



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 24 October 2012

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RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
22nd Meeting 2012, Session 4

CONVENER

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

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Claudia Beamish (South Scotland) (Lab)

*Graeme Dey (Angus South) (SNP)

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

*Jim Hume (South Scotland) (LD)

*Richard Lyle (Central Scotland) (SNP)

*Angus MacDonald (Falkirk East) (SNP)

*Margaret McDougall (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Keith Connal (Scottish Government)

Nigel Don (Angus North and Mearns) (SNP)

Bob McIntosh (Scottish Government)

Neil Ritchie (Scottish Government)

Paul Wheelhouse (Minister for Environment and Climate Change)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

Committee Room 1

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 24 October 2012

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Rob Gibson): Welcome to the 22nd meeting in 2012 of the Rural Affairs, Climate Change and Environment Committee. Members and the public should turn off all mobile phones and BlackBerrys, as leaving them in flight mode or on silent will affect the broadcasting system.

Agenda item 1 is a decision on whether to take in private items 4 and 5, and future consideration of evidence as part of the committee's draft budget scrutiny. Do members agree to do that?

Members indicated agreement.

Draft Budget Scrutiny 2013-14

10:00

The Convener: Item 2 is evidence from the Minister for Environment and Climate Change on the Scottish Government's draft budget. I welcome Paul Wheelhouse to his new role and to our committee, and I invite him to introduce his officials.

The Minister for Environment and Climate Change (Paul Wheelhouse): Thank you, convener. To my left is Keith Connal, who is the deputy director of natural resources, and immediately to my left is Neil Ritchie, who is the head of natural assets and flooding. Bob McIntosh is director of environment and forestry.

The Convener: Thank you very much.

Before we continue, I welcome as a visiting member Nigel Don.

I invite the minister to make some brief introductory remarks on the budget. Our focus is on sustainable development.

Paul Wheelhouse: Thank you for giving me the opportunity to make some opening remarks. I will provide a brief overview of the budget plans for the environment and climate change side of the rural affairs and environment portfolio.

In the context of the entire Scottish Government budget, our expenditure is relatively modest. Our emphasis is on protecting and improving Scotland's environment. Our work is about protecting our environment and that of future generations. Climate change adaptation and mitigation is a very good example of that and, on issues such as climate justice, we recognise our contribution and obligations to global society. Large parts of our work, such as those on water quality, biodiversity, woodland creation and flood risk management, are more immediately recognisable.

To many, our contribution to economic growth is perhaps not immediately obvious, but it is an essential component of what we do. A high-quality environment is essential to many aspects of our economy, including key sectors such as food and drink and tourism, not only for key inputs but for supporting our iconic reputation in many international markets. A recent Scottish Natural Heritage-commissioned report valued our environment as being worth more than £20 billion a year.

We deliver much of that work through our public bodies such as the national parks, which my budget supports. Those bodies work closely with businesses and help them to flourish while

ensuring that due regard is paid to the environment.

I pay tribute to SNH and the Scottish Environment Protection Agency for working under this Government to become more customer focused. SNH has been proactive in its engagement with planning regimes and has supported development while balancing the need to pay due regard to the environment. It has worked closely with the Forestry Commission Scotland as joint lead partner for the central Scotland green network.

SEPA is working closely with the Government to implement a better environmental regulation programme of work. That is about focusing SEPA's resource where it has most impact and adds most value. We recently launched a consultation on the funding of SEPA's regulatory activities. I mention that not because it is immediately relevant to the RAE budget but to provide context for our engagement with business. The process is about ensuring that SEPA's charging mechanism is fit for purpose and that it helps to incentivise positive outcomes and behaviours. Our financial commitment to supporting SEPA's public good activity remains strong, and we are not changing SEPA's baseline from what was set out in the spending review.

Too often, we generalise about trade-offs between the economy and the environment. Such trade-offs truly exist in specific cases, but what can be good for businesses can also be good for the environment and vice versa. The renewables sector is an area in which we are managing those to mutual advantage. In addition, we are leading the way in promoting community benefits from renewables developments on the national forest estate.

Our spend is helping growth through its focus on preventative spending. As well as improving people's quality of life, work on air quality will help to reduce our public health spend.

On flood risk management, we are supporting implementation of the new approach that was set out in the Flood Risk Management (Scotland) Act 2009. That work is a good example of the public service reform agenda in practice, as it supports multi-agency, cross-geographic working. Success will support local economic development by giving communities and businesses confidence in protection, and it should reduce the costs that flooding events can have.

Overall, our environmental and climate change expenditure supports the economy and the environment and recognises the synergies between them. That must be seen in the wider context of our action, for example, to ensure proportionate and fit-for-purpose regulatory

frameworks such as the recently introduced Aquaculture and Fisheries (Scotland) Bill. We must also ensure that we monitor our progress and, where needed, adjust our approach. The national performance framework is at the heart of that, but it is actively supported by our work on making the ecosystem services approach real, as well as SNH's important work on natural capital.

I hope that that brief overview gives the committee an understanding of the activities that we support and how they contribute to the Government's core purpose of sustainable economic growth.

The Convener: Thank you, minister. I invite questions from members.

Graeme Dey (Angus South) (SNP): Good morning, minister. Given your background in economics, and now that you have had a few weeks to settle into the role, will you say from which areas of the portfolio you feel we get the best and least return from spend in terms of generating sustainable economic growth? Further, will you define what is meant by the term "sustainable economic growth"? Is it increasing employment or profitability or a mix of those or neither of them? It would be useful to have the term defined.

Paul Wheelhouse: On that latter point, for the portfolio that I represent, sustainable economic growth is about ensuring that economic growth, however it is measured—it could be with gross value added or with non-gross domestic product-related measures—can take place, but in a context in which it is not damaging to the environment. We manage the damage to the environment and, we hope, enhance it in the process of sustaining economic growth. "Sustainable" can mean many things to many people but, in the portfolio that I represent, it is about enabling growth to take place in a way that does not damage the environment. We hope that, in the process, we can fund activities that enhance the environment. A good example of that is the work on peatlands.

Sorry, but could you remind me of the first part of your question?

Graeme Dey: It was about the spend. In which areas do you feel we are getting the best and least return?

Paul Wheelhouse: To take the peatlands example, it is not possible to define exactly or adequately the contribution to, say, meeting Scotland's climate change targets. As an economist, I suppose that the issue comes down to how we attribute the benefits of spend on environmental measures. If we improve biodiversity and there is a consequent increase in tourism activity, it is often hard to define what role

the enhanced biodiversity has had. For example, it is hard to define the effect that the reintroduction of species such as sea eagles has on generating new jobs, because there could also have been an input through marketing, a change in the exchange rate or an increase or decrease in fuel prices, all of which could affect the number of people visiting the locality.

In terms of hard economics, it is often difficult to isolate and attribute the benefits that arise from an investment in a measure such as the reintroduction of a species that has been lost to Scotland and to say how it impacts on economic value. However, we know that the measure is intrinsically a good thing and is making a contribution, although it is difficult to allocate that. I suppose that a lot of effort needs to go into trying to work through market research that involves speaking to individuals who have visited an area to identify how important that measure was in their decision to come to the area. We can try to narrow the issue down in that way, but it is often difficult to isolate the effects just by looking at the hard data.

We spend directly on the natural environment across the areas that I outlined. An example is the spend on forestry, which is producing productive forestry for our construction sector. In other areas, we are more involved with regulation of the impact on the environment, and it is difficult to tell the point at which that has an impact on economic value.

Graeme Dey: I will develop the point, if I may. Although I appreciate the difficulty with measuring the impact of public spend on sustainable economic growth, it is suggested that there is an absence of systematic assessment ability across the portfolio. Is that a valid criticism and, if so, how could it be addressed?

Paul Wheelhouse: There is always an element of validity to such a statement, because it is an evolving area of knowledge. I do not want to keep harping on about peatlands—although I am sure that the convener will be happy if I do—but we are still working to establish the global scale of the impact of peatland measures in Scotland. The science is still evolving. We are trying to put the science resources in the right places so that we can understand what the impacts are and we are working closely with the academic community on that.

There are areas that are easier to measure and on which we are, perhaps, doing more anyway. For example, the Scottish nature omnibus survey is a good measure that feeds into the national performance framework. It gives us data about how many people are accessing the countryside and making use of our natural resources. We can then try to monetise the benefits and measure the benefits to health.

However, our understanding of how the natural environment interacts with other portfolio areas is still evolving. For example, long-distance walks are known to be important for improving mental health as well as physical health. As time goes on, our understanding will probably evolve more. I give you an undertaking that, when I can, I will try to improve our understanding of those matters.

Claudia Beamish (South Scotland) (Lab): For someone who, like many of those present, has been involved with environmental issues for many years and is committed to sustainable development, your words are encouraging.

I will ask about the possibility of having complements, or alternatives, to GDP, which would help to focus the minds of policy makers at all levels in Scotland and, I hope, involve communities more. We recently had a debate about that, which I think you attended. Would that be a useful way to assess environmental damage and equalities in your portfolio? Will the Scottish Government be able to consider that? I appreciate how hard it is.

Paul Wheelhouse: I am aware that there are alternative measures to GDP. We are trying to improve understanding of the natural capital index.

GDP is a useful measure in many ways, but it does not tell us the whole story about a society's overall health in its broadest sense or satisfaction in the society with quality of life and the quality of the environment. There are many silent stakeholders in the country—the wildlife and the natural environment. They do not have a say and we cannot monitor what they think. We have to take account of sustainability indicators. When I was on the Finance Committee, I was keen that it look beyond simple measures of GDP and harder economic indicators and consider how we monitor sustainability and integrate it into the national performance framework.

I ask Bob McIntosh to speak about the natural capital index.

Bob McIntosh (Scottish Government): The so-called ecosystems services approach—it is a terrible name—is about trying to identify the goods and services that we get from the natural world and put some sort of value on them. It is quite difficult to value those intangible benefits but, as a famous economist once said, there may be no right way to put a value on a woodland, peatland or river, but the wrong way is certainly to give it no value at all in economic appraisals. The approach that we are trying to develop through the ecosystems services approach is to identify the goods and services and put some sort of value on them so that, when financial appraisals are carried out and development is considered, the value of

the natural world and its services can somehow be built into that decision-making process.

Paul Wheelhouse: Ironically, the non-market value of the forest estate turns out to be greater than the market value. The forests benefit society through promoting biodiversity, through outdoor activities and through their contribution to tourism development, such as mountain biking in the Borders close to where Claudia Beamish stays.

There are good examples in which we are achieving great benefits that are not necessarily the intended market value of the investment but have a greater positive impact on society through other activities.

10:15

Margaret McDougall (West Scotland) (Lab): Minister, you mentioned work with other departments. What have you done to ensure that they and the committees consider climate change as part of the budget process?

Paul Wheelhouse: You will appreciate that, as of yesterday, we have tried to ensure that the level 4 data are available for my portfolio and that we are open and transparent in response to requests for that information from this committee and others. I am undertaking a series of bilateral meetings with ministers—I have not had all the meetings yet—to try to identify areas on which we can work together to ensure that, whatever a department's spend, ministers are aware of options to invest in ways that might have equal or greater impact while having positive benefits in the context of promoting biodiversity or meeting greenhouse gas emissions targets.

It is early days. There are discussions on issues such as building regulations, which have a key role in the context of the report on proposals and policies and will play a role in RPP 2 in enabling us to meet our objectives on reducing greenhouse gas emissions. We will have to talk to a number of departments in that regard. The local government, housing and environment portfolios must work together to identify how and when to implement regulations and maximise their impact in the context of the Government's overarching climate change targets. That is just one example, and I am happy to keep the committee informed on progress in the area. I hope that it helps to illustrate how our approach will be developed.

There is concern in the wider community about the need to do more on transport, which is a key area. The Government has made commitments to support active travel, most recently in John Swinney's announcement of additional money for cycling. That is not to say that funding is sufficient. We must go as far as we can.

Across many areas of activity, I want to understand how we can influence behaviour in individuals, in the public sector and in business, so that, as well as having the Government work towards achieving our targets, we harness the impact of individuals and society as a whole. Conversations with colleagues about how their portfolios can influence individuals' behaviour in their interactions with housing, transport and other areas of the economy will be helpful.

Margaret McDougall: How have departments welcomed that approach?

Paul Wheelhouse: They all seem to welcome involvement with the agenda. Given the situation in relation to the first set of targets, everyone is aware that the issue is extremely important for the Government and the Parliament. We have a green Parliament, and in Parliaments around the world there is great interest in how we achieve the targets in our unanimously agreed Climate Change (Scotland) Act 2009. There is widespread recognition in the Government that that is something that we simply have to do. That is a given. I think that departments welcome engagement.

I would like to think that we can help departments by providing the technical expertise that there is in the wider portfolio, to help them to understand how their spending interacts with the environment and how it can be fine tuned to improve performance. I hope that that will be regarded as a positive contribution to portfolios' policy development, as well as to the Government's overall strategy.

Claudia Beamish: I want to ask about the RPP in the context of the missed emissions target, which came up in yesterday's statement in the Parliament. It is difficult to change attitudes and behaviour so that there is modal shift in transport use, or to put more money into energy efficiency so that there is no fuel poverty. Such changes are difficult to effect and partly require a change in culture. However, in addition to supporting behavioural changes, do you agree that the Scottish Government will need to accelerate the pace of commitment to such areas and to land use strategy, if it is to meet the targets in the longer term?

Paul Wheelhouse: You are quite correct. We will achieve our targets on climate change only if we implement as many as possible of the proposals and policies in the RPP. We need buy-in from the community, Government agencies, local authorities, the Convention of Scottish Local Authorities and other people in society. It is imperative that we try to do as much as possible. As I said in my statement yesterday, it is not just about Government. We need everyone to buy into the agenda.

Where we can accelerate the pace, I will try to push for that. As I said yesterday, we are operating in particularly constrained times. If additional resources ever become available, I will do my best to ensure that they are directed towards achieving our environmental and climate change objectives. Of course, other portfolios will fight their corners, but I hope that through bilateral meetings we can agree that, if money becomes available, there are ways of achieving both objectives. If we can provide information that helps our understanding of climate change impacts and improves our base knowledge of the forms of transport that have the greatest impact, such information might feed into changes in transport policy. However, transport is not my portfolio and I cannot make changes in that regard. All that we can do is act in an advisory capacity and ensure that the department has the information that enables it to make the right choices for the environment.

The Convener: Let us return to your portfolio. Jim Hume has a question.

Jim Hume (South Scotland) (LD): Minister, is the current budget sufficient to enable us to meet the climate change targets under RPP1? How can we ensure that future targets are met? Will RPP2 contain more detail, so that it can be more easily scrutinised by the committee and by stakeholders?

Paul Wheelhouse: RPP2 is under development. As I said yesterday, we plan to present it in this calendar year. It needs to be a robust document and it is important that we get the balance right.

If you are asking whether in an ideal world we would have more money to target towards reducing our climate change impact, I would say that we absolutely would. I would be surprised if any member disagreed with that. The challenge is that we do not live in unconstrained times. The overall Government budget is big and our portfolio spend is relatively modest, but we can work across portfolios in the way that I described in response to Margaret McDougall and Claudia Beamish, to ensure that, in the many activities that Government delivers, whether we are talking about flooding, management spend, spend through local government or transport, where the Government has considerable influence, areas that have the highest impact are prioritised for spend. I think that that is what the Government is doing.

We need to fine tune our understanding of what makes a difference—I am picking up on what Graeme Dey said—and I hope that over time we can spend the money that we have in ways that have an impact that is at least as big and potentially bigger. In some areas, there are diminishing returns to investment. For example,

putting in basic insulation measures and double glazing has a huge impact on a house's energy efficiency. There are desirable things to do as we approach the Sullivan standards and the passive house standards, which perhaps have a more marginal impact. We can build our understanding as time goes on, so that we make the best use of the resources that we have.

I hope that in future more money will be available to us. We are looking for ways to lever in more money from the private sector in a number of areas, to support and enhance Government spend.

Consumers can make decisions that reduce their climate change impact. That takes me back to what I said about behaviour. If we can ensure that consumers are doing the right thing, we can support and add to what the Government is doing with its spend.

Jim Hume: To push one point that has not been picked up—

Paul Wheelhouse: Apologies if I missed something.

Jim Hume: No, not at all. I will be quite direct. Do you think that the existing budget is sufficiently funded for you to be able to meet the targets that are already in place?

Paul Wheelhouse: I remain confident that we are on the right trajectory—which I set out in my statement yesterday—to meet the climate change targets. I believe that, if we are able to implement our policies successfully and develop the proposals that are in the RPP, we will be at a good point on the trajectory.

We are, however, reliant on some external decisions. For example, we are pushing with the United Kingdom Government for a 30 per cent target for gas emissions reductions at a European level. We hope that we will prevail, as it is important—as I am sure you are aware—for the overall impact of the RPP.

I am confident that we are doing the right things in our own portfolio. We are making great progress in forestry on meeting our 10,000 hectares per annum target, and we believe that we are in a very good place to meet that target in the current year.

I am trying to give you some assurance, as I think that we are on the right trajectory. Ideally, if we had more money, we could achieve things faster, but we are on the right path.

The Convener: On the subject of income, will the minister reflect on the possible sale of allowances under the European Union emission trading scheme? We understand that, in phase 3 of the scheme, at least 50 per cent of the allowances and 15 per cent of the aviation

allowances will be auctioned, and that the go-ahead for that may well occur towards the end of this year. It is expected that—subject to EU approval—the allowances will be auctioned in November and December, and the UK can expect to auction approximately 7 million aviation allowances. Perhaps the minister could find out for us whether there is any knock-on income for Scotland through the Barnett formula, because I believe that the moneys from such allowances have in the past gone into the consolidated fund.

Paul Wheelhouse: As the convener may expect, I would be delighted to explore the issue with our UK Government colleagues. That is an important point. The ETS has an important role in achieving the climate change targets, but if there are revenues arising from it, we would want to establish whether there will be consequential for our budget. I am happy to come back to the committee with some information on that.

The Convener: We would be happy to hear about it. It is very pertinent in this budget round for us to know where we could get any extra pennies.

Does Jim Hume have another question?

Jim Hume: Not on that point.

The Convener: Okay—I am sure that you will come back in, Mr Hume. Claudia Beamish will go next.

Claudia Beamish: I want to discuss the equalities issue with the minister and any other committee members who are interested. I am encouraged to see that SNH's budget submission highlights the importance of working with a range of groups. It states:

"We support local communities with the aim of helping to address Scottish Government priorities of tackling the big problems that Scotland faces, particularly poor health, deprivation, slow economic growth and lack of good intervention in early years."

Although I disagree somewhat on the issue of economic growth and would have hoped to see it written as "sustainable development", that is perhaps just a quibble.

As you know, minister, the budget equality statement says:

"ministers and relevant officials were informed of the potential impact of developing spending proposals"

with regard to the nine equality characteristics

"at relevant stages of the budget process".

Can you highlight the advice that was given with regard to the parts of the budget for which you have responsibility, and can you tell us whether any action was taken as a result of that advice?

10:30

Paul Wheelhouse: Certainly. First, I will give an example of where I think that our work is supporting the equalities agenda, and I will then move on to Claudia Beamish's question about what we have done.

I am not sure whether Claudia Beamish was at the recent presentation in the Parliament, but the central Scotland green network is an example of how Government spending is being used to influence the amount of forestry and improve the outdoor environment around urban areas. As I have said, that will have an impact on the ability to support mental and physical health improvements in local communities. In many cases, we are talking about post-industrial communities in the central belt and perhaps disproportionately helping those on lower incomes. It is a good example of how the Government's efforts to achieve its environmental and climate change targets through, for example, tree planting are having the by-product of supporting greater equality of spend through improving the physical environment for those who might be in lower-income groups.

As for our involvement in the process, much of the work on this year's budget was carried out before I was appointed as minister. However, I have asked colleagues about the process and can tell the committee that ministerial colleagues and officials were involved in the work to ensure that a wide range of the potential implications of our budget decisions with regard to equality and carbon were understood. We believe that the equalities statement is helpful in articulating potential impacts to support scrutiny of the budget process and our decisions. It was even more important to reflect such factors in the Government's thinking before any budget decisions were taken; indeed, I know from my involvement in the Standards, Procedures and Public Appointments Committee that its members were very conscious of the role of the Equal Opportunities Committee and the desire for equalities issues to be mainstreamed in all portfolios. As a result, I am very happy to give an undertaking to Claudia Beamish that I will take on board any suggestions from the Rural Affairs, Climate Change and Environment Committee about how we might better implement all that in the portfolio. I am certainly aware of her interest in that area.

Claudia Beamish: Thank you, minister—that was very helpful. However, it might also be helpful to identify certain protected characteristics in this portfolio. For instance, singling out two or three, I wonder whether it would be possible to highlight the involvement of older people, ethnic minority groups or disabled people in, say, outdoor activities. Of course, I am not focusing on outdoor

activities alone, although I take your point about the central Scotland green network.

Paul Wheelhouse: I appreciate that the equalities agenda has a number of different facets. For example, we are aware that a number of communities and indeed communities within communities might not be benefiting from the climate challenge fund. We have looked at the socioeconomic profile of the communities that have drawn down funding; of course, the age profile and the ethnic diversity of those communities might also be having an impact. Where we can, we are trying to ensure that we make a greater impact to allow communities that have missed out on such funding to take advantage of it. Moreover, we hope to come forward soon with information about the age of the people involved in the junior climate challenge fund to ensure that as many young people as possible are involved in such projects. That is a practical example of where we are trying to target a specific cohort of people in society and ensure that they are benefiting from the spend at our disposal.

Alex Fergusson (Galloway and West Dumfries) (Con): As a very brief supplementary, I note that the minister mentioned the climate challenge fund in relation to communities. In our call for written evidence, we asked:

“Could climate change grant schemes to communities do more to encourage sustainable economic growth?”

In what I thought was a very interesting response, the Comrie Development Trust, which I think a lot of people look on as a shining star of how development trusts should operate, said:

“We have concerns about how communities can develop sustainable projects ... when they aren't allowed (through CCF) to generate an income”.

Pertinently, it went on to say:

“Climate change is a long-term problem and cannot be tackled by short-term funding.”

Can you comment on the general issue of the inability to create an income, which I think is all about economic growth, at a time when you are trying to achieve sustainable growth?

Paul Wheelhouse: You are absolutely right to highlight the financial sustainability issue if we want these behaviours to be ingrained and the changes that have been effected through the climate challenge fund to have a longer-term impact. Indeed, that is an area that we are looking at with regard to the climate challenge fund. As I am sure you are aware, under a bar that was put in place when the fund was launched, CCF projects are prevented from generating an income from their activities. It is a potential barrier to the sustainable funding of some CCF groups and

precludes the CCF from supporting some innovative and enterprising ideas.

In view of that, when CCF funding was reconfirmed in the current spending round, we explored a new revenue-raising activity strand to see how projects might over time become self-financing alongside the commitment in the JCCF to increase the involvement of young people and the opportunity to fund their projects. We are looking at whether, allowing for state aid and other factors, there might be an opportunity to allow groups to retain some income and become self-financing in order to support the retention of those activities in the longer term. I hope that that will benefit the likes of Comrie—in respect of which I know that Annabelle Ewing has an interest. If we can do anything to move on the matter, I am happy to look at it.

Alex Fergusson: I am grateful for that.

Annabelle Ewing (Mid Scotland and Fife) (SNP): Convener, I should at this point remind the committee of the declaration that I made when I first became a member of the committee, although it is important to point out that I played no role in the formulation of the Comrie Development Trust's submission.

State aid is obviously an issue with regard to CCF but one substantive general point relates to the de minimis rules, which I would have thought might be of great help in this matter.

Paul Wheelhouse: I absolutely take that point. Perhaps Bob McIntosh can say something about it.

Bob McIntosh: I think that Annabelle Ewing is right. We might be able to do quite a lot with the de minimis rules in this area before we hit any barriers.

The Convener: Do you wish to follow up any of these points, Dick?

Richard Lyle (Central Scotland) (SNP): Alex Fergusson has already asked the question that I was going to pose, so I am quite happy to go on to a different issue, if that is possible.

The Convener: Sure.

Richard Lyle: Witnesses in an earlier evidence session said that in future years there would be a need to expand the carbon assessment of the budget, particularly to include downstream emissions. How would you take forward the agenda to improve the carbon assessment, minister?

Paul Wheelhouse: I must apologise to Mr Lyle. As I have just taken on this role, I am not yet as familiar with the matter as I would like to be.

However, I said earlier that peatland was a clear and classic example of how we are still evolving our understanding of the impact of emissions in terms of spend. Intrinsically we know that it would be a good thing to re-wet peatlands and allow them to expand back to their previous coverage in Scotland—as I understand it, about 20 per cent of the land mass is currently peatland—but such a move might have an enormous impact on our ability to meet our climate change targets. We simply do not know at this stage exactly how many CO₂ emissions we might be able to save, but we are getting there. Bob McIntosh might be able to say something more about the issue.

Bob McIntosh: There is not much that I can add, because it is not really my area either. I can say, however, that one of our big difficulties lies in assessing the carbon implications of many activities and policies, which is a bit of a barrier to fully working out the downstream implications. Nevertheless, a lot of scientific work is going on to better understand the implications; in the meantime, we are simply making the best of the information to hand.

Paul Wheelhouse: Clearly we are not doing this work in isolation. For example, UK agencies are carrying out UK research, and European and international research is also being undertaken. If instead of using our own research budget we can draw on and learn from peer research elsewhere in the global community—after all, there is a lot of international attention on these issues—we will do so.

The Convener: Indeed. Given the way in which the International Union for Conservation of Nature is working, Scotland will be a centre of excellence for that information. We are working on a worldwide scale on this.

I will take only a brief supplementary from Claudia Beamish because we have quite a lot of other questions on the budget.

Claudia Beamish: I appreciate that, convener.

The downstream issue is very complex—I, too, understood it only recently. On transport, as I understand it the carbon assessment tool takes into account what it costs to build a road but not the subsequent road use. Taking into account the minister's earlier points about assessing the complexities—the committee does not have time to go into that today—would the Scottish Government consider taking into account downstream issues in relation to transport and other areas in the carbon assessment tool?

Paul Wheelhouse: I am happy to give that undertaking to Claudia Beamish. Transport is one of the bilaterals on which there will probably be on-going discussion. From my former life, when I was on the Finance Committee, I am aware of

representations from Transform Scotland and others about the Scottish transport appraisal guidance process and how projects are assessed. I will always be open to information on that front. If I can help colleagues in other departments, not just transport, to fine tune their appraisal processes so that we can better understand the downstream impacts, I am happy to do that.

Jim Hume: Any of us could say that we spend X thousand on Y, B thousand on A and so on. I am more interested in how you think that we should measure whether that money has been successfully spent in future. How could we measure outcomes?

Paul Wheelhouse: I am sure that committee members will ask the cabinet secretary that when he comes to your meeting next week.

Across the portfolio, we are trying to put together our vision of where we would like to see Scotland and its environment and rural communities in the longer term—in the next five, 10 or 15 years.

If we look at the issue from the point of view of sustainable economic growth outcomes—if I can narrow it down to that level—I would like us to close the gap in growth between rural and urban Scotland in a way that is environmentally sustainable. Land reform, which is under my stewardship, can help to support and sustain appropriate land use in small rural communities, which will help to sustain their economic growth. Crofting is a key sector, particularly in the west Highlands, Argyll and the islands. It is an area in which we will be able to sustain economic growth, hopefully in an environmentally sustainable way. We need to look at outcomes and measures that monitor the vibrancy of rural communities and the health of our rural and urban environment, from the point of view of air quality and so forth.

We have to have an idea of where we are going in a number of fields, and where we want to be ideally. Some of that may not be attainable, either because we simply do not have the spending power at our disposal or because we have to make choices about how we prioritise our spending, as has been said. I would like to think that we can support sustainable economic growth across key sectors such as aquaculture and tourism—where we have national targets for growth—in a way that means that at the end of the process, people can say, “We managed that and did it in a way that did not detract from our environment.”

In the Aquaculture and Fisheries (Scotland) Bill, we are trying to do that with a specific sector, but we will have to do something similar in other sectors, for example energy and tourism, to manage their impact on the environment.

Jim Hume: You mentioned that you will look at ways of measuring outcomes. What is the timeline for that? Will it come in with the RPP?

10:45

Paul Wheelhouse: There are two strands. RPP 2 will set out how the Government thinks that the Parliament and Government can achieve our climate change targets in the period 2023 to 2027, extending the life of the measures that were announced in RPP 1. We also have the national performance framework and, at the local level, the single outcome agreements, which have a different time horizon. I hope that those strands will not be disconnected and will feed into each other. They are not totally isolated and will, I hope, speak to each other. If there are areas that we can improve, I will be happy to look into that.

There must be an understanding of where we are going in the short, medium and long term. In the context of the environment, we are looking not at a two or three-year time horizon but at a much more distant time horizon, because of the scale of the challenge. The Government's target is an 80 per cent reduction in greenhouse gas emissions by 2050, which is a very stretching target. We need to start thinking longer term about how our policies will enable us to achieve it.

Margaret McDougall: A number of witnesses expressed concern that the Government is not doing enough to meet our carbon emissions targets. It was suggested that we could do more to achieve a win-win situation, in which we meet our targets while generating economic growth and addressing issues such as flooding. Do you agree?

Paul Wheelhouse: I absolutely agree. I have had early discussions with stakeholders on such issues. Flooding is a good example. We can look at a catchment management approach. Society has a choice. Do we spend a lot of money on costly and sometimes obtrusive flood mitigation measures downstream in urban settings, to prevent flooding in towns, or do we take a more natural flood management approach, reintroducing meanders in rivers and planting forest in upland parts of the catchment, to try to slow the rate at which water feeds into the water courses?

There are many things that we can do. The Scottish biodiversity strategy supports the natural approach in some respects. For example, there is currently a trial reintroduction of beavers, and introducing beavers might be an appropriate approach in some areas, as a natural flood management measure. It has to be said that the farming community does not widely welcome that approach. We have to manage the interests of the people who produce our food—that is a vital

sector—while taking account of activities that can have a positive spin-off for farmers and the wider community, such as the reintroduction of species. Support for the natural environment has a win-win effect, as you said. In the case that I described, there can be a positive impact downstream, in that the flood risk for communities and perhaps valuable farmland is reduced. I support such an approach.

The Convener: The Crofting Commission's budget is being reduced next year because £1.5 million of income is expected from the sale of surplus land. How confident are you that the market is such that we will be able to get £1.5 million?

Paul Wheelhouse: The market is challenging for all property investment and sales. We expect to sell the stud farm and are reasonably confident that we will get the income that we identified. I stress that there is no cut to the budget. The issue is how the data are presented; the figure is shown net of receipts from the stud farm. Ultimately, if the sale does not happen I guess that we will have to find resource from elsewhere, either by generating income from elsewhere or by using contingencies. However, we are pretty confident that we can sell the farm. It is difficult to say what value it will have in a market that is reasonably volatile.

The Convener: I think that you have said enough to enable us to move on. I will bring in Angus MacDonald.

Angus MacDonald (Falkirk East) (SNP): Thank you, convener. I will pick up on Margaret McDougall's point.

Flooding has been mentioned, and I note from the level 4 figures that there is funding for flood and coast protection to the tune of about £4 million-plus for the period from 2012 to 2014. Members will forgive me for being parochial—although I am not really being parochial—but Grangemouth is clearly of national strategic importance to the economy, given that we have the petrochemical plant, which adds £3.6 billion to GDP per annum. However, flood defences are required to protect the site in the future. Is the minister liaising with other departments about possible future capital funding for flood defences in the Grangemouth area?

Paul Wheelhouse: Angus MacDonald is right to identify that there is a relatively modest amount in the budget for the flood management and coastal erosion portfolio, but that is the tip of the iceberg of the Government's spending on flood management.

Most of the budget is in the local government funding stream. A very substantial budget, which I believe is in the order of £40 million, is spent on flood management. That funding is assumed within the local government budget. Obviously,

following the concordat that money is no longer ring fenced. Colleagues in local authorities across Scotland will prioritise their own projects and in some cases might also use their own capital budget to supplement that funding.

I will bring in Neil Ritchie, if I may, convener, on the specific issue of Grangemouth.

Neil Ritchie (Scottish Government): I will add to the minister's point about the funding. In this spending review we came up with a special arrangement to allocate the £42 million a year that is identified within the local authority settlement for flood protection schemes. We have worked with COSLA and local authority representatives to allocate the money to the projects that are of the most value. We are having discussions with COSLA about future spending review arrangements, given that there will be a significant change in arrangements once the flood risk planning districts are up and running and there are local flood risk strategies. That is a general point, but I highlight that national importance is one of the factors that will be taken into account.

A group led by Russel Griggs—Mr MacDonald will be aware of this because I think that he is a member of the group—is looking at a number of issues in relation to supporting economic development in the Grangemouth area. My team is involved in that group. At its most recent meeting, there was a presentation on the latest assessment of flood risk in the area, following some work that Falkirk Council has done to obtain new data, which has allowed it to produce a much nicer map.

We have been supportive of the bid that Falkirk Council has made for a tax increment financing pilot, which is currently being worked up, for funding to support flood protection work in the area. Overall, we are working very closely with colleagues across the office and in Falkirk Council and elsewhere to support the work in Grangemouth and economic development there, and help to manage the flood risk.

Angus MacDonald: I am heartened by that feedback. However, I place on record the fact that Falkirk Council has estimated that the cost of the flood protection work will be between £40 million and £100 million, so it is clearly an important issue.

Annabelle Ewing: I come back to the generalities of flooding, to which the minister referred. One issue is the accumulation of gravel in rivers. I ask the minister to have a look at the SEPA guidance, if possible. My feeling is that farmers do not have confidence to take action, because they are not entirely sure what the repercussions might be and they are rightly very risk averse. I feel that there could be greater

movement in that area, but perhaps the guidance could be a bit clearer. I ask the minister to look at that issue.

Paul Wheelhouse: I am happy to inform the committee that SEPA is reviewing that guidance as we speak. Obviously, we will ensure that the committee is aware of the outcome. We will feed those comments in to SEPA.

The Convener: The next question is from Alex Fergusson.

Alex Fergusson: I want briefly to move on to the subject of forestry. The minister mentioned earlier that he feels that the Government is making great progress on forestry, which is obviously good to hear. We heard in evidence recently, particularly from the Confor representative, that the forestry sector—I do not think that anyone would argue with this—has a great contribution to make to sustainable economic development. However, we also heard that the private sector feels that the balance between the planting of commercial and non-commercial woodland is perhaps too much in favour of the latter and that a greater benefit would be felt if more commercial woodland could be planted.

In order to do that, the Confor representative felt quite strongly that the budget will need to be increased if forestry is to meet the targets that are being asked of it. Indeed, the Confor representative told us:

"If there is no funding other than the existing level of provision in the current budget ... nearly all of that will probably be taken up by legacy payments or commitments that have already been made."—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 3 October 2012; c 1181.]

Will the minister comment on that in relation to future planting requirements?

Paul Wheelhouse: I am happy to do so. Mr Fergusson is quite right to raise the point about the balance. We recognise that in the past the balance may not have been correct, which has an implication for the supply of timber for the timber-processing sector and for construction and other areas. I know that concerns have been expressed by Confor and others about the balance between productive forestry and non-productive planting.

What I can say is that our spending plans already contain provision for £33 million per year for woodland creation. I reassure Mr Fergusson and other members of the committee that, from what we are observing, there has been a growth in the current year in both productive forestry—in which conifers are obviously the main component—and broad-leaf forestry. That is quite encouraging, but we are still prepared to look, where necessary, to try to improve the balance. Obviously, we cannot dictate to landowners what

they plant when they are given grants, but I hope that we can influence to a degree the nature of that planting.

As the committee will be aware, there are broad-leaf species that are useful for productive forestry as well, so it is not simply a case of conifers versus broad leaves. Indeed, there are conifers that both contribute to our biodiversity and are productive. For example, the planting of Scots pine is obviously the restoration of a native species but it can also provide a very useful product for the commercial forestry industry. However, I am happy to take on board the points that have been raised.

Bob McIntosh might want to comment further.

Bob McIntosh: On the funding front, it may be worth saying that this is probably the first year for quite a few years when the budget will actually be spent. The budget has been underspent in previous years because the demand has not been there. That is building up now and we expect to spend the full budget this year.

As the minister said, we are rather in the hands of landowners as to whether they put forward commercial schemes or native woodland schemes. We can influence their decision making through the level of grants, but total funding has not been an issue. As we move into the next European rural development programme, we will need to look carefully at how we position the grants and how we slant them towards achieving the objectives that we want.

Alex Fergusson: I absolutely hear what is being said, but my assumption—please correct me if I am wrong—is that one reason why the funding was not fully taken up in past years is that it took a while to catch up from the complete lack of funding that was available from 2006 for a couple of years. Forestry schemes take a long time to implement. I am sorry if that sounds like preaching, but everybody knows that to be the case.

On the subject of the budget, we were also told:

"We have potential demand for some £45 million next year, against a budget of £36 million."—[*Official Report, Rural Affairs, Climate Change and Environment Committee*, 3 October 2012; c 1182.]

I think that we were told that the budget was £36 million, whereas the minister has just said that it is £33 million, although I am not arguing about that £3 million a year at the moment. There seems to be a little bit of a contrast in the positions there, and I just wonder what the minister can say about that to reassure us.

Paul Wheelhouse: If I may, I will defer to Bob McIntosh, who will be able to give a more expert answer on this than I can.

11:00

Bob McIntosh: Budgets are not limitless, but there is a significant budget for woodland creation, which should be enough to deliver the 10,000 hectares that we are looking for. We might have overdemand on that budget next year, but 10,000 is the target. That must be achieved within the budget that is available and we think that that can be done. If there is more demand next year, carrying some of it forward into the following year will be the only way in which we can handle it.

Alex Fergusson: The target is 10,000 hectares—absolutely. I think that we are at about 7,000 hectares—is that correct?

Paul Wheelhouse: We had more than 9,000 hectares last year, but we hope to achieve the 10,000 hectares target next year.

Graeme Dey: My questions are about achieving the target. In relation to increasing non-commercial tree planting, we have had a substantial one-off boost this year from the Woodland Trust's diamond jubilee forests scheme. You will be aware of the schemes that the trust and the Forestry Commission run to lease parcels of land from the Ministry of Defence and local authorities for planting native species. How much importance do you attach to such contributions? Do you actively encourage local authorities to participate in such schemes?

Paul Wheelhouse: As I said in my ministerial statement yesterday, the Government can do only so much. Whether it is through charities such as the Woodland Trust or other public agencies such as the MOD, or through what we are doing in the Forestry Commission and the national forest estate, if we can enlist as much support as possible to achieve the targets, that is desirable. I absolutely support that approach, when we can take it.

If the committee can identify examples of how we can do more, I will be glad to hear them. I welcome and am glad to add my support to what the Woodland Trust and other charities are doing to support the Government's effort. The challenge is too big to be left purely to the Government. As I said, we need communities, individuals, businesses and agencies to put their shoulders to the wheel and to help us to achieve the targets, which are crucial for us all.

The Convener: I will ask about a technical point. At the beginning of this month, I was at the opening of the Culag tree nursery in Little Assynt, which is in the west of Sutherland. I discussed with people there the planting in that area.

When we talk about commercial planting, are we talking about clear-felling approaches? Are native woodlands more to be managed tree by

tree or in small blocks of trees at best? Is there a way of bringing in a different process from the clear-felling approach that commercial forestry has used? I also asked the people at Little Assynt to explain how the timber that they grew could be harvested commercially.

Paul Wheelhouse: We have put a lot of effort into agriculture as opposed to forestry in helping farmers to understand how changes in farming practices can support us on environmental issues. For example, reducing diffuse pollution can protect biodiversity, and farming practices are supporting corncrakes and other species.

There is a case for enhancing our understanding of how forestry practices impact on flood management, for example. Ploughing furrows downhill in an area with a high risk of flooding will not help in dealing with the run-off from the upper parts of a catchment. If lessons can be learned, it is important to learn them.

We try to learn from best practice and from mitigation measures that people take when they can do so. I appreciate that changing practices is not always possible, but I hope that, when people can do so, they will think about environmental considerations.

I ask Bob McIntosh to explain what the Forestry Commission Scotland is doing on its estate to address such issues.

Bob McIntosh: Quite a lot of work is going on to encourage low-impact forest management, which involves moving towards smaller-scale fellings while maintaining a forest's productivity. That form of forest management relies very much on having stable soils and a reasonable climate, but some parts of Scotland where our woodlands sit are not always blessed in that way.

In windy conditions and with very wet soils, managing forests under a low-impact and continuous-cover system is quite difficult. Some sort of clear-felling system is therefore likely to need to continue on some productive woodlands in the uplands, but perhaps on a smaller scale than now.

The Convener: Thank you for that. Let us turn to the national park authorities.

Annabelle Ewing: We heard some interesting oral evidence from the representative of the Loch Lomond and the Trossachs National Park Authority. The national parks have a specific obligation to balance economic growth with environmental sustainability, so they have to deal with those issues daily as part of their job. He suggested two possible ways in which to proceed. First, we could focus more on having public spend leverage in private sector benefit. He gave the example of infrastructure projects that had, in turn,

helped local tourism businesses to develop. Secondly, we could ensure that any public funding going to a body is designed to have an end date in the sense that it leads to the sustainability of the project over the piece.

It struck me and, I am sure, many other members of the committee that we should have a closer look at what the national parks are doing, perhaps using them to pilot particular projects and/or trying to learn lessons from them regarding the practicalities of what they are doing—with success, it has to be said. Can the minister comment on that?

Paul Wheelhouse: That is an absolutely fair comment. Grant Moir gave some interesting evidence to the committee. I agree that the national parks offer a natural test bed for piloting ideas and approaches. To date, the parks have taken that approach on a number of fronts, and we are seeing what lessons we can learn from their experience. Because of the requirement to support communities sustainably in their economic aspirations while offering a degree of protection for the natural environment, they are an interesting context in which we can have a wider evaluation of how environmental spend interacts with economic growth. That picks up on points that committee members raised earlier. The parks are committed to aligning their approach to Government in that respect and, like every other agency, they are considering ways in which they can support sustainable economic growth. If we can learn lessons from them about what works in their particular environment and then roll those messages out nationally, they will, as you say, perform an important role as a test bed for such policy.

Annabelle Ewing: For the purpose of our budget appraisal process, I take it that your department will have a further think about that and will consider the suggestions that have been made this morning.

Paul Wheelhouse: I ask Keith Connal to comment on that.

Keith Connal (Scottish Government): An example of the Government's recognition of the parks' contribution is the money that has been made available by the Government for shovel-ready projects in the current financial year. An additional £1.8 million was given to the two national parks to enhance the investment that they are making in the sort of infrastructure that Grant Moir talked about. As and when money is available, the Government recognises the parks' contribution and adds to its investment in them.

Paul Wheelhouse: The investment that has been made in the Loch Lomond area has been welcomed in particular from a tourism

development point of view. It is a considerable investment and underpins the economic health of that area.

Annabelle Ewing: When we are looking at the spending of public money, the outcomes are important—that theme is picked up throughout the Scottish Government. In this scenario, we seem to be getting very good value for every public pound that is spent because the national parks have very successful outcomes. Perhaps we could look at that in a bit more detail to see how we could roll out that best practice to the wider situation.

Paul Wheelhouse: If I may, I highlight the fair point that Jim Hume made about how we view outcomes and what our vision is. We can learn a lot from the national parks about sustaining rural communities in a way that is also sustainable from an environmental perspective. The national parks are an important test bed for that area of policy.

Nigel Don (Angus North and Mearns) (SNP): I am grateful for the opportunity to piggyback on that question. I am concerned about the need for affordable housing. In many rural communities, there is a great deal of homelessness, much of which is hidden. I am conscious that housing is not part of your portfolio, which I do not want to ask you to stray beyond, but it occurs to me that many things that you have responsibility for and influence over could be used to improve accessibility to and opportunities for affordable housing, if there were a will to do so. Do you have that in mind and, if so, to what extent can you do it?

Paul Wheelhouse: That issue has a number of aspects. I have just been provided information about the national forest land scheme. We also have the land reform review group, which I mentioned and which is undertaking work on the wider land use issues in rural communities. I cannot say what the group will consider, but it might consider the availability of land for affordable housing in communities that are in effect landlocked by larger land interests. You rightly say that housing is not part of my portfolio, but I am considering issues such as the interaction between the climate change agenda and fuel poverty. The issue is about not only the availability of houses, but the impact that we can have on climate change through investment in housing. Clearly, building regulations will have an impact on that.

The third national planning framework will deal with a number of issues, and I hope that rural housing considerations will be included in those. As I said, housing is not in my portfolio, but I assure Mr Don that I will consider how, through our portfolio spend, we can wherever possible support investment in housing in rural communities. I recognise that many communities

face a real challenge because of the lack of affordable housing.

The Convener: You mentioned the national forest land scheme, on which I have recently had a series of written answers from the Government. We have made some use of that asset, but we could make more use of it. However, the rules need to be simplified so that the scheme can create more sites for affordable houses in the countryside. I hope that the minister might be able to address that problem. It is not directly a budgetary issue, but there is a crying need for housing in many areas.

Paul Wheelhouse: I hope that the committee appreciates that, where we have an influence as a landowner, we are trying to work in a way that sets a benchmark for standards for other landowners. That might relate to our interaction with biodiversity issues and protected species, or it might be about trying to make land available for new entrants to farming in the national forest estate and our interaction with land there.

I ask Bob McIntosh whether he has anything to add on the national forest land scheme.

Bob McIntosh: The scheme is a good example of the Government using its assets to encourage communities to purchase land. The Scottish ministers own 10 per cent of Scotland through the national forest estate. The national forest land scheme allows communities to bid to acquire sites for social housing off the open market. So far, that has been fairly successful in providing sites for social housing and in encouraging community purchase of woodlands for community benefit. I take the point about the rules of the scheme. We are always looking to simplify those rules wherever possible.

The Convener: It is nice to know that the minister is the largest landowner in Scotland.

Paul Wheelhouse: That is something that I have just discovered.

The Convener: We move on to the regulatory authorities, SEPA and SNH.

Angus MacDonald: At our round-table discussion on the budget, we heard from SEPA and SNH about their involvement in the move to a more proportionate regulatory framework in Scotland. I was encouraged by the National Farmers Union Scotland statement at that meeting that SEPA is working with farmers more than in the past. The previous perception was that SEPA worked against farmers or was throwing the book at them, to coin a phrase. The minister mentioned in his preamble that the consultation on the better regulation bill is under way. I hope that the bill will result in better rather than less regulation. As we know, regulation can help or hinder sustainable

economic growth. I am curious about whether you will be involved in the forthcoming better regulation legislation and, if so, what you hope it will achieve for SNH and SEPA.

11:15

Paul Wheelhouse: I am happy to confirm to Mr MacDonald that not only am I involved, but I am leading on the better environmental regulation aspects of the consultation. Unfortunately, we were beaten to the drop on the title of the consultation, so it is not obvious that we are involved. However, I reassure the member that we are very much involved and that I will be the lead minister on the aspects that relate to environmental regulation.

The question of what we are trying to achieve goes back to the heart of the issue about sustainable economic growth, however we wish to interpret that term. We are trying to ensure that, where possible, environmental agencies such as SEPA and SNH take a more risk-based approach so that they deal with projects and activities that potentially pose the greatest threat to the environment, or in relation to which there has been a history of non-compliance, perhaps on low-risk investments. We want the agencies to prioritise and to ensure that the environment is protected by targeting resources where they are needed, rather than have a continuous cycle of audits of businesses and sectors that are engaging well and delivering on their compliance responsibilities. Examples of those include garage forecourts or dry cleaners, which obviously emit fumes into the atmosphere, but which are generally perceived to be relatively low risk and perhaps do not require the degree of oversight that was given to them in the past.

We need resources to be targeted at major polluters or major risks to the environment to ensure that we minimise the damage to the environment. We are trying to move to an approach that better reflects the risk to the environment. Where possible, we want to facilitate sustainable economic growth and support those who are being responsible in their compliance with environmental objectives.

I hope that that helps to explain the philosophy and where we are coming from, as well as my involvement with regulation and the consultation on improving regulation.

Angus MacDonald: Indeed, it does.

At the round-table discussion, we heard about the continuing moves to improve the planning system. Will you say what your priorities are in that area, possibly with regard to SNH and SEPA contributing to the improvements to the planning system?

Paul Wheelhouse: I am aware of that issue. I met SNH last week on a sort of mini tour to visit as many of the agencies as possible. Since 2006-07, when SNH commenced its work to help streamline the planning process, there has been a significant reduction in the number of cases in which SNH finds it necessary to lodge a formal objection. Reducing the need for formal objections is probably the single most effective contribution that SNH can make to speeding up the planning process, where that is appropriate. I stress the point that it must be appropriate, because clearly there are cases in which there is a need for SEPA and SNH to intervene and, in some cases, make a strong objection to a proposal.

Part of the ethos is that we are trying to move to a situation in which SNH and SEPA advise Government and local agencies on the implications of proposed projects and ensure that those bodies are well informed about the impacts, but that they make a formal objection only when absolutely necessary. In general, we see SNH primarily as an expert adviser to Government on issues to do with the protection of landscapes and the natural environment. In many respects, that is critical to how Scotland is perceived. Even for sectors that do not have a direct or obvious link to the environment, the perception of Scotland is important to our brand image internationally and therefore it is important to the Government to protect the environment and enhance it where possible.

Claudia Beamish: Although I agree that it is important that SEPA has an advisory role rather than simply coming in as a regulator, there are times when strict regulation and monitoring are needed in relation to waste regulation, where waste goes, efforts to achieve the zero waste targets, the water quality framework and other issues. Are you concerned about the cuts to the budget? I understand that the cut this year is only £0.5 million, but are you concerned about SEPA's ability to fulfil its advisory role, its regulatory role and its work in the other areas for which it is responsible?

Paul Wheelhouse: I accept that the budget has reduced. I am not denying that at all. However, the move to a risk-based model, which I have described, means that we can genuinely target the resources that we have to where the risks are presented. In some respects, we can actually enhance the scrutiny of projects. We can target the resource to serially recalcitrant types who are not taking on board their responsibilities. The message that I want to put out there is that we will support those businesses, individuals and organisations in complying. We want to play a role in prevention rather than cure.

Where required, we will ensure that resources are available to police the regulations and ensure that those individuals are aware of their responsibilities. If need be, we will take appropriate enforcement action to ensure that polluting activities are curtailed where people are clearly defying their obligations and ignoring the advice that we have given. However, it will be far better to reach a situation where SEPA and SNH can prevent such incidents from happening in the first place, and that is what we would like to do.

I reassure the committee, including Claudia Beamish, who raised the issue, that the risk-based approach that we are taking—and indeed the consultation on charging—will reflect the prioritisation towards ensuring that those riskier activities and individuals are the ones to which attention is paid.

Claudia Beamish: Thank you.

Margaret McDougall: You have perhaps partly answered my question, but I will ask it anyway because there is an issue that I want to raise. Are you content with the energy efficiency levels of the public bodies for which you are responsible? You mentioned SNH and SEPA, and you also give advice on and oversee Scottish Water.

Paul Wheelhouse: I apologise for the fact that, at this early stage in my appointment, I have not yet been able to assess the position of all the public bodies for which I am responsible. However, you mentioned SNH, which is perhaps an exemplar in that respect. I am not suggesting that every department is yet doing as much as SNH, but I hope that it will provide a benchmark and a standard to which other organisations across Government—not just within my portfolio—can aspire.

I know from my visit last week that SNH recognises that climate change is a major threat to the very environment that it wishes to protect. It has had its own greening policy since 1997, under which it has measured use of its buildings, its spend on work travel and the amounts of waste that it produces, and it has been reporting publicly on that since 2000. During my visit, I heard about the work that it is doing to assess its carbon emissions and offset them. It is using videoconferencing for as many meetings as possible in order to avoid the need to travel in the first place. Indeed, I offered to use videoconferencing for as many meetings as possible rather than requiring officials to travel, although there are times when ministers with various portfolios will need to meet SNH and it is important for it to visit Edinburgh on occasion, as well.

SNH's awareness of climate change has improved dramatically in recent years. I will

highlight a few things that it has done, which I noted in advance of the meeting. In the past five years, it has reduced its greenhouse gas emissions by more than 30 per cent. It cut them by 13 per cent in the last year alone. It is doing well against the 4 per cent per year that it needs to hit to meet the Government's 2020 carbon targets.

SNH is spending wisely and, indeed, reaping financial dividends from that, which is a lesson for all Government agencies. Against a global rise in fuel costs SNH's energy bills fell last year, which is an important message for areas of Government. If SNH had not taken measures to save the energy that it did, it would have had to spend an extra £140,000 over the past three years alone. It is a bit like the example that I gave yesterday in my statement to the chamber about what the Scottish whisky industry is doing. It is important from a bottom-line business perspective that there is an environmental benefit. In this case it is perhaps the other way round—SNH is trying to set a principled position in terms of its impact on climate, and that is also having a positive impact on public spending. It works both ways.

SNH shows what is achievable and I encourage anybody to visit its headquarters. Great Glen house is a fantastic facility and I think it is one of the most, if not the most highly rated building in the UK. It is certainly one of the most highly rated buildings in the UK from an energy efficiency standpoint, which has clearly helped SNH to achieve those sorts of figures.

Margaret McDougall: Will you comment on seepage in relation to SEPA and Scottish Water? Is any work being done on that?

Paul Wheelhouse: I am sure that there is. Although I have met SEPA on other issues, such as flood management, I apologise that I have not yet had the chance to discuss with it its impact on the environment. I undertake to do so and I make that commitment to Margaret McDougall. If there are examples of where SEPA is making an impact, I will happily feed them back to the committee for its consideration.

Margaret McDougall: Thank you.

The Convener: Alex Fergusson will ask about aquaculture.

Alex Fergusson: Thank you, convener. Some evidence that we received suggests that there is potential for economic growth in the aquaculture sector. Obviously, a bill has just been introduced to the Parliament and we will be paying a lot of attention to the sector in the coming months. Assuming that that potential for economic growth is real—and such expansion would obviously have an environmental impact—to what extent is the aquaculture budget being prioritised?

Paul Wheelhouse: As Mr Fergusson identified, the Aquaculture and Fisheries (Scotland) Bill will reaffirm our commitment to sustainable growth in aquaculture and to managing interactions between aquaculture, wild fisheries and the marine and freshwater environments. The debate has been characterised as a battle, if you like, between the interests of wild fisheries and aquaculture, but there is a substantial interest from a ministerial point of view in protecting both freshwater and marine environments.

Significant investment is being made in a number of projects to allow the industry to grow in an environmentally sustainable manner. For example, a contract research fund is in place to enhance the autoDEPOMOD tool. That tool is owned by SEPA and used by fish farm site operators to support their applications for SEPA licences to discharge waste to the on-shore environment. There are some practical things that we can do.

We are investing in the development of technical standards for fish farm equipment to reduce the escape of fin fish. We are also investing in the development of the Scottish shelf waters modelling tool, to enable the consideration of information on the dispersal of sea life in the marine environment. Those are things that we can do to inform the sector through research. The sector also does its own research and makes substantial investment in that, but those are some practical examples of where we can add to the available information and help those who regulate fish farming activity, and the fish farming community, so that impacts can be understood and the planning process informed.

As a practical example, last week I visited a Marine Harvest site at Lochailort, where a recirculation facility is being built—a very impressive facility it is, too. On the face of things, a major capital project in a pristine rural environment would perhaps present concerns to some, which I appreciate, but I was impressed by what people there are doing. From a business point of view, that site is being built primarily for the business objective of reducing water abstraction. By recirculating the water in the facility, Marine Harvest can extract toxins and gases from the water and reduce the potential for sea lice to get into the site, which produces smolts for the company's wider estate. In terms of outputs to the environment, the facility will also capture all the sludge, which will potentially be used either as an agricultural fertiliser or in anaerobic digestion.

11:30

That is a practical example of where we can, I hope, support and advise the industry on what it can do to clean up those kinds of activities. I am

impressed that Marine Harvest is doing that of its own volition—perhaps, in this case, without too much intervention by Government—not only because it is important for that company to reduce its energy consumption and impact on the environment, but primarily for the business reason that it will save a lot of money. The company is growing that facility to expand production in a way that will, I hope, minimise whatever potential environmental risk there might be. No doubt SEPA will have been closely involved in that throughout the planning process. Through the planning process, we can help in a practical sense by informing the aquaculture industry in addition to the measures that the industry itself is taking.

Alex Fergusson: I am grateful to the minister for that answer. Indeed, the committee has a number of visits planned as part of its consideration of the bill, so I hope that we might see some of the excellent examples that he has spoken about. I am sure that we will cover a lot more of that.

I have another brief question. I know that, under the Marine (Scotland) Act 2010, the stated aim is to increase shellfish output by, I think, 100 per cent. I must confess to a slight constituency interest here, because I believe that the banks of the Solway have great potential in helping to achieve that target. That sector of aquaculture possibly has slightly fewer environmental difficulties to overcome if it is to achieve that target. Is the Government still aiming for that target? To what extent is that taken into account in the current budget?

Paul Wheelhouse: If I may, I will come back to the committee on that issue, as I am not familiar with exactly what the implications will be for the Solway.

Certainly, the Aquaculture and Fisheries (Scotland) Bill includes a number of measures on the shellfish sector, so it is not purely about aquaculture. Indeed, the bill includes measures on sea fisheries, too. Although the bill may have been characterised in the public discourse as being mainly about aquaculture, it contains other measures that we hope will support sustainable economic growth in the context of shellfish production. I am happy to undertake to come back to Mr Fergusson on the specifics of the impact on the Solway. I will provide that information through the convener.

Alex Fergusson: My apologies. I was not asking specifically about the Solway, although I obviously have a great interest in that, but there is a general issue with that sector of aquaculture around all Scotland's coasts.

The Convener: I can only agree.

Alex Fergusson: I would very much welcome any information that the minister cares to come back with.

The Convener: I think that Claudia Beamish wants to make a final small point.

Claudia Beamish: Minister, a concern that has been highlighted to me by a number of organisations is how the Aquaculture and Fisheries (Scotland) Bill will fit with environmental concerns and more strategically, in view of the fact that, as I understand it, the national marine plan has been delayed—possibly for good reasons—and in view of the fact that the marine protected areas are having to be identified simultaneously. How will that fit with the growth of the aquaculture industry, which in my view is quite exponential?

Paul Wheelhouse: You are quite right to identify that there are very ambitious targets for growth in the aquaculture sector, so the growth is substantial. I think that we are trying to see aquaculture grow to 210,000 tonnes from its current output, which I think is hovering around 140,000 or 150,000 tonnes. I may be incorrect on that—I apologise to the convener if I am not precise enough on that figure—but, yes, we are seeking substantial growth in the sector.

I hope that we will come forward relatively soon with information on the MPAs so, if I may, I will park that issue for the moment rather than pre-empt matters. However, I understand the point that Claudia Beamish is making about the need to ensure that Government co-ordinates these different aspects of policy that are running concurrently to ensure that aquaculture and the risks to the marine environment are managed. I can reassure her that the whole focus of what we are doing through the Aquaculture and Fisheries (Scotland) Bill is precisely to try to ensure that there is a better, more robust regulatory environment for the sustainable growth of our aquaculture sector, which we think has an important role to play, particularly in sustaining employment and capturing economic value in remote and rural communities.

I assure you that we will not do aquaculture in a way that damages the environment. The message to the aquaculture sector is not that we are singling it out but that we hope that we can give confidence to the wider community that aquaculture can be done in a way that is consistent with maintaining the pristine environment that the sector uses to market its product overseas.

When Chinese officials from the biggest food producing company in China visited Lochailort, I happened to be there, so I saw for myself the importance that that company places on Scotland's pristine environment as a factor in

attracting it to buy from Scotland. Bob McIntosh talked about the ecosystem services approach. There is an indirect benefit in the case that I am describing, in that the quality of Scottish produce is perceived to be higher because of the environment from which it comes.

The Convener: Members will be able to consider the subject and interrogate the minister when we deal with the Aquaculture and Fisheries (Scotland) Bill. We will have much more ammunition to fire at that stage.

Paul Wheelhouse: That sounds ominous.

The Convener: Our discussion has covered a range of issues, which shows how much the Rural Affairs, Climate Change and Environment Committee has to cover when it considers the budget. I thank members for their questions and I thank the minister and his officials for their detailed answers, which I hope that we can review as we produce our report on the budget.

Petition

Staffordshire Bull Terriers (PE1396)

11:36

The Convener: Item 3 is consideration of PE1396, which calls on the Scottish Parliament to urge the Scottish Government to investigate and prevent the overbreeding of Staffordshire bull terrier dogs. The petition was brought by Ian Robb on behalf of Help for Abandoned Animals (Arbroath). I refer members to paper RACCE/S4/12/22/3.

Graeme Dey: I declare an interest. I had a degree of involvement in the petition when it was presented to the Parliament. Subject to the committee's agreement, I will not leave the room while the petition is discussed, but I will not participate in the discussion.

The Convener: Thank you. I invite comments from other members.

Margaret McDougall: The Scottish Society for the Prevention of Cruelty to Animals said that 75 per cent of people who seek to take a dog into their home would not consider a Staffordshire bull terrier. There is evidence that Staffordshire bull terriers are bred and then abandoned, but people are not keen to take them into their homes. We should perhaps close the petition, but it would be useful to write to local authorities and encourage them to use the legislation that is available to them.

Richard Lyle: I agree. The petition has had a good airing and should be closed. Legislation is in place. I take Margaret McDougall's point about writing to councils. I am a dog owner and I am sure that there is an issue for other breeds. We should close the petition and move on.

Jim Hume: It is widely known that it is illegal to abandon a dog. I am quite happy to close the petition. It might be appropriate to write to Kenny MacAskill, who is in charge of justice, so that he can pass the message to the police and local authorities.

The Convener: The Scottish Government has stated its position clearly, but we can inform it about the committee's decision.

It has been suggested that we write to COSLA. If there are no further comments, I take it that, given the work of the Public Petitions Committee, the legislation that is in place in Scotland and the clearly stated positions of the Scottish Government and COSLA, members agree to close the petition, notify the petitioner of our decision and write to COSLA, as Margaret McDougall suggested.

Alex Fergusson: I agree, with the proviso that the letter is copied to the Scottish Government.

The Convener: Yes, we can copy it to the Cabinet Secretary for Justice. Are members happy with the proposed approach? Are we agreed?

Members indicated agreement.

The Convener: In that case, I ask for the public seats to be cleared so that we can continue in private.

11:40

Meeting continued in private until 12:10.

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