

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 21 June 2005

Session 2

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ENTERPRISE AND CULTURE COMMITTEE

15th Meeting 2005, Session 2

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

*Richard Baker (North East Scotland) (Lab)

*Chris Ballance (South of Scotland) (Green)

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

*Murdo Fraser (Mid Scotland and Fife) (Con)

*Michael Matheson (Central Scotland) (SNP)

*Christine May (Central Fife) (Lab)

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

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Mark Ballard (Lothians) (Green)

Fiona Hyslop (Lothians) (SNP)

George Lyon (Argyll and Bute) (LD)

Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

Mr Brian Monteith (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Dr Gary Crawley (Science Foundation Ireland)

John McGlynn (Airlink Group)

Neal Rafferty (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Douglas Thornton

ASSISTANT CLERK

Seán Wixted

LOCATION

Committee room 6

Scottish Parliament

Enterprise and Culture Committee

Tuesday 21 June 2005

[THE CONVENER *opened the meeting at 14:03*]

Business Growth Inquiry

The Convener (Alex Neil): Welcome to the 15th meeting of the Enterprise and Culture Committee this year. We have received no apologies. I ask members to switch off mobile phones.

We move straight away to item 1. I welcome Dr Gary Crawley from Science Foundation Ireland. I think he was born in Airdrie and spent the first few days or months of his life in Coatbridge and is now back visiting Scotland. I extend Dr Crawley a very warm welcome. He has very kindly come to give us a 15-minute presentation on behalf of Science Foundation Ireland, after which I will invite questions from the committee.

Dr Gary Crawley (Science Foundation Ireland): I begin by thanking you for the invitation. It is my honour to be here in this beautiful building, which I saw for the first time this morning. I will say a little about my history. I was, indeed, born in Scotland, just down the road, and I lived here for about 10 years before my mother emigrated to Australia. I therefore grew up in Australia and attended the University of Melbourne. I was later a foreign student in the United States of America.

Essentially, I made my career in the US as a physicist. Among other things, I worked for the National Science Foundation for a couple of years, running its physics division. I went back and forth on sabbatical and worked in France and various other places. I most recently finished up as dean of science at the University of South Carolina, in the city of Columbia. About a year ago, I came over to Ireland, to work at Science Foundation Ireland, and I have been there since last September. As you can appreciate, I have not had much experience at SFI, but I hope that I know enough to give members some idea of how we operate.

I understand that the committee is interested in acquiring information about how the Irish Government strategised to form SFI, about how SFI operates in practice, about its history and about some of its successes and what we are doing now. I will try to do that fairly quickly and then give members the opportunity to ask questions.

I have about a dozen slides to show the committee. The Irish Government enjoyed great economic success in the 1990s, and is really interested in continuing that. How can that be done? The Government decided that it wanted to move Ireland along a research and development driven and innovation-driven value chain and sought as far as possible to attract and grow research and development activities in Ireland.

There are a number of ways to do that. First, the Irish Government can seek to attract and broaden the activities of multinational corporations—I will give examples of that. The Investment Development Agency Ireland has been tremendously successful in doing that for Ireland, and SFI works closely with IDA Ireland in helping to attract multinational companies to Ireland. Secondly, the Government can be supportive of indigenous small and medium-sized enterprises, including start-ups. We do not work as much with Enterprise Ireland—EI—as we do with the IDA. SFI is a key component of the strategy in Ireland. Our goal is to build research excellence, both by attracting and sustaining very good researchers and by fostering university or academic interaction with industry and interaction between universities.

SFI is a very new organisation. A number of years ago, the Irish Government commissioned a report, to which it really paid attention. It was known as the technology foresight study, and was published in April 1999. The group that carried out that study recommended one particularly interesting thing. It stressed that there should be focus; we should not try to cover all areas of science but should instead make a strategic decision to focus on two areas, which were information and communication technology and biotechnology. Those were, and continue to be, the main thrusts at SFI.

SFI was officially launched in July 2000. Its budget is estimated or planned to be about €650 million over a five-year period. It is organised under the Department of Enterprise, Trade and Employment. The director general, Bill Harris, was appointed in September 2001, so he has not been there for four years yet. SFI became a statutory body in July 2003. Its current annual budget is about €120 million or €130 million, depending on the year.

As I said, there was an initial focus—which continues—on biotechnology and ICT. Two years ago, we broadened our mandate to fund a wide range of sciences that range from astronomy to zoology, under what we call the frontiers engineering and science directorate, which I head.

The current slide mentions the strategic focus on people, ideas and partnerships. I will go into a little more detail about the process that we use. First of all, our processes are all designed to be extremely

competitive. The search for quality and excellence is our key task. We look to fund first-class people and, as I mentioned, we focus on ICT and biotechnology.

The next slide is pretty busy and shows the range of programmes that we fund and how we fund them. We are willing to fund with fairly large amounts of money. For example, in response to competitive proposals that are evaluated, we fund research fellowships at a rate of up to about €1 million a year for five years. The fellowships are given to people from within Ireland or from elsewhere. We pay their salaries and the salaries of their support staff, and we provide funding for equipment. We also fund research professorships, which do not involve quite as much money but which attempt to get quick returns. If we see an opportunity and need to respond quickly, we are willing to invest up to €500,000 a year on small proposals that are based mainly on the vita of the person. We use the research professorships in areas in which we think there will be a noticeable gee-whiz effect if we are able to attract the person to do a certain piece of work in Ireland.

Each year, we can also award 10 President of Ireland young researcher awards that are for investigators who have had their PhDs for less than five years. The investigator award is our bread-and-butter award. It involves a wide range of funding options, from as little as €50,000 up to €1 million, and typically lasts for four years. That is the most common kind of award that we give in the ICT and biotechnology areas. The average award is closer to €1 million than to €50,000.

The programme that I run broadly underpins the other areas and funds everything from astronomy to zoology. Our grants are, typically, €200,000 a year. In the past year, we had 700 applications and made 128 awards. That is a success rate of 18 per cent, which means that the system is extremely competitive. The average direct cost of the grants was about €150,000 over three years.

The other kind of award that is extremely important is the centres for science, engineering and technology—or CSET—award, which involves partnerships between universities and industry.

We have a range of smaller awards that fund undergraduate research, which can be a great recruiting tool to get people into graduate school. We do not have a great mandate in relation to secondary education, but we like to reach into the high schools in order to feed the pipeline, as it were. To that end, we have the science teacher assistant researchers—STARs—programme, which brings science teachers into universities to work with researchers during the summer. Our visitors awards bring people from overseas to work in Irish universities. Along with all of that, we have workshop and conference grants.

At this point, I will say a word or two about the process of making awards. Because Ireland is a small country, we predominantly use non-Irish reviewers because, if we used Irish reviewers, everyone would know everyone else and problems would be caused by the fact that some people would be viewed as friends and others as competitors. We feel that, in order to get a fair and objective evaluation of a proposal, we have to go outside the country. For example, on the research frontiers programme, 85 per cent of our reviewers were non-Irish and were instead from the United States of America or Europe.

14:15

Another thing that is different from a lot of the European funding programmes is that the technical staff are professional scientists. Typically, they have been university professors, like me. That means that we, the staff, make the final recommendations on funding, including the budgets—it is not the panels or the reviewers who make the decisions. The staff listen to the input from the panels and reviewers, but the ultimate responsibility for final funding recommendations falls on the technical staff at SFI. Those recommendations by programme officers are reviewed by an executive committee of half a dozen SFI directors, who then make final decisions.

The reviews are sent anonymously to all applicants. They are sent to those who received awards and those who do not—the declinations—and all can react to them. They can submit new proposals if they wish and try again for funding. I can give the committee more details about that, if members wish it.

Members are interested in the links between business and industry; the centres for science, engineering and technology are a great example of that. We make some of our biggest awards to the CSETs. Funding can be as much as €25 million over five years, which is renewable once, so a CSET could receive a 10-year €50 million award. We do not provide that funding up front, of course; we review continually as the award is made. The CSET is a true centre and we try to get groups of people, often from more than one institution, working together in one area. I will give members some examples of that.

There is a requirement for a CSET to work in partnership with industry. Before an award is made, a CSET must demonstrate an existing link to industry. That link is demonstrated by industry's providing at least 20 per cent of total funding for a project, which can be in the form of salaries for its own people to work on the project, for providing equipment or whatever. There are various options.

The CSETs are funded only in the two strategic areas of ICT or biotechnology—the choice to do that was made early on. The key to funding is research excellence. We carry out reviews very carefully and would only make a CSET award to a project that we thought was really excellent science. We try to find an outstanding director who is really driven and motivated to lead such a project. We have been very fortunate in that the directors of the half dozen CSETs that we have founded so far have been distinguished and capable people.

The other element of the CSETs is that they have educational components that focus on graduate education in particular, but they also reach out to the public. It is important that the public who pay for science understand the importance of it and why it is useful, although I guess that I do not have to explain that to the committee. At SFI, we believe that it is important to communicate with the public.

Members will see on the current slide some examples of our biotechnology CSETs. The alimentary pharmabiotic centre is at Cork. It has links with Procter and Gamble Ltd and with another company called Alimentary Health. The next CSET on the slide is the centre of human proteomics at the Royal College of Surgeons in Ireland. It, too, has links with public companies. Tim O'Brien's regenerative medicine institute in Galway has links with Aerogen (Ireland) Ltd and Medtronic Ireland.

The next slide shows the ICT CSETs, which have links with Hewlett Packard, Intel and Lucent Technologies. Those companies are all collaborators with the centres. The centre for research on adaptive nanostructures and nanodevices is at Trinity College in Dublin. We have founded six CSETs in different fields so far.

I will mention another kind of industry partnership; it is an interesting programme that does not involve large amounts of money. In the case of programmes that have already been funded and internationally reviewed, such as an investigator programme or a CSET, and in which we have invested having decided that it represents high-quality research, we are willing to become a partner with industry. If industry wants to send post-doctorate or graduate students to work in such a company for a time, we are willing to make extra investment of up to €50,000 a year to help facilitate that, either for people from industry to come and work in a lab with academic researchers or for post-docs or students to go the other way. That is another programme that is growing; there has been increasing interest in it.

To summarise, SFI plays a key role in the R and D strategy of the Irish Government. We invest primarily in people, in ideas and in partnerships.

SFI's focus is on biotechnology and on information and communication technology, but we also fund a broad range of programmes at a lower level in science, mathematics and engineering. We have a range of funding mechanisms, which I have tried to illustrate, and our processes attempt to be as fair, objective and accurate as possible in selecting the highest quality proposals for funding.

The Convener: Thank you, Dr Crawley, for an excellent presentation. That was fascinating to say the least. I will kick off by asking you two general questions.

Our main focus is business growth and the Irish Government has set up SFI, driven by the need to maintain business growth as part of its business growth strategy. First, what has been the impact to date on business growth in Ireland? What is the potential impact of future work? Secondly and more specifically, one of the problems in Scotland is that we have one of the lowest percentages of gross domestic product being spent on business research and development. We are good at public sector R and D, but we are poor on scale. To put it into perspective, Nokia spends more in a year on R and D than the whole of Scottish business put together. What impact has SFI had on the level of business R and D?

Dr Crawley: Ireland is not terribly good in that measure either, but part of the motivation for SFI is to try to improve that. It is still a problem in Ireland, to be honest, although I do not know the exact numbers. If we want businesses to come to Ireland, and especially if we want them to do research in Ireland, there needs first of all to be a pool of qualified people there. That is where the Irish Government sees SFI as helping. There needs to be an environment of active research in the universities and in the country, so that businesses can call upon that pool of talent to fill their positions. Part of the motivation for SFI is to provide that background of qualified, high-quality research activity and education in research.

In addition, we work with agencies such as IDA Ireland in trying to attract companies into Ireland. When businesses are considering in which country to place a facility, they consider issues such as the research environment and the people upon whom they can call as employees. We work closely with the IDA to try to recruit, to bring in companies and to set up close links. HP and Bell Labs are good examples. I mentioned the nanoscience centre at Trinity College in Dublin: the head of Bell Labs in Ireland, Lou Manzione, has an office in Trinity. That kind of interaction and partnership helps to encourage companies such as Bell, Lucent Technologies, Intel and HP to come to Ireland. We are at the early stages. We can point to some successes, but we are talking about investment in the future, which will need to be sustained. We will

know how successful we are in perhaps 10 years' time. One thing you can be sure of is that if you do not do it, it will not happen.

Christine May (Central Fife) (Lab): Thank you, Dr Crawley. That was interesting. I have two unrelated questions. First, do you know what view the European Commission has taken on your activities? After you answer that, I will ask you a bit more about CSETs.

Dr Crawley: The European Union has a somewhat different way of arranging its funding. I am a little biased and am without an awful lot of knowledge, so you should really put a big error bar on what I am saying. I have not been in Europe or Ireland very long, but the sense that I get is that the funding mechanisms in Europe are panel driven and somewhat more bureaucratic than they are in Ireland. We try to be fast and flexible in our funding and we try to make it easy for the researchers to apply. We try at the same time to give them a fair and objective judgment from world-quality reviewers, which I think they appreciate. We hope that they would use that funding to leverage further funding from the EU. We have to be careful to continue to promote that.

You asked how the EU views our activities. I do not have a lot of hard evidence of this, but we get the sense that it is interested in the SFI model. Bill Harris, the director general of SFI, was asked to chair an EU committee on funding of basic research in the EU; the report is just about to be released. The fact that Bill was chosen is indicative of the EU's interest in the SFI model. We also had many requests from individual countries, rather than from the EU, to talk about the SFI model. There is interest in our somewhat different model of funding scientific research.

Christine May: Do you see any parallel between what you are doing and the intermediary technology institutes, which Scottish Enterprise is funding, or are they at a level beyond what you are looking at?

Dr Crawley: I do not have enough information about the ITIs to answer the question; I can perhaps answer it slightly obliquely. Within Ireland, there are eight or 10 institutes of technology, all of which have a slightly different character—the universities themselves all have somewhat different characters, too. The institutes of technology compete for SFI funding. Of the 128 grants, most were made to universities, but a smattering—half a dozen or so—were made to researchers in the institutes of technology. I do not know whether the situation is similar in Scotland.

Christine May: It is not—the intermediary technology institutes take the successors of proof-of-concept funding projects, which are not quite market ready, to the next stage. There were to be collaborations with industry and so forth.

I will move on from there to ask about the CSETs. Although your list shows that they are firmly lodged within one institution—

Dr Crawley: I did not mean to suggest that.

Christine May: I was about to ask about that. To what extent do, say, the engineering departments of three different Irish institutions collaborate?

14:30

Dr Crawley: We would love to see more collaboration, which we encourage. Different institutions already collaborate to some extent but not as much as we would like. In reality, such projects tend to have a main focus in one institution with links to individuals in other institutions. Collaboration among institutions has not spread as well as we would have liked. Part of the reason might be that, if such programmes are to work, they need a dedicated individual with the motivation to make things happen. Such individuals tend to be sited in one particular place, so the leadership that they provide means that things tend to gravitate around that particular person. We would like to see more inter-institutional activity.

Christine May: My reason for asking is that, when I visited the chemistry department of the University of St Andrews on Monday last week, I learned about its involvement in EASTCHEM—the Edinburgh and St Andrews research school of chemistry—which is a collaboration between the chemistry departments of the University of Edinburgh and the University of St Andrews. EASTCHEM is a separate body, albeit that staff are still located in their two parent institutions. I found that an interesting model, so I am interested to hear your comments on that.

Murdo Fraser (Mid Scotland and Fife) (Con): Good morning, Dr Crawley. In your presentation, you said that the agency decided to concentrate on the ICT and biotechnology sectors and that the engineering and science sectors were added later. What process arrived at those sectors being chosen?

Dr Crawley: Historically, the spec was given in the report of the committee that I mentioned, which met to consider where Ireland's strengths stood at the time and to look ahead to consider what scientific areas would have most economic impact over the next 10 years or so. The committee's judgment was that we should concentrate on a few areas rather than try to do everything. In its wisdom, it selected those two areas for the next 10 years, which was a pretty good judgment.

Later on, people realised that we should not say that those are the only areas in which things will ever happen and that we should also prepare for the time beyond that. Who knows what the next important area of economic progress will be? Materials science in some fashion and environmental measurement are among the many possibilities. For that reason, the decision was taken to build up a broad base of additional support for a range of sciences and for engineering.

Murdo Fraser: You said that concentrating on those sectors was a good judgment. At this stage, is there evidence to support that or is it too early to say?

Dr Crawley: A fairly large number of multinational companies in those sectors have come to Ireland. We also have quite a substantial indigenous Irish industry in areas such as pharmaceuticals and biotechnology. It is perhaps too early to say, as our agency is still very new, but the indications are that the judgment has been reasonably successful. Another way of looking at the matter is to compare what other countries have done. I think that China had a similar exercise that made somewhat similar judgments on which areas are important. I think that Ireland made a reasonably wise decision.

Murdo Fraser: However, if we all pick the same areas, we will all be in competition with each other.

Dr Crawley: That could be a problem, so I would not necessarily advise Scotland to concentrate on the same areas. Scotland needs to look at its own strengths and where it is coming from.

The Convener: It is interesting that two out of our three ITIs match the sectors on which your agency has concentrated. We have an ITI for ICT and an ITI for life sciences and biotechnology. For obvious reasons, the other ITI is for energy—we are in Scotland. However, the Irish are now entering the oil industry as well.

Mike Watson (Glasgow Cathcart) (Lab): Welcome, Dr Crawley. Having scanned your impressive curriculum vitae, I cannot resist asking this question: how influential were your formative years in Scotland?

Dr Crawley: They were very influential.

Mike Watson: I am sure that that is the case.

I was interested in your presentation and in the information that you gave about SFI. I am surprised that it has only been there since 1999 because Ireland's economic resurgence—I was going to say renaissance—began in about 1990. Therefore, it was almost a decade before anyone spotted the need for such a development. I accept that you were not there at the time, but do you know what happened before?

Dr Crawley: The story I hear is that people realised that the economic boom was based on the high quality of education in Ireland, the workforce that that provided and the large amount of manufacturing that was going on, but that things could not continue in that way. Eventually, the manufacturing would follow the low wages and go elsewhere, so they had to decide on the next step to take. That is what motivated the setting-up of SFI.

Mike Watson: So it was about building on economic success.

Dr Crawley: Yes, and the money was available to make that investment.

Mike Watson: You listed various grants that are available through SFI. The research professorships are about attracting outside scientists and engineers and investigator awards are about attracting outstanding talent in Ireland. Are there any links between those programmes or are they self-contained?

Dr Crawley: I might have misled you about that. Most of the programmes are available to scientists outside Ireland provided that they come and work in Ireland, or to Irish academics. I mentioned the research frontiers programme, for example, which gives small grants. Several applications for those have come from people in Canada and the US who were interested in moving to an Irish university. In some cases, they were awarded grants before they came. That is even more true of the investigator awards. In biotech, something like 28 per cent of the awards are given to international scientists to come and work in Ireland.

The only programme that is specifically targeted at academics outside Ireland is the research professorships programme. It seeks to attract reputable people who are well known in the scientific community to come to Ireland to work. Decisions on those scientists are based on their CV and one of the questions is whether they have a gee-whiz impact: do people really sit up and take notice when they come to Ireland?

Mike Watson: Thank you; I appreciate that.

You list seven different grants. My question was also about the extent to which they interact, if at all. For example, someone who is involved in a particular research programme could well also be involved in one of the other funding strands.

Dr Crawley: Absolutely. There is significant overlap. For example, an individual participant in a CSET might have their own investigator grant. We could give a research frontiers grant, which is often a starter grant, to someone working in the area of ICT or biotechnology and they could then apply for and sometimes be awarded an

investigator grant. One condition is that we do not want to fund the same work twice, so if someone is seeking funding from two different sources, whether within or beyond SFI, we ask whether it is being sought for different projects, and applicants must convince us of that. If necessary, we will move money around. For example, we might cancel one grant and put the money into another one. The other condition is that the applicants should have enough time to handle the different projects. We make those judgments before we make new awards. Does that help?

Mike Watson: Yes, it does.

On the industry research partnership supplements of up to €200,000, you say:

"There is an expectation of an industry match".

Do you find that industry is willing to come up with the match funding?

Dr Crawley: Yes, we do. Siemens has done it a number of times. Typically, it has matched the post-doctoral salary of somebody who is working at Siemens. It is a win-win situation: the company gets an employee working in a project in which it is interested and we help to pay for that, or one of its employees works in a university for a time and, in a typical case, we cover half of the salary. In that sense, it is a match.

Mike Watson: You mentioned Siemens, but what about indigenous Irish companies? Are they willing to put their hands in their pockets as well?

Dr Crawley: I do not know the answer to that, but I think that they are less willing. The companies that have matched the funding tend to be multinationals, as far as I can remember. I cannot think of examples of Irish companies that have done that.

Mike Watson: My last point is on the CSETs, which, from my reading and what you have said, seem to me to be remarkably similar to our intermediary technology institutes. I am interested in two aspects of the bodies' funding. Colleagues will correct me if I am wrong, but I believe that our ITIs receive up to £15 million each a year over a 10-year programme, so that is £45 million a year for 10 years. You say that the CSETs' grant is

"worth as much as €25 million over five years".

Dr Crawley: That is correct. It is €5 million a year.

Mike Watson: In that case, the CSETs' grant is rather more modest than that for our ITIs, which surprised me.

I also have a question on how the funding is delivered. The ITIs are funded through Scottish Enterprise, which is roughly the equivalent of Enterprise Ireland. Does Enterprise Ireland have a

role as a conduit for the CSETs' funding, or does the funding come directly from the Government?

Dr Crawley: Our funding, which goes to our different programmes, comes from the Department of Enterprise, Trade and Employment. Enterprise Ireland is a separate sub-heading under that department and has a different mandate.

I might be wrong, but it sounds to me like the ITI programmes in Scotland are more like the small business innovation research—SBIR—grants with which I am familiar from the US, in which a project is funded at a low level to start with to take it from the research stage to the development stage. If it succeeds in that so-called phase 1 programme, the project can get a significantly larger chunk of money to take it from the development stage into commercialisation. That sounds more like what you are talking about. Our programmes, including the CSETs, are concerned with research that has a pretty long-term spin-off. The research must be interesting to industry and have the potential for economic pay-off, but it is not at the stage of taking a product into the market. That might be a difference between ITIs and CSETs.

The Convener: To be fair, your summary of what the CSETs do, rather than what the US programme does, is probably a good description of the ITIs' role, which is pre-competitive research and development.

Dr Crawley: Most of the federal agencies in the US have SBIR programmes. The NSF certainly does, as does the Department of Energy.

Chris Ballance (South of Scotland) (Green): I thank you for your presentation and apologise for missing the first two or three minutes of it. Your organisation is called Science Foundation Ireland, but it seems to me from what you have described that the vast majority of your work is in backing technology research and development rather than in pure science. Is that the case? What happens to the intellectual property that is created as a result of your grants: do you retain any of it, does it belong to particular companies that are involved in the research or does it stay with individuals in universities?

14:45

Dr Crawley: I will answer your first question first. I do not like the terms "basic research" and "applied research". We try to get away from that terminology—there is good research and not-so-good research.

Even in ICT and biotech, our work can range over what might be called fundamental research. By and large, that involves people in universities doing the fundamental research to generate new knowledge. In those areas, strategic impact is

required. People must somehow show, especially as time goes on, that they are reaching out to industry and that industry has some interest. That helps such people and is necessary if they want us to continue funding the same project over a period. However, that work is not really in support of technology. Fundamental research is more what we support and that is our primary requirement in making a grant. The frontiers programme, which covers the broad base of knowledge, is certainly like that. In the relevant areas, not even a strategic impact is required.

Intellectual property raises an interesting point. We have found that the Irish universities are still very innocent about intellectual property. They have not been used to thinking about it much. I am used to having a vice-president for research in a university who is conscious of intellectual property. Usually, universities have a well-defined policy and have a contract that they can just trot out to deal with a company. We have observed that that is not true in Irish universities.

SFI retains no intellectual property. How the system should work is that universities should negotiate with companies that they work together with to share intellectual property in whatever way is appropriate. The universities need to gain maturity in learning how to do that. To an extent, we have been willing to help them to do that, because we have staff who have more experience in such negotiation.

Obliquely related to that is the fact that, two years ago, we gave as part of our granting process indirect costs or overhead costs. They are 30 per cent of a grant that is made to an institution that goes not to the principal investigator, but to the institution to support infrastructure growth. Part of that infrastructure is the development of intellectual property expertise. The overhead funds could be used to hire people or to work with lawyers to make a good intellectual property contract agreement with a company. That is just happening now.

Chris Ballance: How important is it that your work creates technology developments and intellectual property that will be of use to companies that go to Ireland versus simply funding an active body of science in Ireland, so that it has a strong scientific knowledge base that companies can tie into? Which of those goals has priority?

Dr Crawley: They are both important. It is clear that one of the most important tasks is to train and produce a qualified and sophisticated scientific workforce. That can lead in both those directions. The ability to have that will attract people into the country.

Making discoveries is more chancy and is hard to plan; it happens now and again and people

benefit from it. I think that how that will work will follow the US model somewhat. In the US, the exercise is more often for small companies. That is starting to happen a little in Ireland. A couple of faculty members who have made a discovery that they think is patentable or has intellectual property value go off and start a small company. History shows that most such companies fail, but some of them really prosper and produce tremendous economic benefit. That is beginning to happen in Ireland, which is another real value.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): Like other members, I thank Dr Crawley for giving us his time and for his fascinating presentation. I have so many questions that I want to ask. Like my colleague Mike Watson, I spent some time reading through your CV. I was intrigued by the fact that you served on the wonderfully named committee on committees—which is the kind of thing that politicians invent.

Dr Crawley: So you do not have one of those in Scotland.

Susan Deacon: Not yet.

Mike Watson asked about the impact of your Scottish roots, but I was struck by the fact that, thus far at least, you have not been attracted back here. You shared with us why you left the country as a child, but can you share anything with us about what attracted you back over the Atlantic, not to Scotland, but to Ireland? Your personal experience might be interesting. In particular, will you compare risk on the two sides of the Atlantic, which is an issue that you raise in your paper? You state that the foundation wants researchers to

“be creative and to develop new paradigms”

and you talk about exploring “daring ideas”. In Scotland, we, too, are grappling with how to foster and encourage a more entrepreneurial spirit and how to encourage people to take risks. Will you share with us some of the ways in which you go about that? A comparison of your time in Ireland with the time that you spent in the States might be particularly germane.

Dr Crawley: I do not know whether my history has much to do with the issue.

Susan Deacon: That was only if you wanted to comment on that.

Dr Crawley: I was taken away as a child, so I had no choice about that. Unlike many of my colleagues in Melbourne, because of an historical accident—my mother was Scottish and my father was Irish, but they met and married in the US—I chose to apply to US universities to go to graduate school rather than to British universities. That formed my career.

We talked about bringing people back to Ireland. Twenty years ago, there was a big exodus from Ireland of, among others, well educated people who could not find jobs, many of whom went to the States. That group has been a tremendous source of people coming back to Ireland. As I said, 28 per cent of our investigator awards are to non-Irish academics, but 50 per cent of those people have Irish roots of some kind—many were born in Ireland and then went overseas. Many people come to Ireland for that reason. Of the staff at SFI, three that I can think of immediately have spent significant amounts of time in the US, although they have Irish connections or were educated in Ireland. That is a common phenomenon.

The other part of your question was about risk, which is an interesting issue. I do not know the Scottish culture so well but, in Ireland, it is still true that people are not allowed to fail nearly as much as is the case in the US. When I was a dean in the US, I tried to encourage entrepreneurship. Because the psychology or frame of mind is important, we brought back alumni who had succeeded in business to tell their stories to our students and post-doctoral workers. They were just like the people sitting in the audience and, time and again, their message was, "I failed the first three or four times, but I learned from that and I went on." At the end of that educational process, they succeeded. That mentality still needs to be developed in Ireland. We are trying to do that by encouraging people to start small businesses. I do not have a slide about that, but there are some examples to which one could point.

Another thing that I was involved in that the committee might be interested in hearing about is a programme called a professional science masters degree, which is like a master of business administration in the sciences. It is a two-year masters degree for people who have training in science, but who do not want to do a PhD. In addition to doing some advanced science, those who take it do business, law and communication courses to provide them with the skills that they will need in business; as part of the degree, they also do an internship in industry for three to six months. Again, the purpose of the programme is to get people over the psychological barrier of thinking that they must be academics if they are to succeed in science, which is certainly not true. All those things tend to encourage the spirit of entrepreneurship, which is very important.

Susan Deacon: I have a question that is partially related to my first question. Will you give a bit more explanation of the funding environment in which you work? I think that you said that you want fast and flexible funding.

Dr Crawley: That is right.

Susan Deacon: I am interested to know how that is balanced with the requirements of public sector accountability and audit processes. There is a link with the question of risk because, at some point, someone might turn round and say, "All this public money has gone into projects that have failed."

Dr Crawley: We feel that public accountability is extremely important. We are based on the United States National Science Foundation model. The buck stops with the professional staff, who read all the proposals that come in. We should remember that, to some extent, they are experts in their area. The staff who read applications for biotechnology grants are biologists and those who read applications for ICT grants are computer science people or mathematicians. Each proposal will be sent out around the world to up to a dozen people whom the staff know are experts in the relevant area. Those people will post back written reviews, which are often a couple of pages long. The staff will read those reviews and will use all the appropriate criteria to make a decision about whether the proposal should be funded. They will recommend the amount of funding that should be awarded, which they will discuss with the appropriate director. There are directors for ICT and biotechnology, and I am a director for the research frontiers programme. The directors, including the director general, then meet to consider all the recommendations and to decide whether to agree to them. Unlike a situation in which a panel is responsible for such decisions, which means that no individual is responsible, the professional staff have a great deal of responsibility.

Susan Deacon: What is the relationship between the foundation and the Department of Enterprise, Trade and Employment?

Dr Crawley: We get a budget at the beginning of every year and it is up to us to spend it. The department requires financial reports, but it does not interfere—at least, not in my experience—with the foundation's day-to-day management of the funding.

15:00

Susan Deacon: So, essentially, as long as it was felt that the overall financial management and practices in the foundation were—

Dr Crawley: There is an advisory board to the foundation. It meets quarterly and all the big grants—over €1 million—have to be formally approved by it. However, with most of the grants, the board must just be informed that a grant has been made. All the areas have advisory committees of Irish academics and we try to reach out to the community, so that it is also involved in

the process. I have an advisory committee for the frontiers programme, which has 10 academics from Irish universities. We meet roughly every quarter; I tell them what we plan to do, we discuss it and we go ahead, but ultimately I have to make the decision.

Susan Deacon: So if politicians were to start asking questions about why one project was funded and another was not funded, would the organisation itself say—

Dr Crawley: There has been almost none of that. I am pleased to say that the process is a hands-off one, which is something that we fought for vigorously and successfully, following my experience with the National Science Foundation in the United States. There has been very little political interference.

Susan Deacon: You made it clear in previous answers that you want to continue to encourage collaboration and you have often mentioned partnerships. Do the criteria that you set out for grant applications lever in collaborative working directly? I was not clear on that point. Would you use funding awards as a means of encouraging collaboration?

Dr Crawley: The CSETs require collaboration, but how do you prove a collaboration? It is not enough to have someone write a letter saying, "I want to collaborate." The companies have to put up as much as 20 per cent of the match funding for the project. They have to put their money where their mouth is, if you like. It is a real requirement.

In other cases, we would just set up the criteria. For example, we are currently considering a mathematics initiative. We believe that there is a real need for more funding in mathematics in Ireland, so I put together a small committee of mathematicians to discuss the possible criteria. One of those criteria was collaboration between institutions. When there is a review of those proposals, the criteria will be sent to the reviewers, who will be asked to comment on how well they think the proposals meet the requirement for inter-institutional collaboration or for collaboration with industry. That will be part of the process.

Michael Matheson (Central Scotland) (SNP): I was interested in your presentation and particularly in what your written paper says about the SFI system for identifying proposals and considering how to develop them. Could you give us some idea of the level of demand for SFI, in terms of the number of proposals that are made and the type of backgrounds that they come from? Are they predominantly from academia or are they from a combination of academia and industry?

Dr Crawley: The proposals all originate in a third-level institution in Ireland. We do not fund

business directly. The money goes to a third-level institution, so all the applicants are faculty or staff at a third-level institution in Ireland. They do not have to be there when they make the application, but when we fund them they have to move to an institution in Ireland.

Demand is significant. At the moment, we fund about 450 grants, but in ICT and biotechnology the typical success rate is around 30 per cent or less. Last October, 700 proposals were submitted to the frontiers programme. In March this year we funded 128 of those. That is an 18 per cent success rate, so there is tough competition for funding. We have to deal with a lot of proposals for the 450 grants that we make.

In addition, we do not just make the grant and forget about it. We have 107 on-going grants that were funded a year ago. My staff and I have visited roughly half of those and we plan to spend quite a bit of time this summer visiting the rest of them. Before we decide to make the grants for a second year, we visit the principal investigator in his or her institution, talk to their graduate and post-doctoral students, find out how things are going and ask whether there are any problems or questions. The process is very hands-on and interactive. We do not just make the grant and forget about it. Frankly, applicants and faculties appreciate that.

Michael Matheson: You mentioned success rates of 30 per cent in the ICT programme and 18 per cent in the biotech programme. Is that correct?

Dr Crawley: I think that the success rates for ICT and biotech are similar. I believe that they are both around 30 per cent. I do not have good numbers for that, however, and the rates probably vary from year to year.

Michael Matheson: What proportion of those who have gone through the programme will be successful in developing something that can be taken forward either commercially or into further research?

Dr Crawley: That is not the only measure of success. Unfortunately, I cannot give you a good answer, because SFI has not been going long enough. Our grants have been going for at most three years and none has reached the end of its time. Our criteria for measuring success include producing trained people, for which there is good evidence that that is happening; producing quality publications; getting Ireland on the map as a place where good research is done, which is happening already; and interactions with industry, examples of which I have pointed to. Those are indicators of success to which we can already point. Two companies are being formed by grantees based on work that was done with SFI funding. However, I cannot yet point to a list of patents that have emerged.

Christine May: I have a quick supplementary on your answer to my colleague's first question. Of the applicants who were unsuccessful, do you know whether any of them has gone on to receive support from other sources? In making any judgment, you are likely to discard some good projects.

Dr Crawley: I agree that the accuracy is by no means 100 per cent. We can only be so good. I am sure that there are some examples, although I do not have numbers. However, I know that in a number of cases where we have turned down applications and given the applicants the reviews from the expert reviewers, they have come back to us and been awarded grants, so there is a process of learning how to write better proposals and do better science.

Christine May: That is interesting.

The Convener: But the interesting thing is that, as with the ITIs here, there is no shortage of good projects.

Dr Crawley: I am going to Limerick tomorrow, where one of the things that I will do will be to talk to any faculties that are interested. I will tell them about the programme and what I have learned from the funding process this year, giving them advice about how to write better proposals for next year.

The Convener: Your written and oral evidence has been very helpful. Thank you very much.

Dr Crawley: It is my pleasure. I am pleased to be back. Thank you all for the invitation.

The Convener: I welcome John McGlynn, founder member of Scotland House in Tallinn. It is interesting that Dr Crawley's evidence identified the international marketing of Ireland as one of four economic growth factors. That is a major issue in relation to business growth. John McGlynn has been involved with the recent establishment of Scotland House in Tallinn as a forerunner of similar ventures elsewhere. We have received a paper from him and I invite him to say a few words by way of introduction before we ask him questions.

John McGlynn (Airlink Group): Good afternoon. The committee will have seen the paper on Scotland House. I am happy briefly to run through a few more aspects in supplementary oral evidence.

When I first went to Estonia—it must have been around three years ago—to consider how to take advantage of the EU's expansion, which presents the biggest business opportunity that there has been not only for Scotland, but for Europe, I was amazed by Scottish companies' lack of interest in taking advantage of the marvellous opportunities that presented themselves. We firmly wanted to

get on to the EU expansion trail and to take advantage of the opportunities.

I was introduced to Estonia by accident rather than by design. When I went there, I found that it was a good marketplace. It is a key strategic market, with Russia just to the east, Scandinavia to the north and the rest of the accession countries to the south. From a strategic point of view, a better country could not be picked.

The size of the market is critical. A market of 1.4 million people is very small—many people have seen that as a big disadvantage, but I thought that it was the country's biggest advantage, given the cost of entry to the marketplace.

The key theme that we found was that we do not know many people out there. There is no network, so how can people get things done? We found that the biggest barrier to Scottish companies opening abroad was simply cost. Over a beer in Tallinn, we worked out how we could get over that hurdle. The concept that we discussed was simple: a central support agency could be set up with somebody to collate all the data. I am talking about something a bit beyond the public sector support that has existed, whose value I would never seek to underestimate. Something for business by business was needed because, by their nature, Scots feel more comfortable if they can, as their first port of call, talk to somebody who has been through the same situations.

We opened Scotland House unofficially around a year and a half ago and it has been very successful. The building was not physically there, but the spirit was. In mid-2004, there was a trade mission to Tallinn involving around 80 companies and co-ordinated with the help of the Scottish Council for Development and Industry, whose assistance with the process has been fantastic. That trade mission went well. We stole ideas from the Irish, who were successful at getting their presence felt as a result of following a performance of "Riverdance" with a trade mission. We took a pipe band over, which worked well. The centre of Tallinn came to an absolute standstill and the pipe band was the talk of the town that week. Basically, the message was that the Scots are here. Lots of business was done.

After that, the concept evolved. Reid Kerr College—which is my local college in Paisley, where my business is—invited me to talk to students and to get involved in the academic side of business. I took up the challenge. A chap there—Sandy Nelson—instantly saw that there was a big opportunity for education and was quick to jump on the Scotland House bandwagon, if I may put it as bluntly as that. He said that the college faces exactly the same business problems that we face. It is a business that sells education and that must get students, who are its customers.

The idea evolved that Scotland House could also assist educational establishments and it has therefore grown into a business and education service and support mechanism.

I read in today's papers that the fresh talent initiative is again under fire, which is appalling, as it is a very good scheme. The country needs people coming into it. Some of our business clients have started to work with educational establishments and one thing that we are working on is trying to co-ordinate work and study packages. A big barrier exists. If we want people to come to study in Scotland, they must get jobs, but there are many barriers and hurdles because foreign countries are involved. Our team of people in Tallinn and in Scotland work with all the parties to try to pull things together with the public agencies to achieve the results that we need.

I have more to say, but I do not know whether I should continue or whether members want to cover the issues by asking questions.

15:15

The Convener: We will start questioning—if you think that we miss something, you can raise it. I will start by asking whether there is a Scotland House building in Tallinn. If so, who works there and what do they do?

John McGlynn: A number of high-profile entrepreneurs in Scotland are interested in supporting Scotland House. I stress that Scotland House is a not-for-profit organisation—the approach came out of one of my directorships, because I am a director of the Entrepreneurial Exchange and it is drummed into us that we should work hard, play hard and give something back. Given the problems that we had encountered, we thought that a few of us could get together and give something back through Scotland House. There is a project manager in Tallinn, who is 22 years old. This year, he will co-ordinate projects that will run into millions of pounds sterling.

The Convener: If I wanted to export to Finland, would he help me, or could he help me only to get into the Estonian market?

John McGlynn: In theory he could help you, but Scotland House in Tallinn is principally focused on people who want to do business in the Scottish and Estonian markets. You should wait for Scotland House Finland to open.

The Convener: When will that happen?

John McGlynn: Very soon, given the rate at which things are happening. It might happen sooner if we receive assistance.

Richard Baker (North East Scotland) (Lab): I understand that you focus on activity in Estonia, but my question is more general. Could Scottish companies do far more to take advantage of the opportunities that are presented by new and prospective members of the European Union? New markets are opening up, not just in Estonia but in south-east Europe.

John McGlynn: I have no doubt that the enlargement of the EU represents the biggest opportunity that business has had for a generation and that it will continue to represent a huge opportunity. We have only to consider the changes in the marketplace and the opportunities that are presented. Scottish companies should jump on those opportunities. However, it is easy for someone to say that if they have already taken advantage of the opportunities; business is risky enough without a company taking on additional burdens for which it is not geared up.

That is why we wanted a support network. The key point about Scotland House in Estonia is that it is more than just an office; it offers a network of contacts. A few prominent Scottish businesses operate on the ground in Estonia and have huge networks, of which we can take full advantage. We need to co-ordinate such activity, because I am sure that the same opportunities are presented in all the accession countries and elsewhere. We need to identify people who will champion—and almost adopt—the local office while they run their United Kingdom business. We need people to take on the local office as a project, co-ordinate activity, find local networks and make things happen on the ground.

Richard Baker: To what extent should organisations such as Scottish Enterprise support such initiatives?

John McGlynn: Any support that Scottish Enterprise or other agencies can offer would be fantastic. However, I stress that I regard our activity as complementary to the work that the public sector does. There could be more co-ordination and joined-up working, but we must all get together if that is to happen. The roll-out of the Scotland House initiative offers an ideal opportunity to present information to the committee. I hope that in due course we will receive feedback from you on how you think that we might work with other agencies to progress our activities.

Richard Baker: Investment overseas has been slow and there is considerable room for growth in that regard. You mentioned barriers to doing business overseas, such as a lack of information or awareness of the culture and an unwillingness to take risks and say, "This is a gamble, but let's invest because the potential for expansion could be huge." What other key barriers are there?

John McGlynn: People need to be made aware. There is general awareness of the opportunities in the marketplace. For example, I am aware of the SCDI's work in organising trade missions around the world, for which it should be commended by everyone, because it provides a great service. I know of three major trade missions to Estonia that the SCDI organised, which included a great number of people and led to a great deal of business being done. I do not think that we are doing anything wrong; we should just do more of what we already do right.

I am not sure what the current situation is, but I am aware that some of the trade mission rules are changing, so that there will be single-sector trade missions in future. That is a huge error. If someone sells widgets, for example, the last thing that they will want to do is go on a trade mission abroad with 12 other people who sell widgets to talk to one key person. There would be a bunfight to establish who got to speak to him first. The multisector SCDI way of organising a trade mission is the model that works. It is proven, tried and tested, and it works.

Richard Baker: The issue is not identifying the markets; it is ensuring that the support mechanisms are over there, supported from here, so that our companies can succeed in those markets.

John McGlynn: It is all about local knowledge. If someone tries to come to Edinburgh or Glasgow to do any sort of business, there must be somebody on the ground who understands the market, the people and the culture. For example, the cultures in Glasgow and Edinburgh are slightly different in many ways—as elsewhere in Scotland and the UK, there must be someone local on the ground.

Christine May: I find this absolutely fascinating. I can tell the convener that, if he wants to trade with Finland, the office of Scotland Europa in Scotland House in Brussels shares a floor with the Finnish folk and he can talk to them there.

I am interested in what Mr McGlynn has done, and I would like to turn his question to us back to him. You asked what the committee can do. You have responded to a gap. What was it that sparked you and could the same thing spark other business people with the same sort of knowledge of other parts of Europe, especially EU member states? Can we do anything to rub the sticks together to make that spark?

John McGlynn: I think that you can. Estonia has been a great model for us, and we have made a lot of investigations into how we can roll the process out. I find it incredibly good fun. In business, if you do not enjoy what you are doing, you should not do it. This is almost like time out

from my day job, as I am doing something that I enjoy. I hope that, ultimately, it will be worth while as well.

Christine May: We feel like that about politics.

The Convener: Speak for yourself.

John McGlynn: It works both ways. I have had a couple of meetings with Colin Roberts, the British ambassador to Lithuania. He is a great chap and Lithuania is very much on our list of target countries to go to next. We must respond to the demand of Scottish companies. We are currently working through all the accession countries, to work out where the next big opportunity will be for Scottish companies.

The next Scotland House to open will be in India—in Delhi—next February. A good friend of mine, Charan Gill, who will be our local champion, is very familiar with the Indian market and did not take a great deal of persuading. There are 5 million people in Scotland, but there are 1 billion people in India, so the chances are that there are some pretty good opportunities to be had with the local knowledge and support that Charan Gill and his team will bring to that venture.

The new Emirates route from Glasgow airport has made that proposition viable. If Charan had discussed it with me a year ago, I would not have been anywhere near as enthusiastic. Connectivity is the key to Scottish business success. If people cannot travel somewhere easily, they will not go there. For example, it is a long haul to get to Estonia on some routes, which puts a lot of people off. Getting from point A to point B can take eight, nine or 10 hours. That is one negative aspect—it takes a long time to get there. A flight to the United States or Canada would take the same amount of time. That is one thing that we have to push hard at changing. The more people who travel, the easier it will be to put new routes on.

I had a meeting with Emirates last week, at which I was told that the company is scaling up to one of the biggest planes that it can fly, which will carry more than 400 passengers every day. That is a great success story for Scotland and for Glasgow airport.

Christine May: It seems to me—you may correct me if I am wrong—that your message is that we should create the conditions to enable business to do business easily and that the connectivity issues for business will be resolved by business people themselves.

John McGlynn: I agree with the majority of what you say, but there is a bit more to it than that. There is a dichotomy. If people travel more, the routes become more viable. We have been amazed at the number of Scottish politicians who have visited Tallin. When Helen Liddell was the

Secretary of State for Scotland, she came over and that created a huge wave of publicity, which was great. Tavish Scott and Alex Salmond have also been over. Such visits really help because, in a small country of 1.5 million people, a Scottish MP or MSP hitting town is a big story and the publicity that we can help to generate around that in terms of trade missions and so on makes a big difference. I would encourage all members to travel more. [*Laughter.*] Strictly in the interests of business, of course.

Murdo Fraser: I am sure that we would all welcome an invitation to Scotland House in Tallinn. I would be delighted to go back there.

John McGlynn: There is an open invitation to any member of the Scottish Parliament.

Murdo Fraser: As you know, our inquiry is into business growth or, more precisely, the lack of it. You have been developing links with Estonia and your paper says a little bit about the economic climate there. We know that Estonia has experienced significant economic growth in the past few years. What lessons can Scotland learn from Estonia on public policy and creating a climate that will allow business to flourish?

The Convener: Apart from independence, of course.

John McGlynn: That would be a political point, convener, and I would not be qualified to comment.

The Convener: I could not resist it.

John McGlynn: The economic conditions in Estonia are unique and remarkable. The Estonians have a policy of encouraging inward investment and business growth. Consequently, they have made it attractive for companies to set up shop in Estonia and have given them lots of support. The most important factor is that they have 0 per cent corporation tax on reinvested profits. That sends out a message to companies that, if they are serious about growing their business—which means expanding, employing more people and contributing back to the central pot in many ways—they will get a good deal. That might not amount to huge sums of money in terms of public savings, but it sets the tone for businesses that are thinking about locating in Estonia and it lets those businesses know that the Government is serious about doing business—it instantly gets their attention. Furthermore, the red-tape system there is far simpler and more transparent than it is elsewhere. Businesses tend to know what the rules are and do not have to get involved with complex red tape in a variety of guises. I am not sure what Scotland can do in that regard, but Scottish business would welcome it if we could learn anything from the accession countries.

Murdo Fraser: The situation seems to be to do with having a business-friendly environment and a Government that has signalled that it regards business as its top priority.

John McGlynn: Yes. As the paper says, in November last year, the Estonian Prime Minister accepted an invitation to come to Scotland to have dinner with 10 to 15 key people in Scotland, most of whom were business people who were serious about investing in Estonia. The Prime Minister issued an open invitation to all of them to call his office if they were serious about doing business in Estonia and said that, if they did so, he would point them in the right direction. That declaration was the final straw that led to my decision to set up Scotland House in Estonia. Having that kind of direction from the top is extremely encouraging.

The Convener: I am sure that that is music to your ears, Murdo.

Mike Watson: I am interested in the Scotland House concept. About three years ago, I was at an event that was—I think—organised by Scottish Development International. It was specifically about businesses going into the new European Union member states. A lot of resources were being put into telling Scottish business what it should be doing.

Earlier, you acknowledged what the public sector has done in terms of trying to stimulate Scottish industry to take up opportunities, but you then said that you have done what you felt you had to do because Scottish business was not responding to the many opportunities that the enlarged EU offers. How do you now relate to the public sector? I presume that SDI is still trying to do things in Estonia and other accession states. Do you work with SDI or in parallel with it? I am sure that you do not work in competition with it.

15:30

John McGlynn: We have not so far met many representatives of the public institutions. From all the lessons that I learned from the Entrepreneurial Exchange in Scotland, I know that it is really about the local network, local connections and a local presence, rather than funding. The question of how we get funding and assistance is a secondary concern; we have not even examined that issue, to be perfectly honest.

The main criticism of SDI is that it is going to be managing the provision of assistance in Estonia from an office in Germany. That is my understanding, although I am not 100 per cent sure whether that is entirely true and can be relied on—it is what I have read in the press. If that is the plan, it is like me telling the committee that I will try to run my Hull office from Wales. That will not work; someone local is required. We fully

appreciate that public sector resources are not unlimited, but we have pointed out that Scotland House in Tallinn has been 100 per cent funded and run by the private sector.

We believe that the opportunity is big. We have a presence in India because of Charan Gill's knowledge of that market. I have never been there, although I will be going in August, prior to the opening there. I do not know anything about that market, other than the fact that it has a billion people. My common sense and gut instinct tells me that there must be great opportunities for Scottish companies there. If there were a more co-ordinated approach that was led by the private sector and which was joined up with all the bodies involved, great things could happen.

The fact remains that businesses like to talk to businesses. Whether people agree or disagree with that, it is a fact. I was recently e-mailed an *Official Report*, or *Hansard*, quotation from Westminster, which said that the British embassy in Tallinn has had many inquiries from Scottish companies wanting to go to Estonia, but not one inquiry from an Estonian company wanting to enter our market. We officially opened in February this year in a wave of publicity and we now have a list of more than 80 Estonia-based companies that want co-operation, investment and access to our market. That has to be a good thing for Scotland. It is a two-way flow of business.

We are organising the first Estonian trade mission to Scotland, which will be at the end of October and the beginning of November this year. Fifty companies are booked on it—there is a full plane booked to come from Estonia to Scotland. I believe that something might be happening at the Parliament to celebrate that. Such things can happen, although as far as I am aware they have not happened to any great extent before now, as far as the accession countries are concerned. Mike Watson's point is valid: we must get other agencies to pull together so that we can consider how we can all work together, while being seen not to be competitive in any way. It is all about what we can do to grow the cake, rather than stealing slices from one another's plates.

Mike Watson: Absolutely. You have covered handsomely the point about organisations working together.

I am interested to discuss who is involved in setting up Scotland House. You have spoken about extending it. I was very interested to hear you mention Charan Gill. For those who do not live in Glasgow, he is a very well-known restaurateur there. The idea of his going to India and opening Indian restaurants is an interesting concept. I am sure that he is looking much more widely than that, however.

John McGlynn: He has just done San Francisco. Anything is possible.

Mike Watson: We are talking about business growth—our inquiry is on why business is not growing within Scotland. We are also talking about why some small businesses do not grow into medium-sized businesses, which seems to be a problem. Your sort of work seems to be an ideal means to encourage and assist companies to expand.

The point that I was trying to make about working together was that if you establish a Scotland House, even if you and your colleagues are funding it to an extent, public funding should also be going into helping Scottish companies to get into those markets and become established. I hope that you would not see that as working against what you have been trying to do, if you are aiming to get into Lithuania, India or whatever country is next. That could work quite effectively.

John McGlynn: That is exactly how we see things progressing. We do not mind taking the initial risk if we believe that a market exists. I regularly take soundings from fellow Exchange members and others. Ours is an organisation for fast-growing companies and is therefore a good gauge of businesses' feelings about markets. All the accession state markets are of interest. Those that are easier to get to are obviously more attractive than the others. We use a whole range of criteria. In the end, it comes down to gut feeling. I cannot go and baffle people with science with regard to what country we believe will be next.

One of the key benefits in respect of Lithuania is that we have Colin Roberts there, in whom we have a great British ambassador. He will be a great addition to the Scotland House network of events. The fact that we have a good ambassador in Lithuania has a considerable bearing on its being moved up the list. We must pull all such factors together and try to create a whole that is greater than the sum of its parts, which can be achieved. What we are doing in Estonia is working very well; I am sure that the same will be true of India. It is a case of thinking about what else we can do.

The Convener: Perhaps for the record we should emphasise the difference between SDI, which is Scottish Development International—

Mike Watson: It used to be STI—Scottish Trade International.

The Convener: SDI is a subsidiary of Scottish Enterprise. The Scottish Council for Development and Industry—SCDI—is an independent organisation.

Susan Deacon: I thank John McGlynn for giving us a great deal of food for thought this afternoon. I

welcome the fact that in your comments and in your submission you identify that there can be win-win situations in establishing good links. You refer to the fact that Estonia has a big lead on Scotland in respect of the number of electronic banking transactions and so on. You also say that Estonia has genuinely developed a paperless Parliament, so much could perhaps be learned in many different ways.

I note that you specifically advocate the need for a co-operation agreement. Could you explain that further? You seem to have gone a long way without putting a process such as that in place. What value would such an agreement add? How would it work? Should such agreements be considered in respect of links that are being established elsewhere?

John McGlynn: To be honest, we take the view that anything that we can do to formalise links between any of the partners can only add to the weight of the process. Such an agreement is not an essential material condition, but anything that we can do to improve and encourage links must be a welcome and valued addition to what has already been done.

The fundamental fact remains that Scotland House and its core components currently work. The question is about how quickly we all want to see that approach rolled out to new markets. We believe that we have got the formula right—it might not work in every market, but we think it will because it has the key components. The approach can be rolled out, but the problem is the speed of that roll-out. The committee would be amazed by the difference that visits from members make locally. Such visits mean that Scotland is once again in the news and gets talked about. We would welcome anything that can be done to strengthen relations in any way, because it produces big results at the other side.

Susan Deacon: Are there other ways in which you would like us to facilitate conversations and exchanges of ideas and experiences to help to accelerate the process, build links and share learning that could grow and develop in a host of different areas? I am aware that many of the steps that are sometimes taken to aid that process can become too rigid and too structured: we must get the balance right so that we facilitate without controlling and constraining.

John McGlynn: That is an important point. To be fair, the success of the Tallinn office has been that we have not really been accountable to third parties. We have not had to fill out accountability forms or funding forms, although I stress that Scottish Enterprise Renfrewshire was very good at helping me in the early days with exporting assistance. It did not provide a huge sum of money—it was a token grant—but it made a

commitment to our going to look at new markets. That was helpful and such involvement could continue.

The question is about how people can develop a private-sector led, for-business and by-business system that works, and how they can ask what all the other agencies can do to assist. Some people might say that the assistance consists of small token gestures, but those go a long way. If three, four or five of what seem in themselves to be small things are added together, something a lot bigger is produced. For example, I believe that Scottish Enterprise does not have an office in Tallinn. It would not have to spend hundreds of thousands of pounds to have an office, but it could easily put someone into Scotland House at low cost.

We have project managers who look after smaller Scottish companies. Those companies come to us and say, "We cannot afford to have a full-time or even a part-time employee, we would like someone for three hours a week." That is no problem for us: we just tell them that the pro rata cost for someone for three hours a week is £X and that they can have that person for three hours a week. Frankly, the public sector is not and will never be geared up to offer those sorts of services.

Let us imagine someone calling up a British ambassador and asking to rent a member of the embassy's staff for three hours a week. They would not be taken seriously; that is just the way the system works. We need to examine where gaps in the markets exist in order to see where the opportunities can come from. Neither the market sector nor the public sector is failing; the public sector is just not geared up for that.

The Convener: I have a couple of final questions. You mentioned twice the help that you received from the UK ambassador in Vilnius, but you did not mention either the UK ambassador to Estonia or the Foreign Office in London. Is it true that they tried to scupper the whole exercise?

John McGlynn: That might be slightly misleading. They were a little bit concerned that they were not consulted—or, rather, they were not—they were very concerned that they were not consulted because they had expected to be consulted. It was not so much that we did not consult them but rather that I saw something that had to be done and, in my usual bullish style, I just went off and did it.

I believe greatly that there are various ways to tackle a problem: we can sit and talk or we can go and do. We prefer to go and do. With hindsight, it would have been beneficial to have at least briefed the embassy on what was happening so that the staff there were aware of what we were doing. We will do that in the future. I did not realise that it would cause concern.

Mike Watson: Was the first that the embassy staff knew about it when they heard the pipe band?

John McGlynn: No. We invited them to a nice reception along with all the other ambassadors in town. We genuinely did not realise how what we were doing could be taken out of context. Perhaps the lack of understanding about what we were doing made us seem like a threat. Perhaps people thought I was a wannabe Scottish ambassador or whatever. It was not that at all; it was simply a case of saying, "Business wants to come here; what can we do to help?"

Mike Watson: I did not mean to be trite. The point that I was making relates to my earlier point about linking to the public sector. Is it your intention to work at least in tandem with, or at least get as much co-operation as you can from, the UK embassy before you set up your operation? Have you done so in India or will you do that in Lithuania, if you decide to go there?

John McGlynn: Absolutely, but it goes wider than that. The point that Mike Watson has made consistently throughout the meeting is valid. It is a case of my having done things in my usual let's-just-do-it style. There is a lot that we can learn. Many more agencies are out there now and, with the support of Parliament, the committee and others, I am sure that we can bolt all of them together to produce something that is far greater than the sum of its parts. That is the process that we want to start.

Although we have yet to finalise things, I would like to do three more Scotland Houses between now and the end of next year—if we can bolt all the agencies together. For example, the agency that is running the Estonian desk from Germany may decide that it would be cheaper and that it would save the public sector money if it were to piggy-back on what we choose to do. If that sort of thing were to happen, there is no reason why there could not be 13 Scotland Houses next year. The formula is now there to be used. I hate to use the term, but the formula is like a franchise model that can be bolted on. In simple terms, that is exactly what we have: there is a written formula that works. We would welcome any feedback that we get from the committee or other committees of the Parliament. I have read a lot about a smart, successful Scotland being an aim. I believe that that is what we have in practice.

The Convener: How could Parliament or the Executive facilitate growth of Scotland Houses around the globe?

John McGlynn: The point that a couple of members have made today is that there are many organisations out there that may work in certain sectors because public cash is limited. If an

organisation were to consider the cost of setting up an operation in Estonia, for example, they would find that the costs are way too high for the results that they would expect to get. We are interested in learning anything that we can about the bodies that are operating out there and about the barriers that they see to new markets.

Such companies would probably be keener to speak to the committee than to speak to me, but if there are genuine barriers to there being a presence in markets such as Lithuania or Bulgaria despite a desire for such a presence, that can push those destinations up our pecking order in analysing where is the best place to go next. We do not have a bottomless pit of money either, but we are more than happy to take risks—that is what makes life fun.

The Convener: Absolutely. Talking of risk, the new UK ambassador to Baghdad is from Edinburgh, so you might want to make contact with him.

John McGlynn: You never know.

The Convener: There are loads of business opportunities in Baghdad and certainly plenty of risk. I thank John McGlynn very much for his evidence, which was excellent.

European Union State Aid Reform Inquiry

15:46

The Convener: Agenda item 2 is our inquiry into the reform of European Union state aid. Members may remember that Christine May, Mike Watson and I visited Brussels along with Seán Wixted and Colin Imrie, who unfortunately could not join us today. The paper that is before members is a result of that visit. The paper is self-explanatory, but Christine May or Mike Watson may want to add to it. On page 3, we make a series of recommendations. First, the committee is invited to agree to

“the preparation of a response to the Commission’s consultation paper on an Action Plan for state aid reform as outlined in the draft response attached at Annex A, and agree a finalised response in early September”.

Given the state of flux in the EU and that the issue will clearly be a major part of the discussions about the budget reform, the proposal seems sensible at this stage.

Chris Ballance: We have talked about the changes to regional aid, particularly in relation to grants to large firms, but there is nothing about that or the way in which the changes will mean that, in Scotland, assistance will be available to all forms of business only in the Highlands. I, for example, have an interest in the Wigtown book town project, which was sponsored by regional aid under a programme that would not be possible under the procedures that are suggested from 2007.

Christine May: Two issues are being confused. One is regional aid policy, which comes under regional state aid; the second is structural funds, which is what the member is talking about.

The Convener: This item is not about structural funds.

Chris Ballance: Okay.

The Convener: Basically, we are talking about the percentage of Scotland that is covered by the ability to help industry through grants, rather than the grant funding that comes from Europe.

Christine May: The objective is to ensure as much coverage as possible, because if an area is not eligible under the state aid criteria, it will not be eligible for structural funds, no matter what happens. In the paper, we make the point that reduction of the population that is to be covered or drawing of lines on maps would prevent good assistance from being given. However, we support the horizontal themes, which include innovation, research, environment and sustainability, and we suggest that those should be the overriding

criteria, while the coverage should be as wide as possible.

Chris Ballance: I support that.

The Convener: Do members agree to the first recommendation?

Members indicated agreement.

The Convener: The second recommendation is that we

“seek the opinion of the Scottish Executive and other interested parties in Scotland on the draft response by mid August so they can be reflected in the Committee’s final response”.

Is that agreed?

Members indicated agreement.

The Convener: The third recommendation is that

“the Convener should write to the Scottish Executive on the important issues for Scotland in relation to regional aid once the Commission’s revised proposal is published”.

Is that agreed?

Members indicated agreement.

The Convener: The fourth recommendation is that we

“invite the Executive to take into account the Committee’s views on state aid in preparing for the EU conference on state aid to be hosted by the UK Government in London in July as part of its presidency of the EU, and to report back to the Committee on the outcomes of the conference”.

Is that agreed?

Members indicated agreement.

The Convener: I must point out that we received briefings from the Scottish Executive before we went to Brussels and I had a meeting with Jim Wallace. On state aid—although not on structural funds—the Scottish Executive, the committee and the UK Government are broadly pursuing the same agenda.

The fifth recommendation is that we

“inform Scottish MEPs and the European Parliament’s Committee of Regional Development of the issues in this paper and invite them to liaise with the Committee as they prepare their own report.”

Is that agreed?

Members indicated agreement.

The Convener: The final recommendation is that we

“agree that further advice should be prepared on the Commission’s communication on state aid and innovation when it is published.”

Is that agreed?

Members indicated agreement.

Mike Watson: I do not want to open up a debate, but I have a couple of points to make. In a sense, they are just textual changes. Paragraph 6 on page 6 mentions the “intermediate technology institutes”, but it should say “intermediary technology institutes”. There is an important difference.

Secondly, in paragraph 7 there is a sentence that begins:

“The Scottish Executive has told the Committee that it believes that the existing rules are in general”

and so on. It goes on to say:

“Nevertheless it would like more generous levels of support for SMEs”.

We need to clarify that. The committee would like more generous levels, but the sentence is ambiguous. It could mean that the Executive would like more generous levels.

The Convener: Are those changes agreed?

Members *indicated agreement.*

Subordinate Legislation

Electricity (Applications for Consent) Amendment (Scotland) Regulations 2005 (SSI 2005/295)

15:51

The Convener: Agenda item 3 is consideration of subordinate legislation. We are joined by Neal Rafferty and James Thomson from the Scottish Executive.

We want to highlight a problem with the regulations, but first I will let Neal Rafferty introduce them and make some comments.

Neal Rafferty (Scottish Executive Enterprise, Transport and Lifelong Learning Department): The regulations amend the fees that are payable for applications to construct generating stations in Scotland. Over a year ago, a commitment was given by the then Deputy Minister for Enterprise and Lifelong Learning, Lewis Macdonald, to increase the fees that are payable for such applications in order to ease the pressure on local authorities. The number of applications has increased remarkably since the Electricity (Applications for Consent) Regulations 1990 (SI 1990/455) were made, and a review was overdue. We consulted on the matter relatively recently and as a result we made a few small changes to what we had originally proposed, although I understand that the committee wishes to raise another question this afternoon.

The Convener: A number of members have highlighted a problem in relation to hydro power in the Highlands and Islands. We want to discuss that problem with you and get some kind of commitment from the Executive. Is that the point that you want to raise, Chris, or is your point on a different matter?

Chris Ballance: My point is not specifically about the Highlands and Islands.

The Convener: No, but it is about hydro power.

Chris Ballance: Yes. It is about small-scale generation of hydro and marine power.

The Convener: Three members want to raise points, so I will take them in the order in which they put up their hands: Chris Ballance, Christine May then Murdo Fraser

Chris Ballance: What is your thinking regarding small-scale generation schemes, particularly hydro but also new marines? How do you react to the proposal that there should be one band for developments of between 1MW and 10MW and another band for developments of between 10MW and 50MW?

Neal Rafferty: I am grateful for the advance notice of the point that was to be raised today. That gave me a chance to look into it.

As I said, a few changes were made when the consultation was completed. The issue that you raise was mentioned by a minority of respondents to the consultation. First, it is worth while making the point that the costs and complexities of dealing with an application are not necessarily a function of its size. That has been shown in the past—for example, with the developments at Shieldaig and Cuileig in the Highlands. In particular, the Shieldaig application ran for many years and it was difficult and costly to deal with. The fact that a development is on the small side does not mean that it will not create issues and attract high costs.

Secondly, the higher fees that will now be paid by all applicants will produce a benefit for the applicant and for everyone else involved. The system will be speeded up; applications will be dealt with more efficiently and speedily by local authorities and, by extension, by the Scottish Executive. There will be a return on the higher costs that people will be asked to pay.

The third point worth making is that the new fee, which as you have said applies to small hydro developments as well as developments much further along the spectrum, is far closer to the fees that are already paid for applications under the Town and Country Planning (Scotland) Act 1997. At the moment, a hydro scheme that is below 1MW can pay up to £13,000. We are proposing that the cap of £15,000 would apply to hydro schemes in excess of 1MW. The two are commensurate.

Although that specific point was well made, we felt that the evidence was not sufficient to suggest that such a step would debar certain applications and did not feel that the case for the change was strong enough. However, if practical experience shows that there is an issue to address, we will certainly want to review the matter as quickly as we can. We are aware of the views of the industry and of industry stakeholders who are affected by these changes, because we are—and will remain—in very close touch with them.

Chris Ballance: Do you accept that the Executive has a plan to encourage renewable energy schemes, particularly those on a small scale?

Neal Rafferty: Absolutely.

Chris Ballance: I presume that you also accept that financial returns from small-scale renewable energy schemes are much smaller than those from larger-scale schemes.

Neal Rafferty: That is a logical conclusion.

Chris Ballance: As a result, increasing the fee by 300 per cent will impact disproportionately on

exactly the type of small-scale renewable energy project that the Executive is said to be trying to encourage. Does this matter not need to be reviewed as soon as possible?

Neal Rafferty: I am probably going to repeat myself here. The fees for those applications will rise, but only to bring them into line with the fees that people already pay to local authorities for applications for schemes that are smaller than those that would come before the Scottish Executive and that would fall within the scope of the regulations. Moreover, as a result of these increased fees, there will be a return to large and small developers.

We are not convinced that increasing the fees will create obstacles for small-scale projects, but if such an obstacle becomes evident we are absolutely committed to reassessing the situation and to making the changes that would remove it.

Chris Ballance: And you accept that renewable energy companies feel that increasing the fees is a detrimental step that will create obstacles.

Neal Rafferty: We know that the Scottish Renewables Forum has taken that view and, as I said, a minority of respondents to the consultation made the same point. However, we must wait until we have had some practical experience of the regime before we accept that that is the case.

Chris Ballance: By what date will you have that experience?

Neal Rafferty: It is difficult to say at the moment. The new regulations must be given a few months to bed in but, in any case, I cannot possibly set out a timescale at the end of which we will be ready to look again at the matter or to make changes. However, I can say that we will stay in close touch with all the industry stakeholders who have raised the matter with us. If it becomes clear that the increase is acting as a barrier to progressing applications, we will want to do something about the situation.

Chris Ballance: But you will review the situation—

Neal Rafferty: We will review the situation in the light of practical experience.

Chris Ballance: Within the coming 12 months at the most?

Neal Rafferty: That sounds like a reasonable estimate.

Christine May: In your initial response to the question, you suggested that you had evidence that some small-scale hydro projects could be as costly to the planning and regulatory framework as many larger projects. Do you have any idea of the proportion that you are talking about?

Neal Rafferty: No, I am afraid not. What I meant in my initial response was that, during my time in the energy and telecommunications division, there have been small-scale projects such as the Shildaig hydro scheme proposal, which ran on for many years, raised a wide range of deeply complicated and troubling issues and then was withdrawn and retabled. It put the local authority in question and the Executive to a great deal of expense and highlights the fact that the complexity of such developments is not always a function of their size. I am not necessarily able to produce compelling figures to back up that assertion, but practical experience shows that that can be the case.

16:00

Christine May: Thank you for that, because I think—and this is directed more at my committee colleagues—that we would not want a situation to arise in which a small-scale project with relatively modest costs and a relatively uncomplicated application was faced with a fee that was significantly higher than the current fee, which might make that small-scale scheme non-viable.

Murdo Fraser: To add to what Christine May said, I appreciate that there will be situations in which the cost of dealing with a particular application will be in excess of the fee. However, the Executive is committed to pursuing renewable energy, and there has to be a balance between that public policy objective on the one hand, and the cost to public bodies on the other. I spoke to a developer of hydro power today who is well known to me, who said that he felt that the tripling of the cost for small-scale hydro schemes—the sort of schemes that he is dealing with—would make some of them unviable. We should ask the Executive to reconsider the fee level that applies to schemes under 10MW. I fear that the introduction of those fees will mean that those schemes are simply not viable and that it will be a bar on their development.

The Convener: The instrument is subject to the negative procedure, so we are invited to consider the issues and report back to the Parliament. There is sufficient concern about the regulations that we should express that concern to the Executive, and ask it to consider—sooner than 12 months, because that might be after the horse has bolted—revising the proposals and coming back with replacement regulations. That would be the sensible approach, rather than to risk damaging some potential projects.

Christine May: I entirely agree. It would be detrimental to decline to accept the regulations as they stand, although they have flaws. Nevertheless, an issue that was raised in the renewable energy inquiry was the great difficulty that was caused to local authorities by dealing with

a lot of the hard work with nothing back. We should accept the regulations as they stand, but draw clear attention to the flaw. I have one other suggestion. I wonder whether we could call for comments from the industry to the committee, rather than to the Executive.

The Convener: I am happy to do that. However, the regulations come into force on 1 July, so we need to make those comments now. I suggest that we invite the representatives from the Scottish Executive back after the recess to tell us the results of their reconsideration. At that stage, we could take up Christine May's suggestion and decide whether we need to invite other people from the industry.

Christine May: Thank you, convener. Are you suggesting that the regulations should be annulled?

The Convener: No. It would be extremely difficult for us to annul the regulations. I suggest that we make the comments that we have agreed, and that we ask the Executive to consider the points made and report back to us at the end of the summer recess. In the light of that report back, we can decide what further action—if any—the committee would want to take. Is that agreed?

Members indicated agreement.

Adam Smith College Fife (Establishment) Order 2005 (SSI/2005/298)

The Convener: The order relates to the establishment of the Adam Smith College as a result of college mergers. I take it that everybody is happy with the order and that there are no particular issues that we need to raise.

Members indicated agreement.

The Falkirk College of Further and Higher Education (Change of Name) Order 2005 (SSI/2005/317)

The Convener: Similarly, the next order relates to Falkirk College and its merger with Clackmannan College. I take it that everybody is happy with that.

Members indicated agreement.

Christine May: We should thank Mr Reid from the Executive, who sat through the whole meeting in case he was needed for that item.

The Convener: Thank you. It is murder sitting through these meetings. [*Laughter.*]

Michael Matheson: That will go down well in the *Official Report*.

The Convener: Absolutely. It is near the end of term—we can get away with comments like that.

Seminar Proposal

16:04

The Convener: A paper has been circulated on the proposal by the European Committee of the Regions' commission for economic and social policy to hold a seminar in the Parliament later in the year. We have got to be careful about this. In discussions I have had with members they seem happy for the seminar to take place, but for none of the costs to come out of the Enterprise and Culture Committee's budget; obviously we would want to be happy that no excessive costs were involved. The Scottish Parliamentary Corporate Body has not had time to consider the matter today and has carried it over to next week. It is worth our making those points because we are in negotiation with the other parliamentary bodies in relation to other items, and we have to be conscious that people are wary of the budgetary implications of anything that is taking place in the Parliament at the moment.

Christine May: I am very conscious of budgetary implications. Subject to the views of the rest of the committee, I would not be against a contribution from the committee if the agenda for the conference were to be such that it was clear that our interests would be represented. On that basis, we might be prepared to contribute—assuming of course that we have any budget left and that our other applications have been agreed.

Mike Watson: I am very much in favour of the commission meeting here—it is good for Scotland and good for the Parliament in different ways. However, I am rather puzzled about why it is expected that we might have to meet any costs. I understood that parliamentary committees were not usually liable for the costs of events that happen within the Parliament.

The Convener: All I am saying is that in saying that we are in favour of the seminar taking place we should be clear that we are not saying that anything will come out of our budget towards it.

Mike Watson: I accept that, but I cannot imagine a situation in which the costs would come out of the committee's budget. The event is inside the Parliament, so surely the Parliament would meet any costs.

The Convener: There are notional budgetary allocations to committees.

Mike Watson: I accept what you are saying but I do not think that it would come about.

Michael Matheson: A belt and braces approach.

The Convener: On that basis, is everybody happy to support the principle of the seminar, provided no excessive cost is involved to the Parliament?

Members indicated agreement.

The Convener: The final meeting before the recess is next Tuesday at 2 o'clock. The main item on the agenda will be a stocktaking exercise on the business growth inquiry, to establish where we are and where we want to go from here to the completion of the inquiry.

Meeting closed at 16:07.

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