. I am thinking in particular of diffuse pollution, water quality issues and of course climate change. If we can marry up our support streams, where we are spending public funding better, we will become more effective in obtaining sustainable economic growth.

Dan Barlow: I agree with much of what the previous two witnesses said. From LINK's perspective, there are opportunities to integrate solutions better, which will help to deliver for the economy, wellbeing and the environment. If we focus solely on economic growth, there is a risk that we will come up with solutions that are not necessarily the optimum ones for delivering for the long term, whether for the wellbeing of people in Scotland or for our environment.

The national performance framework identifies a set of broader purposes, outcomes and indicators that are quite helpful in highlighting the wider set of measures that the Government is trying to achieve. Scrutiny of the budget against that wider set of purposes can help us to ensure that we are making progress on the social, economic and environmental front.

Within the budget, there are opportunities to spend money differently, which would probably deliver more benefits than are currently set out in some areas. There is an opportunity to think through those three aspects—social, economic and environmental—together rather than think about each one in isolation. For example, we know that we need to cut our climate change emissions drastically. Within the transport spend, we could probably allocate resources differently, which would improve health, cut emissions, create jobs and support the economy at the same time.

The Convener: I think that we will develop that point a little more.

Professor Miller: Picking up on the aspects that Dan Barlow flagged up, I wanted to make an observation about multiple benefits, and about considering how we can improve collaboration and the stitching together of different initiatives to get the best return for investment. It strikes me that we could do lots of things at the same time and risk diffusing our efforts as a consequence. However, in certain areas we want to try to get multiple benefits from land use, which is foreseen in the land use strategy. If we focus on certain areas such as the central Scotland green network and

the national parks, it gives us an opportunity to stitch some of those different agendas together.

The challenge is to work out where to make those investments first and the scheduling of them. Where will the short term complement the longer term to offset carbon emissions, while keeping aspects of small-scale land management going at the same time?

The Convener: Thank you. I want to bring in as many people as possible.

Grant Moir: The point that I want to make is on the need for catalytic investment by the public sector that can free up the ability of the private sector to come in on the back of that and invest quite heavily. That is a key point for the budget, certainly as it relates to the national parks.

Let me give a small practical example. On the back of what was a small public sector investment in pier infrastructure in Loch Lomond, a water bus initiative was set up between Scottish Enterprise and the national park authority. That has now been taken on by the private sector, which has, in turn, invested in new boats and infrastructure. On top of that, local hoteliers are starting to approach local planners to put in planning applications for new hotels and infrastructure around the loch. To me, that is a good role that the budget can play if it can encourage the private sector by investing in the right things. The amounts of money need not necessarily be large, but they can be used to catalyse other developments on the ground.

Jamie Farquhar: From a forestry point of view, unfortunately we enjoy only one funding stream, which comes through pillar 2. In terms of value for money, from the Scottish allocation about £16 million goes to the private sector through the woodland grants scheme and some £40 million or £41 million goes to support the national forest estate. As a land use, forestry is for the most part intensively managed over an area that covers about 18 per cent of the land, but from that relatively small area we produce, at forest gate, a gross output that is fairly close to the gross output of farming at farm gate prices. Of course I am rather biased, but I think that we get very good value for a small amount of money. If I get the chance, I shall be asking for a bit more later.

Hazel Curtis: From a fish industry perspective, over the next decade the fish catching sector will experience some really substantial changes, of which some might come through common fisheries policy reform and some will be under the specific control of Marine Scotland. Therefore, the lack of agreement on something at European Union level does not always mean that Marine Scotland cannot move ahead on its own. Some of the huge changes that business owners will need to make relate to the reduction in discards, which I

am sure will be part of the CFP reform and is a stated aim of Marine Scotland. That is a significant and fundamental shift in the way that the catching sector does business and in the way that it operates. That also relates to the forthcoming regionalisation and rights-based management.

To improve outcomes in the sector, there are essentially two choices: a sustainable increase in the volume of production from the sea and long-term collaborative efforts to improve the marketing so that we improve the price per volume landed. It is important that we invest in enabling successful businesses to make those transitions by tailoring research into what the likely business impacts will be of the potential solutions to reducing discards. It is also important that we work closely in partnership with the industry to ensure that the people in the industry are co-authors of any of the solutions to these fundamental and very difficult shifts that they will need to make.

Allan Reid: First, I welcome the question. Like every good question, it almost raises more questions when we try to think of the answer. As Clive Mitchell mentioned at the start of his answer, I think that the overall Government purpose is a really important issue to focus on.

In answer to the original question, I wonder whether it might be possible to consider potential spend-to-save options. I think that most people are very committed to looking at the low-carbon agenda and at opportunities to reduce climate change through having low-carbon options in the economy.

There may be opportunities to do further collaborative work at Government and private levels to develop environmentally clean technologies and implement that in the system. I also wonder about advice provision to small and medium-sized enterprises and to local communities about what they can do to contribute to the overall aim. In addition, although this is not specifically rural, there are some opportunities to look at the redevelopment of brownfield housing sites to generate growth in areas of Scotland where we want to free up land. That naturally brings us to think about the planning system and moves that have been made to streamline it, and what else needs to be done collaboratively with Government and others.

11:00

The Convener: If we are successful with regard to funding, what outcomes should we expect? Vicki Nash will perhaps have the biggest budget increase in terms of the rural aspects. What will we get for the major infrastructure change in broadband?

Vicki Nash: The Scottish Government has given commitments in its digital action plan to raise the basic speed of broadband for rural communities and, indeed, the whole of Scotland. We would hope to see the benefits of that connectivity in the provision of opportunities such as e-health, so that there would be less travel to health centres for treatment. That contributes to the environment as well as improving health, and is the kind of thing that I would expect to see.

The other important part of the Government's action plan, which is also funded from the budget, is action to increase take-up. For example, Scottish Government research shows that 25 per cent of SMEs do not use the internet. It is widely available, although we could argue about speeds in rural areas. Take-up will also be relevant in accruing the benefits of connectivity.

Evidence given to the Infrastructure and Capital Investment Committee last year on broadband shows that there are two important issues for the 4G roll-out. The first is planning the provision of mobile phone masts, and the second is whether any new build includes provision for ducts for telecommunication services in the future—that is, future-proofing. England is looking at relaxing some planning laws on mobile phone masts, and you will need to look hard at whether that is facilitated as much as it might be in the 4G roll-out, which will help rural areas.

The Convener: I suppose that since most of the clients about whom we are talking are required to fill in Scottish rural development programme forms online, the ability to do so is one of the outcomes that I would be looking for from improvements to broadband infrastructure. That means that broadband reach must be as close to 100 per cent as possible. In my view, that would be the highest priority—I can see lots of smiles around the table.

Vicki Nash: Absolutely. We listened to what people said, particularly in Scotland, about having national targets for the 4G roll-out. One of the licences will therefore include a target of 95 per cent population coverage for Scotland. That is indoor coverage, but outdoor coverage will probably be 97 or 98 per cent. That is pretty good coverage, but we also need to address take-up.

You are right that some services are now accessible only online. I am not sure how that came about, given that only 68 per cent of people in Scotland have broadband. There are big issues in Glasgow in that regard, as well as in rural areas and we must look at the situation across the piece. It is about not just the provision of infrastructure, but take-up.

Willie Ferguson: I will follow up on the skills aspect. I understand that another committee deals with lifelong learning, but the real purpose of

broadband will be to provide much more innovative learning. The new SRUC has been formed and there are concerns to ensure that provision will still exist in a lot of rural areas.

The Convener: What is the SRUC?

Willie Fergusson: The Scottish Rural University College. My apologies for the acronym.

The jury is still out and there is still some concern about provision in rural areas.

Our research shows that 90 per cent of Scotland's SMEs are rural and, if those businesses employ only one or two people, they cannot give them time off work and send them long distances. Initiatives such as e-learning are therefore becoming much more important and we will have to get much more innovative with that type of learning so that more people can access it.

Also, I am thinking about people trying to get to work. This is anecdotal evidence, but where I work we are on to our third receptionist. They have all left because they can no longer afford to travel from where they live to their place of work. We must get much more innovative about working at home. Communications are vital for people accessing work and working from home. We need a big output of learning skills.

Research that we did last year shows that the environmental land-based sector needs 12,000 new entrants to support the changes in demography. It is vital that we are able to train that workforce, but the uptake in skills in the rural sector has been fairly low. We recognise that skills have a direct contribution to make to output, but the policies can sometimes get in the way of learning. Land and estates and farmers are now looking for modern apprentices who can work with more than one employer. The working patterns in a lot of rural areas are seasonal, so modern apprentices might have to work with more than one employer if they are to be able to stay in the area. Unfortunately, some of the funding systems do not allow that to happen, and it is very hard for the self-employed to access funding. A person can get a modern apprenticeship only if they are employed by one employer. We need to be much more flexible in our approach across the board. Someone who works in agriculture might want to learn a broad base of skills, but if they can work for only one employer, they might not pick up the skills required to work with sheep or beef, or whatever else.

We have to take a much more flexible approach. That will have a direct effect on skills, which will increase production to ensure that we meet our ambitious targets around food and drink.

The Convener: Jonnie Hall wants to come in and I will allow others to come in after that.

Jonathan Hall: Convener, I was one of the folk who grinned when you mentioned SRDP applications and online issues and so on. I do, however, support Vicki Nash's final comment about infrastructure and take-up. We need to look at how we train, and change the culture to encourage the take-up and utilisation of online services, particularly within the farming community. It is not just about things like rural priorities and the SRDP being online, but about a host of compliance issues around the relationships that the 20,000 individual farm businesses in Scotland have with the rural payments and inspections division of the Scottish Government, SNH, SEPA and so on. There are all sorts of issues with claiming payments, licensing arrangements and compliance, for example.

The uptake of online services is progressing slowly, but we also need to bring the likes of Willie Fergusson's organisation into the frame and achieve a 90 per cent uptake, because in some situations the uptake is only about 9, 10 or 20 per cent at best. We are talking about infrastructure, but we must also improve uptake.

The Convener: Where is uptake at 9, 10 or 20 per cent?

Jonathan Hall: We still have a long way to go with making integrated administration and control system claims online, for example. The vast majority of IACS forms that go in on 15 May every year to claim single farm payments, less favoured area support and so on, are still done manually. They are delivered by hand on 15 May.

Those who do rural payments online find it much easier, because most of the fields are filled in automatically with drop-down menus. Once people have done it, they realise the benefits of it. It saves them time and a lot of hassle and worry, but we still need to get that message across to some of the smaller producers, who are less confident about the risk that they perceive they are taking in doing such things online.

Margaret McDougall: There are a number of issues that relate to balancing economic and environmental priorities. Are we getting the balance right between environmental sustainability and economic growth in the way that we spend our funds?

Dan Barlow: We need to focus on how we find integrated solutions that deliver for the economy, provide social benefits and provide environmental benefits. We have made strong progress on that in some areas, such as in helping to cut carbon emissions. The Scottish Government has made progress over the past few years in helping to identify opportunities to support the economy and cut carbon emissions. However, there are many other areas in which we do not seem to have

managed to reconcile those issues as well as we could and secure some of the win-win benefits. The national performance framework could help us to do that.

I am concerned that, if we focus too much on sustainable economic growth, we might end up doing things that, over the long term, would cost us a lot of money. For example, we might achieve some short-term economic gain but increase the costs of adapting to climate change, or incur costs associated with poor water quality through not managing our land well. The key question is whether we have an approach that is sophisticated enough to enable us to find solutions that deliver the optimum outcomes over the short and long terms.

I argue that we do not have that right for a number of budget areas. The transport spend is one of those. We still argue that spending a greater proportion of that budget to help boost levels of walking and cycling would enable us to create jobs—many jobs could be developed throughout Scotland in, for example, supporting cycling schemes—improve our health and cut climate-changing emissions.

Another such budget area is improving the energy efficiency of our housing stock. We think that 10,000 jobs are available in improving the quality of our housing stock. That would cut carbon emissions and create jobs in local economies, which would mean that the money would likely stay in local communities.

The level of funding for the agri-environment spend in the spending review and budget is also insufficient to deliver many of the win-win benefits that are possible from managing our land in a way that would help us to adapt to climate change and to ensure that the measures that we take to do that help to improve water quality and, therefore, reduce the costs that are associated with cleaning water.

There are a number of areas in which we could do things much better.

Margaret McDougall: Are you saying that we could do more to reduce carbon emissions while generating economic growth?

Dan Barlow: There is a strong economic development potential in many budget areas that would also deliver reductions in climate-changing emissions. Some measures may boost our gross domestic product but not necessarily help us in cutting emissions. We should find and focus on the solutions that will do both. Transport is one such area. We know that spending a greater balance of that budget on walking and cycling would help us to support the economy and cut carbon emissions, as would spending more money

on improving the energy efficiency of our housing stock.

The Convener: The committee has the task of focusing on the issues in its part of the budget. We are aware that the budget areas that you mention impinge on that.

I think that Claudia Beamish wants to ask a question, rather than make a comment.

Claudia Beamish (South Scotland) (Lab): I want to ask a supplementary question, if that is all right, convener.

The Convener: Okay. We will have some more responses to Margaret McDougall's questions and then have your question.

Clive Mitchell: I will follow up on one of Dan Barlow's points on the balance of environmental and economic outcomes.

One of the problems that we have at a national level is that the main measure that we use for measuring progress is fixed on GDP. In the past few years, we have done quite a lot of work to develop a natural capital asset index, which describes how a number of key habitats are changing over time, as a way of getting a handle on the extent to which our economic growth results from—to put it crudely—sweating or stripping our natural assets, as opposed to investing in them and helping them to grow and flourish. Dan Barlow is absolutely right that the national performance framework as a whole provides a way of evaluating the balance between economic and environmental outcomes. I will pick up the points about investing in ways in which people can enjoy and access the outdoors, which conveys a huge number of physical and mental health benefits. Over time, that has an impact on health budgets and on people's wellbeing.

11:15

The Convener: Does Jim Hume want to ask a question?

Jim Hume: I have a follow-up question on what Dan Barlow said.

The Convener: We will take Allan Reid first.

Allan Reid: I will return to the original question. We in SEPA have wrestled with the relationship between the environment and economic growth for some time. We are trying to deal with that largely through the use of a sound evidence base from which we can make assumptions about whether it is appropriate for developments or improvements to go ahead and, if that is appropriate, about the criteria that must be applied to ensure that a development does not compromise the environment to the extent that it would not be fit for purpose for other businesses.

In assessing the issues, it is important to have a fairly sound evidence base. SEPA is not specifically charged with promoting the development of the environment, but if, for example, a production business that relied on a healthy environment was to be extended, we would be required to look at the impact of that business on the environment and to produce evidence to show that it would not compromise the environment, so that we were content for the development to go ahead. That would help.

On the low carbon question, one thing that springs to mind is making greater use of the zero waste agenda and encouraging people to promote resource efficiency in their businesses. There is a lot of scope to do more of that. I return to my point about promoting the message to SMEs, communities and others about how the zero waste agenda applies to them.

Professor Miller: I will pop in two topics quickly in answering Margaret McDougall's questions. Investing in increasing access to nature and contact with nature, as has happened under the Forestry Commission's woods in and around towns programme and the extension of that through the central Scotland green network and beyond, has positive benefits. Research shows materially that such investment gives people the opportunity to have access to reduce stress, which has positive benefits for mental health and wellbeing and produces a consequential reduction in costs that are associated with the negative sides of mental health issues. That is an example of direct economic support from environmental investment.

A bit more scope for debate and potential disagreement lies in considering where the balance lies in relation to the economic return to farmers and communities, particularly in north-east Scotland, from the uptake of small-scale renewables and wind turbines. As a result, local authorities are under pressure. That leads to a debate about positive or adverse impacts on landscapes and about whether that entirely supports the environmental benefits. One might argue that there is a geographic disparity in that debate across the country.

The Convener: It would be good to follow that up in more detail. We cannot do that now, but I might speak to you afterwards.

Several members have supplementaries, but before Jim Hume asks his, we had better continue hearing from the witnesses.

Jamie Farquhar: By and large, every time we create a new woodland, we automatically improve the environment and increase biodiversity, but if the woodland that is created is also a productive woodland, we automatically increase—in the most

carbon-friendly way—the sustainable economic growth of Scotland. Ours is probably the only negative carbon industry around.

In regard to whether we have the right balance, even within our own small industry the answer is probably no, because the type of woodland that we have created over the past decade has been predominantly broad-leaf and native woodland. That is excellent and is fully supported by the whole industry. We have a job of work to do. Some of that woodland, although unfortunately not all of it, will be productive in one way or another.

However, we are missing our target and failing to produce the right balance in that there is a lack of productive conifer softwood to replace the plantations that we are now harvesting. We will be in a growth cycle for the next 10 to 15 years. Last year, we increased production from Scotland's forests by 7 per cent, and we are on target to do at least the same again for the next several years. At the same time, during the past decade, our processing and sawmilling industry has been successful in capturing just over 40 per cent of the UK market share. Previously, the figure was only about 10 per cent. That is an extraordinary success story. The more woodland we create, the more we will deliver in terms of good environment and biodiversity, and in providing a base for further investment in processing and so on, which turns out about £1 billion gross value added each year.

The Convener: Thank you for those helpful, fact-rich comments.

We will hear from Jonnie Hall and Grant Moir before we move on to the supplementaries.

Jonathan Hall: If there is an imbalance between economic and environmental priorities in an agricultural context—I think that there probably is—a lot of that imbalance has been driven by the architecture of the funded measures and programmes that we have. The initial intention of rural priorities in the SRDP was very much about integration. The idea was that if someone wanted to do some sort of capital investment, they would have to integrate into it an environmental component or environmental benefits to secure funding.

However, as we have seen through the lifetime of the current rural development programme, rural priorities, in particular, have disintegrated, which has left farmers and crofters pursuing an income stream from a particular investment, rather than looking at the whole picture of how they can take forward their business while securing some environmental gain. Therefore, they have had a stark choice, as was the case in past programmes, between investing in physical assets or the agricultural business and going more down the

route of agri-environment measures on a land basis, as it were.

One of the issues here is not funding per se, but the architecture of schemes and measures and how they fit together. Until we get that right, we will never succeed in getting the best value for money in such a balancing act. The economic and environmental priorities are inextricably linked. The balance does not always have to be an even one, but both elements have to work in harmony to some degree.

Grant Moir: The balance between economic and environmental sustainability is at the heart of what national parks are about. To return to the point about outcomes, each of the parks has its own national park partnership plan, which sets out the outcomes for the next five years. That gives a framework, which is important for the private and public sectors, as it gives the confidence to invest. For instance, on renewable energy, more than 20 hydro projects in the national park are coming through the planning system. That gives long-term sustainability to estates and farmers through income and it contributes to carbon reduction. That is a positive example of how, when a framework is in place, people can invest on the back of it.

Interestingly, more than 75 per cent of applications that are in the planning system and that relate to the park are e-planning applications, which is the highest figure in Scotland. That involved training and talking to people about the system. As Jonnie Hall said, once people get used to the system, they discover that it is easier than the previous one.

It is crucial that we link outcomes to a clear framework for investment, which then links into how things can be done in a low-carbon economy by providing environmental gain and, at the same time, economic benefits.

The Convener: You must have very good broadband around Loch Lomond. That is interesting.

Grant Moir: I have to say that the broadband is not very good, but we have good planners.

Hazel Curtis: In wild capture fisheries, an inevitable tension arises because of the need to allow fish stocks to recover to a greater size so that future economic contribution can be increased and therefore, in the meantime, to refrain from catching what potentially could be caught, which obviously restricts economic contribution in the present. There is certainly always a tension between the long term and the short term. One key to achieving balance and spending money in the right way is always to consider, or require applicants to consider, the impact of whatever activity the funds are for on fish stock recovery

and fish stock sustainable harvest. Any grants should be dependent on the applicant being able to demonstrate that what they are doing will improve the sustainability of harvesting in wild fisheries.

In aquaculture, there is scope for continuing economic growth in an environmentally sustainable way. That is about identifying sites and continuing to ensure that research is adequately funded. Much of that needs to come from businesses, rather than just from Government.

The Convener: Claudia Beamish has a supplementary question.

Claudia Beamish: I am interested in Dan Barlow's point about integrated solutions. I hope that we are all working towards that in relation to the economy, the environment, social issues and the national performance framework. My question relates directly to the question about carbon assessment. Do any of the witnesses think that the carbon assessment tool, the report on proposals and policies 1—we have not yet moved towards RPP2—or other ways of preventing a lock-in of the current short-term spending priorities will help us to move towards more long-term low-carbon aims and aspirations?

Clive Mitchell: That is an interesting question in the context of planning and the kind of places that we develop as a result. Some of the major challenges in moving to a low-carbon economy are associated with the infrastructure that we have created in the past 50 or 60 years, which in essence is geared towards a high-carbon economy. Even if we have individual behaviours and social norms lined up in favour of a low-carbon economy, it is difficult to realise that economy because of the infrastructure with which we currently have to live. A really strong message is needed in relation to the third national planning framework on the extent to which it promotes infrastructure for a low-carbon economy from today, given that the infrastructure will be in place in 20, 30, 40 or 50 years, by which time we will need to think about a zero-carbon economy.

That is a hugely important factor. We must ensure that the steps that we take now create a context in which it is easier and easier to move to a low-carbon economy, rather than more and more difficult.

11:30

The Convener: Jim Hume has a supplementary question on that,

Jim Hume: It is about the budget that we are here to scrutinise and it relates to Margaret McDougall's questions on environmental

sustainability, economic growth and carbon emissions. We know that Scotland missed the 2010 climate change targets. Dan Barlow mentioned the agri-environment measures, which are co-financed by the EU and the Scottish Government. Given that we have seen a dramatic reduction in the Scottish Government's funding for those measures, I would be interested to hear the panel members' views on how that is affecting things on the ground.

Dan Barlow: I begin with a comment on the RPP. I welcomed the strong recommendation that the committee made when it looked at the budget last year. At that time, you stated that it was important to ensure that the budget was compatible with delivery of the RPP. I urge you to consider whether the budget spend is likely to deliver RPP2, when it arrives. There is still a challenge in a number of areas as to whether the budget is supporting the right kind of spend. In some areas, there is positive progress and good investment that is aligned with delivering the RPP, but in other areas we believe that the funding levels still fall short of what is required. We welcome the Government's commitment to supporting investment in peatland restoration. We will wait to see the figures on that, but the investment will help to mitigate emissions.

We have a significant concern about the decline in agri-environment spend and what it might mean both for delivering on the biodiversity targets and for securing win-win opportunities in, for example, managing flooding in sustainable ways and helping to improve water quality. That relates to a point that Grant Moir made. What is the implication of Scotland reducing agri-environment funding? What might it mean for the leverage potential and access to sufficient funding from the EU? It is clear that the two funding sources work together.

I cannot give a detailed account of effects on the ground, but my colleagues at Scottish Environment LINK will be able to detail some of the impacts. We are aware that a number of members of Scottish Environment LINK have significant concerns about whether, with the level of agri-environment spend that is proposed, we will see anything like enough progress towards meeting the 2020 biodiversity target. I understand that a study that has been undertaken suggests that we will need five to six times the current level of agri-environment spend if we are to deliver on the 2020 target. However, I can certainly come back to you with more information.

The Convener: The position is perhaps not black and white.

Grant Moir: Dan Barlow mentioned some of the issues around agri-environment funding, but what is really important is how it is targeted and where we can get the biggest bang for our buck. That is

important not just for the current agri-environment budget but for the next SRDP, which is in development. How do we target that to the things that will deliver the biggest environmental outcomes for biodiversity, carbon reduction or whatever? It is important that we do that targeting properly. We need to spend the money that we have wisely and on the things that will deliver, rather than spend it in a way that gets the money out there but does not deliver the outcomes. That will be crucial in the development of the next programme.

Clive Mitchell: That comment and many others from round the table point to the need for local approaches to local priorities and problems. At present, many of our incentive mechanisms take a one-size-fits-all approach. There are some big challenges in the area and the political debates about postcode lotteries, consistent delivery, uniform public service models and so on play into that. However, if we have local problems in a local context, it seems logical that we should encourage local solutions to those problems. It is quite reasonable to do different things in different places.

Jonathan Hall: We know that funding of agri-environment schemes will be a big concern and will get tighter and tighter, but I return to the issue of whether we will make the right use of whatever resource we will have—that picks up on Grant Moir's point. There are still challenges around the architecture of what we are trying to achieve. I will take a slightly different tack to Grant by saying that if we target too much, we will focus significant amounts of money in very narrow areas and on very specific objectives. We would certainly be willing to explore a broader and shallower approach in Scotland, with catchment-scale delivery of agri-environment measures and greater collaboration across farms and holdings. That could make a difference. That requires a new architecture for rural priorities and it certainly needs a complete overhaul of the land managers options.

The other point about agri-environment funding and pillar 2 funding in general is that we have to be stronger at a European level to secure a better deal in the funding package that will emerge as the common agricultural policy budget comes to a head in the next month or so. The stark reality is that pillar 2 funding works out at about €6 per hectare in Scotland, which puts us at rock bottom of the European league table. The European average is €49 per hectare—eight times greater than the amount in Scotland. The greatest challenge is to overcome our historical burden, which is that because we have never spent the money in the past, we might be saddled with a lower and lower allocation in the future. The Scottish Government and the UK Government

need to hammer on the doors of Brussels to say that we need a better allocation key, in terms of the pillar 2 budget. The whole cake may be smaller, come the end of November and the beginning of December, but, whatever the size, we must make sure that Scotland gets a much bigger share of it.

The Convener: The CAP debate in the chamber last week covered many of those points. We should be careful not to contradict the points made in that debate if we are to get stronger representation in Europe in order to get these things delivered. The debate is covered in the *Official Report*.

Jim Hume: My question follows on from the CAP debate. As we know, the CAP is being reformed. It looks like it will be late, so there will be a gap that will affect pillar 2 funds, the SRDP and forestry grants. If there are no mechanisms such as the SRDP and forestry grants in place during the gap between the two CAPs, how will that affect economic growth on the ground?

Another question touches on something that Grant Moir and Jonnie Hall talked about. What visions do witnesses have about what the SRDP and forestry grants should look like in the future, in order to promote economic growth?

Jamie Farquhar: I have every confidence that the Scottish Government will wake up and realise that if there is a gap in 2014, which I think is inevitable, it will need to find some more money, certainly for our sector. The lesson that we learned from the two-and-a-half or three-year gap that followed the early closure of Scottish forestry grant schemes in 2006 was that it was a serious disaster. If one cares to look at the activity record of woodland creation, in particular, and of other forestry investment areas, one sees that it has taken all the time since then for activity to gear up again. Forestry schemes are very complicated and we go through an enormous amount of consultation with other land users to get it right. Forestry schemes take two or sometimes three years to bring to fruition. If there is no funding other than the existing level of provision in the current budget—£16.2 million of Scottish money—nearly all of that will probably be taken up by legacy payments or commitments that have already been made.

It is vital that we avoid that situation. We will meet the SRDP programme monitoring committee next week and our fingers are crossed that the cabinet secretary will be able to tell us something new or definite. It will be a disaster if we cannot keep momentum going. We will not be able to contribute to the targets that are set in the Scottish forestry strategy and we will not be able to meet the recommendations of the woodland expansion

advisory group, which the committee heard about last week.

Grant Moir: On the second part of the question, which was about economic growth, the next SRDP must look at the entire rural economy. It is a rural development programme; it is not just about agriculture and forestry.

What in the rural economy would we support with SRDP funding? How might we spend the money to generate the most economic growth in an environmentally sustainable way? The approach is interesting, and it can be linked with, for example, the Scottish food and drink strategy, the Scottish forestry strategy and what will by then be the new biodiversity strategy. It requires thinking about what we want to fund, which is difficult in the context of the entire rural economy. We tend to concentrate on agriculture and forestry in the SRDP, but we need to look at the issue in the wider context and think about what will drive economic growth in rural Scotland.

Clive Mitchell: On how funding support mechanisms can be designed to support sustainable economic growth, we need to think about how mechanisms support ecosystem approaches and the extent to which we can integrate them and develop agro-forestry incentives, so that there is a much more integrated approach at the catchment scale, which Jonnie Hall talked about, to secure the multiple benefits that David Miller described.

The Convener: Alex Fergusson has a supplementary question.

Alex Fergusson: Thank you, convener. I was going to ask Jamie Farquhar whether the forestry industry can meet the planting targets that have been set for it under current levels of financing, but I think that that question has been answered with a categorical no. Can you confirm that?

Jamie Farquhar: I absolutely can. The simple answer is no. We have potential demand for some £45 million next year, against a budget of £36 million. Even if we were achieving the strategic balance on new woodland of some 60 per cent productive and 40 per cent broadleaved and native, given that productive woodland is considerably cheaper to fund—from the grant point of view—than some of the existing native woodland establishments, we would still require a budget of something close to £40 million. Of course, when we look at the figures we are assuming that we will get 55 per cent co-funding from Europe.

The Convener: I will shift the discussion to the sea and the financial instrument for fisheries guidance grants, because Hazel Curtis might want to contribute to the discussion about promoting economic growth.

Hazel Curtis: On a point of fact, to the best of my knowledge FIFG is finished. We are currently on the European fisheries fund, and we look forward to the European maritime and fisheries fund.

The question was asked how schemes can be designed to ensure that we promote economic growth, on a sustainable basis. I have two thoughts on that. We can increase value through better marketing. The key to Government intervention is to consider perhaps moving away from one-off projects run by consultants to investigate things and come up with one-off solutions towards focusing on long-term collaborative working with groups of businesses facilitated by Seafood Scotland or Seafish, improving understanding of market demand and market opportunity among those businesses, letting them design their own solutions and considering potential solutions involving vertical collaboration up and down the value chain.

As for wild capture fisheries, I suggest that we investigate the creation of a more responsive fisheries management system. That will require taking into account a few key issues, including collaborative working and faster data capture, data analysis and data sharing. After all, if we are to be responsive to changes in the natural environment, we need to understand what businesses have been doing and what the environment offers, which brings us back to the broadband and connectivity issues that were highlighted earlier. Making data capture and data sharing less expensive is certainly a key issue for consideration.

11:45

The Convener: I see that a lot of people want to comment, but I think that the next question will give them as much of a chance to do so.

Annabelle Ewing: Good morning, everyone. I think that the discussion has been very useful. What are your views on the current research situation? Are we getting best value for every public pound spent on research with regard to outcomes and encouraging sustainable economic growth? In response, it might be helpful to suggest what steps we could take to ensure greater involvement by businesses and industries in the relevant sectors as well as our excellent universities and to draw down the European Union funding that is available in many areas but which industries, with the exception, perhaps, of fisheries and farming, might not be so aware of.

Hazel Curtis: I will kick off again. We certainly feel that it is important to involve businesses in research. A huge opportunity for the fishing industry is the use of fishing vessels as research

platforms; indeed, the issue has been discussed a lot over the past few years and certain EU projects, such as GAP2, are examining the matter. In addition, Seafish is looking to collaborate with our Government partner agencies to promote such moves, but I think that, if we involve the fishing industry in the capture of data about the environment as well as fish stocks and the business itself, it will be co-author of the data set that informs policy and business decisions. As a result, there will be much greater buy-in. I believe that we should seriously consider moving towards making greater use of such opportunities.

Allan Reid: Given the heavy scientific influence in our work and the need to provide evidence, research is very important to us and, indeed, is an area that, historically, tends to be cut from budgets whenever things get tough. However, we have found that, instead of having to cut budgets, we can get much more from collaborative partnerships with industry; with universities across Scotland, some of which are excellent and are already hooked into funding mechanisms; and with Europe through, for example, the offices of Scotland Europa. As a result, we have been able to carry out research in a variety of areas.

One of the best examples of such collaboration was the recent development of our better environmental regulation philosophy, which required looking at best practice across not just Scotland, the UK and Europe but the world to see what might be appropriate for Scotland. The approach has been very beneficial and, even if you do not get the result that you might expect, I do not think that you can fail to learn from working with partners in such areas. Collaboration is certainly key.

Jonathan Hall: This is just a quick point. The research that goes on in Scotland into the land-based sectors, particularly agriculture, is world class—we all know that. We are fully supportive of that research and should be rightly proud of it. It has certainly put Scotland on the map in many ways by improving efficiency, performance and productivity in agriculture, in particular. Nevertheless, there remains a gap between the research sector and the industry, and a key issue to bear in mind is the transfer of knowledge between the research interests and the practitioners.

I am focused—as I know others in the room are—on the issue of having a proper advisory service for Scottish agriculture, farmers and crofters. Going back to the point about future pillar 2 funding and the next rural development programme, I think that if we are really going to make use of the funding that will be available to us, the applicants need to be much better placed to know the right thing to do. That knowledge will

come partly from the research information that we can generate to inform decision making, but a third party is often required to take a fresh view of the situation. They will understand both the requirements of the farm business or croft and the environmental potential and what we can deliver by way of public goods and benefits while taking that business forward. That has been lacking in the current rural development programme.

As well as funding the research, which is excellent, we must dedicate sufficient resources to a proper advisory service and proper knowledge transfer.

Annabelle Ewing: I am not 100 per cent clear. Would you advocate the setting up of a publicly funded Government advisory body for the specific purpose of SRDP applications?

Jonathan Hall: I would, absolutely. That is something that we have lacked in Scotland for far too long. With the demise of organisations such as the Farming and Wildlife Advisory Group, which helped farmers and crofters throughout Scotland to do the right thing, as it were, there has been a gap. Long gone are the days when the agricultural officer from the department was an adviser; he is now very much an inspector and a policeman because of the European rules regarding audit trails, inspection processes and everything else. I think that the department laments that; the industry certainly does. We need an advisory service that is separate from the inspection process. There are always nods around the room when we talk about this at various meetings with the Scottish Government about where we are going with the next rural development programme.

The Convener: We still have two or three questions to ask and time is tight. If we can keep them short, we will get everybody in.

Alex Fergusson: I will be brief, convener. Thank you for the opportunity. Jonnie Hall suggests that there is a need for a national advisory service. Is that role not currently carried out by the SRUC, which used to be the Scottish Agricultural College and always will be in my mind?

Jonathan Hall: A lump of Government funding goes to what was the SAC to carry out some of that function, but it does not go far enough. Like any business—which the SAC was and the SRUC continues to be—its focus has been more on ensuring that it earns revenues from its activities of putting rural priorities proposals together and so on. It has therefore been operating as a consultant rather than an adviser. There is a subtle difference between the two.

Graeme Dey: Let us be clear. Are you saying that the funding of the advisory group or organisation should come from pillar 2?

Jonathan Hall: It could come from pillar 2. It should be an essential component of how pillar 2 operates. We will be failing pillar 2 and pillar 1—from where a significant amount of money comes into rural Scotland—if we do not ensure that whatever we are spending is spent in the right way. It is often difficult for individual farmers with their noses right up against it, fighting off the bank manager on the one hand and the inspectors on the other hand, to take a step back, look at the bigger picture and consider how they want to take their business forward. Money spent on advisory services would be well spent.

Graeme Dey: Thank you for clarifying where the funding would come from.

The Convener: Indeed, thank you. We are going to have to move on to the next question, folks, so that other people can come in.

Annabelle Ewing: Can I make a plea to hear from Professor Miller on the issue of research? I think that his contribution would be valuable.

The Convener: Okay—why not? We have a special plea for Professor Miller.

Professor Miller: Thank you very much. I appreciate your giving me that moment. I will pick up on a couple of things briefly. The initiative that the Scottish Government has taken in the round in forming a variety of collaborative initiatives is beginning to bring the research community very much closer both to the policy teams, through the centres of expertise, which are highlighted, and, increasingly, to business, through the strategic partnerships. I am thinking, in particular, of the food and drink and animal and livestock sectors. Those initiatives are still only 18 months into their lifespan, and the research teams in the Moredun Research Institute, the SRUC, the James Hutton Institute and the Rowett institute of nutrition and health are trying to reach out. It is a two-way street in that regard, which takes us back to the communication and knowledge exchange point. We are looking for every opportunity to find the most effective ways of communicating with business and with the policy teams, and SNH, SEPA and the NFUS are just some examples from around the table of organisations with which the institutes are trying to make the best connections to ensure the integration and joining up that we spoke about earlier.

The Convener: The next question follows on usefully from that.

Alex Fergusson: We have covered a lot of this ground in previous discussions. My question is about digital roll-out and associated issues. Jonnie Hall was right in saying that we need to do an awful lot to encourage uptake, but there is no point in encouraging uptake if, in a constituency such as mine, there is nothing to take up. It is a catch-22

situation, but I hope that 4G will address a lot of the problems. Will 4G address a lot of the problems? Even now, when we are all supposed to have access to 2 megabytes per second broadband, we do not. Some of my constituents are lucky if they get half of that, and some have none at all because they are still on dial-up and their servers no longer support that. What are your general thoughts on that? How can we measure the impact that digital roll-out has in terms of economic return?

Vicki Nash: 4G is intended to deliver a good current-generation broadband speed of around 10 megabytes per second. In other words, once 4G is rolled out in rural areas, you will get a much better service than you currently get through copper wire, although you will understand that there are limitations of line length.

As I said in my introductory remarks, it has been estimated that it would take £7 billion or £8 billion to fibre up the last 10 per cent of the UK. Neither the UK Government nor the Scottish Government has that kind of money. In essence, the broadband plan is an improvement on what is being provided now, and those are aspirational targets.

Research from the Organisation for Economic Co-operation and Development has estimated that a doubling of broadband speed gives an incremental GDP increase of 0.3 per cent and that a 10 per cent increase in broadband take-up increases GDP by 0.1 per cent. You might want to try to build those measures into any roll-out programme at whatever level you feel is appropriate.

4G offers opportunities for rural areas, but it is not the only technology in town, and it is important that the Scottish Government's strategy looks at the variety of technologies that are available. There will be more fibre in urban areas because that is typically the way in which the commercial sector will roll out to the biggest populations. Going back to Annabelle Ewing's question about research, I know that the Scottish Government is considering how it can bring broadband to rural areas—not just 4G, but white space technology and satellite technology as well. Keeping an eye on the art of the possible and looking for it to be as good as it possibly can be within the money that has been allocated is a task that the Scottish Government has set itself, and it is a challenging task—there is no question about that.

On your point about take-up, one issue to focus on is that there is quite a lot of superfast broadband now. The UK figure for the availability of superfast broadband is about 59 per cent, but take-up is about 7 per cent. We come back to the issue that it is not about just making this stuff available. You have to show people the benefits and what can be done through having faster

speed. Some people are quite happy with what they have now, although not everybody is; it is about making options available to people. It comes back to Jonathan Hall and Willie Fergusson's point about the fact that people must have the skills to take it up in the first place.

12:00

Alex Fergusson: Convener, I will conclude, if I may, before you open up the discussion.

Vicki Nash makes an interesting point. It was suggested recently in, I think, a House of Lords report—it might have been in a House of Commons committee report—that the UK Government should concentrate more on access than on speed. You point out that where superfast speed is available the uptake is only about 7 per cent. Is there something in the suggestion that we should concentrate much more on universal access to a generally acceptable level, rather than on ever-increasing speed at ever-greater cost?

Vicki Nash: There is a question about people seeing the benefits of broadband at whatever speed. People say—it is a clever phrase, but it is not mine—that broadband is whatever network speed you do not yet have. If you are connected, you always want more and faster, but a lot of people who are not connected ask, "Why would I want to go on the internet?" That raises big issues, which is why I am pleased that the Government's strategy has a whole piece on access and take-up.

People sometimes overestimate the speed that they need to do the stuff that they do. However, there is an issue about network contention, particularly in urban areas. In the centre of London my 3G i-Pad really struggles, whereas at home in rural Stirlingshire it works fine. I am sure that that is partly to do with contention rates.

There are issues around equality of access and what people expect. Consumers also need to be convinced to pay for the extra packages that give them a faster speed. It is a complex and multifaceted issue, as someone's view depends on where they are now on the digital path and what their experience has been.

I am interested to hear that some people are still on dial-up.

Alex Fergusson: They cannot get broadband.

Vicki Nash: Perhaps we can have a chat about that later. The point is that 99.87 per cent of Scottish households have access to broadband, so clearly some people are still excluded and perhaps some choose to have dial-up. I know somebody who lives in central Edinburgh and has made an active choice to have dial-up. That would not be for me, but it is their choice.

Alex Fergusson: On top of all that, there is the issue—which I am sure that the convener knows about, given that he is a rural member—of reliability: a lot of the exchanges have problems coping with even the small demand that there is. Reliability is a huge issue.

The Convener: Like you, steam comes out of my ears when I hear this discussion, because the 2 per cent who have been mentioned are the very ones who would use broadband to fill in their SRDP forms. That is why the access issue is most important for the committee in this budget round.

Jamie Farquhar can make a brief comment. I would like to get another two questions in and we are short for time.

Jamie Farquhar: I will be brief, convener. I am glad that Alex Fergusson opened up the discussion beyond desk-based broadband. Communication in general is so important in the rural sector. We are faced with a significantly high proportion of lone working. We have recently launched an industry health and safety accord. If there is a new focus on health and safety, we need to get things right. We are very dependent on good communication.

Angus MacDonald: Good morning, panel. I would like to link sustainable economic development, which has been debated quite a lot this morning, with the regulatory regime. Do the panel members think that the current regulatory regime is helping to promote, or is hindering, sustainable economic growth?

Given the proposed better regulation bill, do the panel members see an opportunity for more appropriate regulation—not less regulation, but better regulation? In the view of the panel members, do SEPA and SNH strike the right balance in their regulatory and statutory consultee roles when it comes to promoting sustainable economic growth?

Allan Reid: I clearly have a vested interest.

For a number of years, we have been going down the path of changing our organisation's approach to one of looking at what we consider to be better regulation, which is very different from deregulation. We are trying to refocus our business by targeting those areas that we consider present the most environmental harms. By assessing which of those areas need to be tackled, we try to solve the problems rather than just deal with short-term issues.

We are committed, as is the Scottish Government, to the better regulation bill. We are keen that proportionality is built into the system, which will be risk based and will target the areas of most significant harm. It is not always possible to get that absolutely 100 per cent right, but we are

trying to move towards that. We think that that is the right thing for Scotland. If you have a limited budget, as clearly everyone does, you focus resource on the areas where you can bring about maximum benefit and encourage others to invest in the country.

It goes back to the original point about the Government purpose—having that environment that attracts people to invest in Scotland because they think that it is a good place in which to do business. It is key to have a healthy environment—healthy for the environment itself, but also for the people who live and work in that environment. We are keen that that approach is also used as a means to promote inward investment in Scotland.

Clive Mitchell: I am grateful for the question because it touches on most of, or indeed all, the things that we have talked about this morning. I strongly agree with what Allan Reid said. Regulation has a crucial role in mediating between public goods and private interests and the quality and breadth of our assets for future wealth creation and wellbeing.

I welcome the emphasis in the proposed better regulation bill on local problem-solving approaches, proportionality, risk-based approaches and so on. We have been heavily involved in the reform of the planning system over the past five years or so. We are trying to be more strategic in our contributions in that regard—very much encouraging, supporting and welcoming the approach of plan-led developments. For us, that means putting our efforts into ensuring that we have good plans that signal the right developments in the right places. Then it is about building capacity with local authorities and so on to help them to do more of the development management side of things, rather than calling on us because—like everyone else in the public sector—we are having to reduce our size and scope as we lose staff as a result of budget cuts and so forth.

It is a pertinent question that relates to what we have talked about today, especially with regard to mediating between public goods and private benefits. The extent to which the environment is seen as a potential constraint on growth is highly germane to that role. Part of the solution involves reframing the argument around assets for wealth creation and wellbeing.

Jonathan Hall: In an agricultural context, regulatory regimes invariably add costs that cannot be recovered from the marketplace. For example, if a farmer has to pay an additional cost for the disposal of their sheep dip and so on because of SEPA's licensing regimes, they cannot go to the marketplace and say that they need another £2 per lamb to recover that cost. Those

costs add up, and they are numerous and increasing to an extent. Nevertheless, I think that as an industry—certainly as an organisation—we recognise that we need a baseline of standard practice in relation to a whole host of environmental concerns.

As long as the regimes are proportionate in what they attain as set against the costs that they impose on an individual business, we are comfortable. Problems arise when the costs are disproportionate in relation to the perceived benefit of applying such regimes.

From my organisation's point of view, we have seen, over the past 18 months to two years, a sea-change in how SEPA and SNH operate. That applies to SEPA in particular. SEPA is an enforcement agency that must implement regulatory and licensing regimes. Nevertheless, the approach has shifted significantly from enforcement towards the provision of advice and awareness raising, which is to be welcomed. For example, instead of SEPA saying that it will throw the rule book at someone, the approach is to identify the issues and give people an opportunity to rectify any problems. Much of that involves simply pointing people in the right direction and making sure that they understand, first, what the compliance issues are and what they should be doing and, secondly, what can be done to improve their business's performance. That goes back to the advisory services that I mentioned.

The same is true of SNH's role, especially when it comes to species licensing issues. SNH is attempting to streamline the process, but it can be frustratingly slow; I suppose that, on occasion, it must adhere to the letter of the law.

Dan Barlow: I have two points to make. First, we certainly understand the need to focus resources and to ensure that risk and proportionality are taken into account, and we are sympathetic to looking at the role that advice and support play as part of that. The bodies need to be sufficiently resourced to ensure that enforcement is carried out and that environmental crime is treated seriously.

Secondly, on the better regulation bill, I am concerned about the proposal to give bodies whose role is ultimately to protect the environment as part of achieving a flourishing Scotland a duty of promoting sustainable economic growth. We are aware of what that means in practice and the potential contradictions and challenges in growing GDP alongside protecting the environment. We would have significant concerns if the bodies were to have only that duty, which effectively translates into growing GDP.

The Convener: We will ask the ministers about that soon.

We will conclude with Claudia Beamish's questions.

Claudia Beamish: I ask for the panel's broad comments on the involvement of communities in the sustainable growth of Scotland. I am thinking of Clive Mitchell's point about a flourishing Scotland and whether grants might help with that. I ask for brief comments just now, given the time restrictions; perhaps the witnesses could send further comments on suggested alterations to grants, such as the climate change grant.

That issue connects to my final question—a question that I believe the committee will agree is important—which is about inequalities. Does the budget cause inequalities for any groups in our population, particularly in relation to the nine protected characteristics set out in the Equality Act 2010?

Vicki Nash: Community involvement is particularly important in broadband roll-out. A number of communities across Scotland have set off on a tricky path to identify the right solutions for their areas. Programme 3 of the Scottish Government strategy sets out engagement with communities. To echo what I think the Carnegie report said, rural communities need somewhere to go to find out where to get the best advice about what will suit their particular needs. It is important that the Scottish Government strategy is joined up in relation to the top-down stuff—the clever fibre optics stuff—and what will work in individual communities, and it needs support in doing that.

On inequalities, we have already talked about the challenges for rural communities in getting the broadband speeds enjoyed by the rest of the community, who benefit from fibre optics. As I have mentioned, the 4G spectrum will certainly mean that the speeds that people experience now will increase, which must be a good start. If the Government was prepared to pay an awful lot more money, broadband speeds would be faster, but we must be realistic.

You are right, however. There remain inequalities in communities, particularly around access to technology for older people who, if they are not able to get out of the house, could benefit from it most. There are inequalities in communities among older and disabled people and in ethnic minority communities.

12:15

Grant Moir: On the participation of communities, we have 21 active community development trusts in Loch Lomond and the Trossachs national park. A community partnership sits above them and helps them to flourish.

An interesting point is that this is not necessarily only about grants. We must look at the opportunities for communities to stand on their own two feet. There might be renewable energy or business development opportunities, for example, that could allow communities to be sustainable in the long term. In the past, we may have concentrated too much on what grants were available for communities. Getting a grant meant that a community got a boost for a couple of years, but when that boost faded it had to find another grant source. This is about looking at how we can use budgets to encourage the long-term sustainability of communities through communities finding income sources that mean that they do not need to keep on going back to the Government and will be able to stand on their own two feet. That route is much more difficult, but we must go down it if rural communities are going to be sustainable in the long term.

Hazel Curtis: I am thinking of community involvement in inshore fisheries management in particular. With the new inshore fisheries management groups, there is an opportunity to consider a responsive fisheries management system that involves the authority, the operators and independent assessors. The industry can take a much more proactive role in setting objectives for fishing and for long-term fishing management plans, and in evidencing compliance with the plans and the achievement of the plans' target outcomes. The involvement of communities in setting objectives and in determining what they want from their fishing opportunities is key. Inshore fisheries in particular link into the wider community, as many owners and operators of smaller inshore vessels have other jobs in the community.

Willie Fergusson: I will make one comment about communities—this is something that I have talked to the Scottish Government about. A lot of power is devolved to local authorities, communities and community councils. From speaking to people on community councils—particularly chairs—I have learned that very few of them are being trained in leadership and management skills. They are involved in high-level financial discussions, and may be involved in negotiations with power companies, for example. Many big deals are coming along, but very few of those people have had the level of training necessary to help them to deliver those deals. They have an important role. We must ensure that the people who run those groups have access to training to help them to make meaningful decisions about issues that can have a major impact on communities.

Clive Mitchell: Claudia Beamish asked a good, important question. After the meeting, we will give

the committee written comments on how our grants are structured to support communities.

For various reasons, a lot of our environment work has become very technocratic over recent decades, and it is therefore difficult for people to engage with many of the things that we have been talking about. At the end of the day, we all live in places and experience environments of varying quality, and they have a huge impact on our lives and our sense of wellbeing. It is hugely important that we work with communities to try to break down such barriers.

Annabelle Ewing's question about research is very relevant. A number of stakeholders have been mentioned, and we would like to see communities and individuals increasingly contributing to the research that we use to understand our environment. We are making moves towards that through our work on citizen science and through the Scotland's environment website, which aims to be a place that everyone can go to in order to get the environmental data and information that they need—for example, to help to support decision making on shared outcomes.

In terms of the Christie commission review, and its emphasis on co-production—"nothing about me without me", if you like—we and SEPA have engaged the Royal Society of Arts to look at our work. The approach is what the RSA calls a social productivity model: it is about how we can involve people in the design and delivery of what we do and where we can most effectively engage people in that work. It is the start of an important journey for us.

The Convener: It is a big journey for us all at this stage. I am sorry that I could not bring anyone else in, but people have other events that they must move on to after the meeting. We would be happy to take additional comments in writing from panel members.

To return to a point that Willie Fergusson made, in the coming years we will be concentrating on the capacity-building part of the budget process, and on stakeholders, regulators, advisers—if we can ever have any—and academic support. The capacity to adapt ourselves to the new world of climate change is vital in making the best use of money.

I thank all the witnesses for their contributions. The committee has to get on with one more item, so I would appreciate it if the witnesses would slip away.

European Union Engagement 2011-12

Meeting closed at 12:25.

12:22

The Convener: The next item is on EU engagement. We would not want to finish the meeting without giving Jim Hume his moment in the sun. Does anyone have any comments on the EU engagement paper?

Annabelle Ewing: I have a brief technical question on the "Brussels Bulletin". Do the clerks get it and filter it, or do we get it, and I have just not been seeing it?

Nick Hawthorne (Clerk): It is included in the bulletins for members.

Annabelle Ewing: Do the bulletins for members still come through regularly?

Nick Hawthorne: Yes. They are issued to members on a weekly basis.

Annabelle Ewing: Maybe I have just not been getting them.

Nick Hawthorne: The "Brussels Bulletin" is also available on the Parliament's website.

The Convener: Does Jim Hume want to say anything?

Jim Hume: I thank the clerks for all their work on the report. It is worth noting that we are obliged to respond to the European and External Relations Committee on our EU engagement. I am sure that members have read the paper closely, but I note for the record that some of the priorities, such as those that relate to the environmental action programme, invasive alien species and maritime spatial planning, have been very appropriate issues for the committee to concentrate on. Furthermore, our other EU engagement, which has been primarily on the common fisheries policy and the common agricultural policy, has also been timeous.

I draw members' attention to the list of future initiatives, two of which might be appropriate to the committee.

The Convener: Thank you for that work, which we consider important. As ever, we will report back to the European and External Relations Committee. Do we agree that the paper is an acceptable response to the European and External Relations Committee?

Members *indicated agreement.*

The Convener: Our next meeting will be after the October recess, on 24 October, when we will take evidence from the minister on the draft budget.

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

For details of documents available to
order in hard copy format, please contact:
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@scottish.parliament.uk

e-format first available
ISBN 978-1-4061-9700-6

Revised e-format available
ISBN 978-1-4061-9715-0

Printed in Scotland by APS Group Scotland
