

ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

Wednesday 12 May 2004
(Morning)

Session 2

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ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

13th Meeting 2004, Session 2

CONVENER

*Sarah Boyack (Edinburgh Central) (Lab)

DEPUTY CONVENER

*Eleanor Scott (Highlands and Islands) (Green)

COMMITTEE MEMBERS

*Roseanna Cunningham (Perth) (SNP)

*Rob Gibson (Highlands and Islands) (SNP)

*Karen Gillon (Clydesdale) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Maureen Macmillan (Highlands and Islands) (Lab)

*Mr Alasdair Morrison (Western Isles) (Lab)

*Nora Radcliffe (Gordon) (LD)

COMMITTEE SUBSTITUTES

Alex Fergusson (Galloway and Upper Nithsdale) (Con)

Janis Hughes (Glasgow Rutherglen) (Lab)

Jim Mather (Highlands and Islands) (SNP)

Jeremy Purvis (Tweeddale, Etrick and Lauderdale) (LD)

Mr Mark Ruskell (Mid Scotland and Fife) (Green)

*attended

THE FOLLOWING GAVE EVIDENCE:

Robin McKendrick (Scottish Executive Environment and Rural Affairs Department)

Allan Wilson (Deputy Minister for Environment and Rural Development)

CLERK TO THE COMMITTEE

Tracey Hawe

SENIOR ASSISTANT CLERK

Mark Brough

ASSISTANT CLERK

Catherine Johnstone

LOCATION

Committee Room 4

Scottish Parliament

Environment and Rural Development Committee

Wednesday 12 May 2004

(Morning)

[THE CONVENER opened the meeting at 10:03]

Organic Action Plan

The Convener (Sarah Boyack): Good morning. I welcome colleagues, witnesses, the press and members of the public, if we have any this morning. We have no apologies for absence but a couple of our colleagues will be late—we will see them shortly. I give colleagues my usual reminder about mobile phones, before anyone gets caught out.

The first item on our agenda is an evidence-taking session on the organic action plan. Members will have a copy of the Executive's first-year update on the plan. I welcome the Deputy Minister for Environment and Rural Development and his official. Before we begin taking evidence, do any members wish to declare any interests?

Rob Gibson (Highlands and Islands) (SNP): I am a member of the Scottish Crofting Foundation.

The Convener: As no one else wishes to declare an interest, I invite the minister to make a brief opening statement on the background to the work that the Executive is doing on the organic action plan.

The Deputy Minister for Environment and Rural Development (Allan Wilson): Thank you for this opportunity to update the committee on developments since the publication of our action plan. Our support for organics is based on the belief that organic farming has an important contribution to make to the protection and enhancement of our rural environment, as well as to animal welfare and the provision of good food that the consumer wants. All those things obviously contribute to our wider rural development measures and to securing and retaining vital rural employment. The organic plan is very important in that context.

The publication of the first annual report should be an important barometer of the progress that we are making in implementing the plan. I am confident that a lot has been achieved and this meeting is a good opportunity to discuss that.

Changes came into force on 1 May and represent the next step in our development of

support for the organic sector. The changes covered: new payment rates to provide a better incentive to organic conversion; a new payment rate for conversion for vegetable and fruit production, which was not provided previously; more support for advisory help for converters; help with capital costs associated with conversion; and the introduction of a maintenance payment to organic producers that goes beyond the initial conversion period. All those changes will deliver on our partnership commitment to increase the proportion of organic food that is available in Scotland.

"A Forward Strategy for Scottish Agriculture", which we have discussed before, specifically stated that agriculture should be focused on producing food and other products that the customer wants. That is equally true for the organic sector, where growth must be market led, giving consumers what they are prepared to pay for. We have to avoid a situation that we have seen all too often—market growth getting out of step with market demand. The glut of organic milk and the offloading of organic lamb into the non-organic market are recent examples of that.

In that context, I am pleased to report on the progress that we have made in conjunction with the Scottish food and drink strategy in creating the post of organic market link co-ordinator at the Scottish Agricultural College. Funding is in place for this financial year and the co-ordinator's role will be to improve the flow of product supply and market demand in the organic farming sector. The project is also aimed at improving links between organic producer groups in Scotland and it will link into existing programmes of support.

I draw the committee's attention to the support that we have given to the organic sector through the processing and marketing grant scheme and the marketing development scheme. Since May 2001, more than £5.3 million has been awarded to support the processing and marketing of organic produce through those schemes. That has triggered total new investment of some £32 million and has helped companies to invest in buildings and equipment to develop the added value that the processing of organic produce can bring. That is not only an incentive to the industry, but a general positive message to rural communities.

I have also taken steps to broaden opportunities for organic producers by accessing procurement contacts in the health and prison services in Scotland. That will help to build the market for organic producers.

Obtaining a better and clearer picture of the issues involved in organic farming has meant commissioning more research. We want to gauge market penetration of Scottish organic products in the Scottish organic market and we hope that

research into that will bring good news. A scoping study has also been commissioned to baseline the organic sector and to identify where further research is needed to help organic producers in Scotland to produce organic products that the market wants while using practices that show clear environmental benefits.

Officials have the final drafts of the two reports on that research, which are currently being evaluated by the organic stakeholders group. The two reports will inform future efforts, not least in considering Scottish organic products' selling points—where they are unique and where that can be built on. I will write to the committee in due course with the outcomes of the reports and studies for your information.

Organic demonstration farms were mentioned when I addressed the Soil Association annual conference, which was, for the first time, held in Edinburgh. Such farms are an important element of our continued funding of the development of organic farming, which we deliver through the Scottish Agricultural College's advisory activity. There is a network of six farms, which represent a range of farm types for the purpose of demonstrating the issues involved in organic farming; a programme of farm walks and seminars is also provided. That is all about increasing public knowledge and promoting sustainable organic stewardship to farmers. Officials have made progress with the organic sector in identifying an Executive-funded initiative for an organic open farm in Scotland to address those aims. I gave a commitment on that at the conference and we are engaged in promoting it.

I am pleased that the Executive has played an active part in appointing members to the new Advisory Committee on Organic Standards. There are now three Scots serving on the committee. That is an important reflection of the fact that Scotland plays a substantial role in the United Kingdom's organic sector. It will also help to ensure that organic standards reflect regional circumstances and our Scottish priorities, which could encourage organic conversion in, for example, the crofting counties.

On future organic events, we will be participating in the organic trail at this year's Royal Highland Show, to which I am looking forward. We will also participate in organic week in September, when I hope we will have more to say on the development of the farm pilot.

I believe that the first report on the organic action plan is an important step in helping the Scottish organic sector to achieve its environmental and economic potential to deliver quality organic products to the Scottish consumer. It reflects the organic sector's understanding of the challenges as well as of the opportunities that face

it. There is determination both in the Executive and among producers within the industry to make the best of the opportunities and to overcome the challenges.

I am happy to answer questions from the committee. Robin McKendrick is available to speak about the detail of some of the developments.

The Convener: Thank you. It is good to hear of progress. I suppose that the purpose of this morning's discussion is to talk about the nature of that progress and ideas for the future. Can we kick off by looking at funding? That is a big issue, on which we can ask a lot of questions. You mentioned it briefly in passing, but it is a core issue for the farming community in engaging in the organics movement. Who wishes to kick off on that one?

Maureen Macmillan (Highlands and Islands (Lab): The issue is extremely important, because there has been a shift in the way in which funds are delivered. Under the old scheme, people had only to apply and they would get some funding through the organic aid scheme. Now, the funding is discretionary. Although there is some funding for conversion and for increased advisory aid, as well as some capital-cost support, that is all allocated on a discretionary basis. People are not sure how to access the funds. There is a lack of transparency about the criteria for accessing them. There is a fear that we are lagging behind other countries in the United Kingdom and in Europe in our support for organics.

10:15

Allan Wilson: I am not familiar with that particular criticism. One of the aims of the action plan was to bring Scotland more into line with other parts of the United Kingdom and the European Union. I think that we have been wholly successful in that regard. The application form makes explicit reference to the criteria. We have funded advisory services for producers as part of the process, to ensure that producers are aware of the opportunities that are available to them. In addition, we have quadrupled the money going into the sector over the past four years—since the Parliament was set up. By any standards, that is a fairly substantive record.

It is important to put the question in context. In the early stages of the reform of the common agricultural policy, there has been a lot of uncertainty in the industry—Alex Johnstone will correct me if I am wrong—about where agricultural production is going in general. From my discussions with NFU Scotland and others, I know that it will take some time—possibly some years—for things to settle down and for us to get a true

picture of where organic production is going, as opposed to conventional agricultural production in general. I suspect that there will be a limit or ceiling on growth, although we are not at that point yet. It will be difficult to gauge that over the next two years in the context of CAP reform.

Maureen Macmillan: My next question is about your engagement with the organics sector on CAP reform. Concerns have been raised that the organics sector has not been involved in any meaningful way in the concept of land management contracts. Producers feel that they could have a role in that.

Allan Wilson: They undoubtedly do.

Robin McKendrick (Scottish Executive Environment and Rural Affairs Department): Last year, the organic stakeholders group received a presentation from an official about the impacts of the mid-term review of the common agricultural policy. We revisited the issue at the most recent meeting of the stakeholders group. We recognised that there is an issue around the relationship of the organics sector both with the new arrangements following CAP reform and with the new concept of land management contracts, which the Executive is on record as saying that it would like to develop. In recognition of that, a special meeting of the organic stakeholders group is scheduled for mid-June. We are also considering the organic sector's representation on the land management contract working group and on the technical group that is dealing with the development of cross-compliance. Moreover, there are possibilities in relation to the entry-level scheme. The organics sector will be involved in those discussions. We have heard what its representatives have said and we understand their concerns.

Allan Wilson: A special meeting is being convened in June precisely to get producers' views on some of those issues.

The Convener: That is good news.

Alex Johnstone (North East Scotland) (Con): As the minister may be aware, I am very supportive of the angle that the Executive has taken on organics support, particularly where it continues to promote the concept of a market-led development of organic produce.

As we can clearly see, much of the success of organic production in Scotland to date has been at the farm-shop or farm-gate level of production and sales. We are now moving towards a more European model, but, when we get to that stage, we will begin to have problems that other European countries do not have. If we move into the larger-scale processing of organic products, our geography and factors such as the distances for haulage will give rise to problems. The economies of scale that exist in certain organic

industries in other countries may be more difficult to achieve or may have to be achieved at a higher level in Scotland. That has already been the case with organic malt production, where there have been difficulties in centring production so that processing takes place at a single point.

Does the minister think that, as a consequence of those factors, there will be a need to reorient support so that a higher proportion of it is targeted at processing and marketing, to ensure that Scottish organic products can be processed and marketed competitively alongside the products of other European countries?

Allan Wilson: I suppose that the bottom line on that is that we are constantly open to reviewing the organic aid scheme to identify where concentrating payments has the most effect. I agree with what you say. Part of our response to the problem to which you refer relates to the fact that, historically, the growth of the organic sector has been due in large part to factors that, as you know, are peculiar to Scotland's upland and hill-farming traditions. In retrospect, that might not have been the way in which we would have wished to develop the industry. That is why we are now concentrating on the more market-led approach to which Maureen Macmillan referred, by having a business plan for organic production that will merit the public aid that goes into that process. Getting a greater market share for Scottish organic production is probably the key to the issue that you raise—certainly in the short term—and I think that the studies that we have commissioned will produce evidence of that.

Robin McKendrick: The issues that you raise are well recognised by the organic stakeholders group and they have been addressed in the SQW/ADAS report that examined the entire organic sector from the farm gate to the consumer. As the minister said, we have received that report—it is being evaluated by the organic stakeholders group—and we will inform the committee of the group's deliberations on the way forward. As the points that you make are bound to be covered in that report, they will be considered by the stakeholders group.

In the meantime, the appointment that the minister announced of a market-linked project officer—a post that will be located in the Scottish Agricultural College and funded by the Scottish Executive Environment and Rural Affairs Department and Scottish food and drink—is an indication that we take seriously, and are trying to address, the issues that you raise. In addition, in organic week in September, we will attempt to get key producers to attend a meeting in Edinburgh at which we can discuss the challenges that producers face in getting their produce to market.

Allan Wilson: As I think I mentioned in my introductory remarks, since May 2001 about £5.3

million has been spent on support for the processing and marketing of organic produce. In fact, there has been a greater contribution to the marketing side than there has been to production subsidy.

Robin McKendrick: Of course, the Scottish Agricultural College runs an advice line for organic farmers. The advice line is funded by the Executive and enables farmers to get information about market prices and opportunities, for example.

Rob Gibson: I am trying to put matters in perspective. The European action plan has been in existence for three years. I am aware that countries such as Finland, which has made major changes in the kind of food that it offers its population, have given whole-hearted support to organic conversion—support that does not just have a time limit of five or 10 years, for example. I would like to obtain some figures that show how Scotland is shaping up in comparison with similar nations and—to follow up a question that Alex Johnstone asked—to find out how they support their population by getting the food to them.

Allan Wilson: I thought that we were ahead of the European Union in publishing our action plan. We are still awaiting the publication of the European action plan. We are involved in a number of those issues, because we want a Europe-wide approach and common standards of organic practice, so that when we are importing and exporting within the European Union we can evaluate equitably across the borders. As the report says, there is an equivalency between our system and the systems in force in other countries in terms of production standards and inspection, so we are feeding into the European action plan and our organic plan precedes the European Union's.

Within member states, there will obviously be different emphases in different countries, depending on their agricultural systems and on the type of organic produce and production that they favour and want to develop. The important thing from our perspective is that we have a Scottish organic action plan that does that for our producers and, as I said, takes account of areas such as the crofting counties, where there are specific challenges in trying to engage crofters in producing organically—if that is what they want to do. To answer your question, there is no European action plan.

Rob Gibson: Well, that plan is based on a conference held in Denmark in May 2001. As a layman, I received information through the press about other organic schemes. It would be interesting to know how Scotland is progressing compared to other countries, so as to get some perspective on how well our action plan is meeting

the demand that is out there. What specific objectives were behind the decision to provide an extra five years of support for organic farmers?

Allan Wilson: We wanted to ensure that farmers do not get support only for converting. What we saw historically in hill and upland areas—less favoured areas—was, I would argue, not the best use of public funds in promoting the growth of organics. What we are now doing is focusing more generally on improving the Scottish market share, which is critical, but also on extending organic production as a percentage of the whole. In doing that, we cannot look only at conversion rates. We must look at retaining production in the organic sector.

Robin McKendrick: We say in the report, on pages 10 and 11:

“The main stimulus for the preparation of the European Action Plan came from the conference ... held in Denmark in May 2001.”

There was, in fact, a hearing on 22 January 2004, chaired by Commissioner Fischler, at which he outlined the draft for the European organic action plan, but it has not yet been published. European officials were keen and interested in our own organic action plan, and the Commission has been supplied with an update of our first annual report.

To supplement what the minister said about support to crofters, we recognise the special and unique circumstances that are faced by crofters and by others in smallholdings throughout Scotland. We have done a couple of things to support that sector, the first of which concerns the standards that organic farmers must comply with. There is flexibility in the livestock standards that can be applied, particularly in terms of tethering, which can be a problem in crofting. We raised that at the most recent meeting of the committee on organic standards in London, just three or four weeks ago, and we are looking to see what flexibility we can introduce into the compendium of UK organic standards.

To try to encourage crofters to join the scheme, we have had a number of meetings with the Crofters Commission. As a special initiative, the Crofters Commission hopes to run a series of meetings on organic farming in a number of townships during the summer months. The first of those will be in Shetland, on 10 and 11 June. We will visit a number of farms and will have a meeting with the producer group and with farmers. I shall be attending that meeting and giving my support to the initiative by the Crofters Commission.

Rob Gibson: Thank you for the information. My final point is that a comparison of what is going on in different countries would be useful. Most of the organic produce that is consumed here is

imported, and it would be good to know in the report how we are substituting such produce for some of the things that we can grow here. I welcome the information on fruit and vegetables, but perhaps we could see the information that I mentioned in the next report.

10:30

Allan Wilson: In my preamble, I said that we are producing two reports. The first report, which is imminent, specifically considers the penetration of Scottish organic produce in the domestic market and I am hopeful that it will show good news in that regard.

The Convener: That report will be useful. One of your key objectives is to increase people's ability to buy Scottish organic produce.

Roseanna Cunningham (Perth) (SNP): I am interested in what has happened since the OAS changed from being non-discretionary to being selective. You might not have precise figures, but it would be interesting to know whether more farmers are applying than are getting money, along with roughly what the percentage of knock-backs is and what the criteria are. How are decisions made about who gets money under the scheme? I am also particularly interested in fruit and vegetable production. It is something of an irony that the area in which I suspect the biggest demand lies was not specifically headlined in the scheme. Can you say anything about that, or is it too early?

Allan Wilson: It is a bit of both. It is a bit premature for this year. I understand that in terms of the applications for assistance last year, there was a very small amount of excess demand over supply. We are in the middle of this year's application round and we are encouraged by the process. As you say, the move to a discretionary scheme with a ranking system in which points are awarded could lead to a situation in which there are winners and losers. However, we are directing support to meet our priorities in the plan and there may well be winners and losers, as with any other state-aid system. At the moment, there is no evidence that that is a problem and we hope to avoid it.

Robin McKendrick: As the minister says, since the ranking system was introduced, only a handful of applications—

Roseanna Cunningham: Is the system transparent? Do farmers understand what they are supposed to do to get the money?

Robin McKendrick: We believe that the farmers understand. We have talked to private sector bodies about the matter, and they have been involved in the technical working group that

has looked anew this year at the factors that contribute to an individual scoring enough points to get into the scheme. Those bodies are happy with that; the focus is on understanding and identifying the market for one's produce so that there is demand at the end.

Roseanna Cunningham: That goes back to the more specific issue of conversion to fruit and vegetable production.

Robin McKendrick: This is the first year that we have introduced a payment rate for conversion to fruit and vegetable production, as you know, and it is too early for us to say. However, as the minister said, we hope that it will help.

Allan Wilson: It certainly provides an incentive and I hope that fruit and vegetable producers will take up the opportunity.

Roseanna Cunningham: I have some questions about the supply-chain and marketing aspects. I should say, as an unofficial declaration of interests, that I am a subscriber to one of the net schemes. As Alex Johnstone mentioned, the biggest success for organic produce is at farm shops, farmers' markets and the net schemes or box schemes to which people can sign up. One of the reasons for that is difficulties with the supermarkets' policies on organics. In Tesco, the organic beef comes from Argentina and the organic chicken comes from France, and that is not untypical.

I have had a look through the report and I could not see anything about the buying policies of supermarkets, which are important, particularly in terms of sourcing their products locally. There seems to be an enormous irony in stocking organic produce but having to fly it in from Argentina or wherever.

With regard to the stakeholders' partnerships that you talk about in paragraph 3.18 of the annual report, has there been any attempt to engage directly with the supermarkets in respect of their organic policies? In some cases, the supermarkets are not engaging in the process at all. That leads to the fact that a big percentage of the organics market is made up of farmers' markets and farm shops. Those are the only places where you can consistently get a supply of organic food.

Allan Wilson: I expect that some of those issues, if not all of them, will be focused on in the market presentation study that I referred to earlier. Through Scottish food and drink, Scottish Enterprise is working closely with the industry to provide advice and information. As I say, that has been augmented by the creation of an organic industry development officer, whose job it is to develop those markets.

On the retail issue, different supermarkets stock different amounts of organic produce. Some are

better than others. All retailers would argue that they respond to consumer demand, of course. There is an element of personal choice. If you are unimpressed by Tesco's organic beef produce, you should perhaps take your custom elsewhere.

The Convener: The matter is not about choice. There are a lot of organic products in our supermarkets and the consumer can choose to buy organic produce, but the point that Roseanna Cunningham was making was to do with the extent to which those products are Scottish.

Allan Wilson: I was not saying that consumer discretion is the only element, but it is an element that the retailers would tell you influences their procurement practices.

Roseanna Cunningham: Yes, but that is a circular argument. If supermarkets do not stock organic produce, people will not buy it, which means that there is no demand for it and that, therefore, supermarkets will not stock it.

Further, consumers have a choice only if they live in a part of the world where they have a choice. A great many people throughout Scotland have their choice of supermarket constrained by their geographical circumstances.

Alex Johnstone: Arbroath, for example.

Roseanna Cunningham: It is not just Arbroath.

Alex Johnstone: Arbroath was in the news this week.

Roseanna Cunningham: Yes, but there are huge parts of Scotland where people have no option but to go to one supermarket chain unless they want to travel 30 or 40 miles. Those consumers are left with a no-win situation.

Allan Wilson: No. You have described a market opportunity. One of the reasons why I support farmers' markets is that they can exploit that market opportunity. If consumers feel that they are being short-changed by the major stores and there is a demand for that type of product, there is obviously an opportunity in the market for farmers' markets and small organic producers.

I take the point that you make about the threat to consumer choice, but I would say that that presents a market opportunity for small producers.

Robin McKendrick: As the minister said, information about supermarkets and the different ways in which organic produce finds its way to the consumer will be included in the work on market share that is being done by the SAC, which will report to the minister. Also, the SQW/ADAS scoping study considered all elements of the organic sector, from the farm gate to the consumer, and the choices that consumers had when they sought to buy organic produce. Both the reports are being evaluated by the organic

stakeholders group and there will be further work to do. We acknowledge that there is a commitment to take action and we will need to tackle the issue if we are going to meet the target of having at least 70 per cent of overall consumer demand for organic produce sourced from Scottish produce.

Allan Wilson: The various major retailers operate distinctive practices. Some of their policies and procedures favour locally sourced organic produce over produce sourced from abroad.

The Convener: It would be interesting to see the follow-up on that research. The next name on my list is Alasdair Morrison. Has the moment passed, Alasdair? You stuck your hand up when we were talking about crofting and beef.

Mr Alasdair Morrison (Western Isles) (Lab): I did indeed, but I would prefer to let other members continue the discussion on supermarkets, if they would like, and return to the other points later.

Eleanor Scott (Highlands and Islands) (Green): I have a question on marketing and procurement, although it is not specifically to do with supermarkets. There are several pages in the annual report on marketing and procurement, most of which are not specifically about organic produce. It is hoped that the organic sector will benefit on the back of healthy eating initiatives and so on. To what extent is the Executive committed to promoting organic food per se, as opposed to healthy eating overall? The report states:

"the challenge was still there for the organic sector to produce the hard evidence of the greater nutritional value of organic food."

Some of us believe that food that does not contain pesticide residue has greater nutritional value per se. Perhaps the minister could explain what evidence it would need to be convinced about the greater nutritional value of organic produce.

Allan Wilson: What I said to the Soil Association at the conference at Heriot-Watt University, which it welcomed, was that the challenge was for the organic sector to prove to the consumer that the health benefits were evident through a process of peer review of its produce compared with alternative produce. That is fair, because it is not for me or the Government to promote one form of produce over another. I am challenging the organic sector to engage with us in the necessary research and peer review to establish the health benefits to which you refer. You might be convinced of the benefits, but it is up to the organic sector to convince others. It is not true to say that we promote healthy eating without reference to organic produce. As I said, £5.3 million was specifically for organic marketing. Much larger sums are being spent, such as the £63.5 million over the next three years for the hungry for success school meals campaign, which

was widely welcomed at the Soil Association conference, to help to implement the report. I challenged the organic sector in that context. I said that £63.5 million was up for grabs and that it was up to the sector to show that it should have a bigger slice of that and to achieve that it should demonstrate the health benefits of its products.

We are also enabling organic producers to come together with major public procurers in the health service and the prison service, because they argued that they did not know whom to contact to get their products on the menu. We facilitated meetings with the procurement people in the health service and prison service to give organic producers an easier route into those markets. We are being proactive in engaging with the organic sector as well as in promoting healthy eating more generally, but it really is up to the organic sector, not Government, to show that its products have that edge.

Eleanor Scott: I have other questions, but they are not on that aspect.

The Convener: Two things strike me. Eleanor Scott said that organic food production uses fewer pesticides and that that could have wider health benefits. However, the minister suggests that the organic sector should commission research into the specific health benefits of organics. If the sector was to put in bids—

Allan Wilson: We are commissioning joint research into developing organic standards to ensure that there is EU-wide acceptance of what constitutes an organic standard.

The Convener: But you would draw a distinction between such standards and the health benefits per se of organic food, which you are waiting to see proved. Is that the correct way to interpret your comment?

Allan Wilson: As I said, where organic producers who compete with other producers for the same product want to maintain a competitive edge on health grounds, then, as with any producer, retailer or processor, the onus is on them to substantiate their health claims.

10:45

The Convener: Can I pick up on Eleanor Scott's other point about procurement, healthy eating and the Scottish diet action plan? Is there anything in the annual report—it is not transparent that there is—about targets for organic production? I notice that one of the points in Unison's 10-point plan for health is that the Executive should have a specific target and that it should flag up organic produce as one of the options that should be considered. Will that be in the procurement guidelines that you are bringing out at the end of the month?

Allan Wilson: Not specifically, but there will be an announcement on that at the end of May.

The Convener: A sense is certainly coming through that, by not being explicitly in with the bricks as a core issue, organic produce is not regarded as a key Executive priority. However, you are telling us that it is a priority and that you are spending more money on it. Perhaps there is an issue about how organic produce is viewed by the outside world—for example, the people who do the daily procurement for hospitals or schools. Perhaps the availability of organic produce needs to be underlined for them a bit more effectively.

Allan Wilson: It is a branding question, is it not? Discussions are under way on the best options for a branding programme to make Scottish organic produce more easily recognisable to the consumer. That is a priority for the organic sector and we are working with it on that. Branding is important in helping to bring people together so that the procurement people know what is available to be bought and who is selling what.

Robin McKendrick: The officials responsible for "Hungry for Success" and the Scottish diet action plan are members of the organic stakeholders group. Members may have noticed that its logo—"healthyliving"—is on the front of our annual report. We are working closely with the organic sector in meeting the challenges that the committee has identified.

The Convener: Nora Radcliffe is the other member who has not been involved in the discussion yet.

Nora Radcliffe (Gordon) (LD): I will pick up a wee bit on what has been discussed and then move the discussion on.

The Convener: I am sorry, but I think that Maureen Macmillan wants to ask about branding. You can finish off that issue, Maureen, before we move on to Nora.

Maureen Macmillan: The minister said that branding of organic produce has not happened yet. When can we expect Scottish organic produce to carry a Scottish brand?

Robin McKendrick: Decisions on branding issues are up to the private sector bodies. There has been discussion through Scottish food and drink and the organic sector bodies with various branding authorities in Scotland. The conclusion that they recently came to is that it would not necessarily serve the interests of the organic sector to be linked up with another campaign, such as a good food for Scotland campaign. However, as I said, branding is an issue for the private sector bodies and we continue to work on it with Scottish food and drink.

The Convener: Branding is presumably a consumer confidence issue, as well as being

about what the consumer is buying.

Allan Wilson: That is tied in with added value for niche marketing as well. People are moving out of organic lamb production partly because there is no premium for organic lamb in the market. As ever, producers are conscious of the bottom line, whereas we obviously have different objectives for promoting healthy eating more generally, whether through organic produce or non-organic produce.

Maureen Macmillan: I want to raise a specific issue about branding in farmers' markets. I have found very few farmers at such markets, and quite often organic vegetables are being sold that everyone assumes are Scottish but which in fact probably come from Holland. There should be some way of ensuring that people know what they are buying, not just in supermarkets but in other places.

Allan Wilson: I am familiar with that criticism of farmers' markets. However, that is what free enterprise is all about. The market is simply exercising its right to sell niche products, and if people get a premium for those products, surely that is fair enough from their point of view.

The Convener: Nora, you are the only member who has not yet asked a question.

Nora Radcliffe: Farmers' markets are based on the efforts of local co-operatives, and it is up to them to set their own criteria about what should or should not be sold. For example, the market that was recently established in Inverurie stringently requires that at least a percentage of what is sold must be produced locally.

One of the two main pieces of research that the Executive is commissioning concerns the current extent of market penetration. What data have determined the Executive's current understanding of that issue?

Allan Wilson: The scoping study, which will be published at the end of the month, sets out our current position, the position that we want to get to and how we can get there.

Nora Radcliffe: But where do the estimates on which the targets for increasing market penetration have been based come from?

Allan Wilson: The Soil Association.

Nora Radcliffe: Okay. You have also commissioned a study to evaluate organic farming research needs for Scotland. Obviously, one of the research topics will be the nutritional value of organics and the effect of pesticide residues. However, you said that the sector itself should pick up the responsibility for carrying out such research. Will we be replicating research that is already being undertaken?

Allan Wilson: In response, I should point out

that we and the sector are jointly funding research into aquaculture to establish standards for fish.

Nora Radcliffe: Is that not at an earlier stage of development?

Allan Wilson: That is right.

Nora Radcliffe: In paragraph 2.21 of the annual report, you mention "demonstration farms" and refer specifically to

"SAC's own organic farm at Craibstone near Aberdeen".

Do you have any up-to-date information about the status of Craibstone, which is threatened by the college's proposed reorganisation?

Allan Wilson: We have asked the SAC to come up with a business plan. As you know, the future structure and organisation of the college have been discussed a lot in Parliament, with the college and between ministers, and the college has been charged with the responsibility of coming up with a revised plan. I am not exactly sure when ministers will receive that plan, but I think that it will be over the summer.

I have said to the Soil Association that I am keen for a Scottish demonstration farm to be opened by the autumn. Indeed, at the Soil Association annual conference, I made it clear that I see no reason why that should not happen and I can report that good progress has been made in establishing one. That, more than anything, will provide a greater focus for educating people better about what organic farming actually means. After all, as an elected politician, you will be aware that there is a general lack of understanding out there about what organic farming involves, and it is important to educate city kids about that.

Nora Radcliffe: I presume that, given that you are making good progress on establishing that open farm, you would not pick up Craibstone if it was under threat.

Robin McKendrick: The open farm network that we are hoping to develop is different from the demonstration farm network, of which Craibstone is a part. Although they have some farm walks and so on, demonstration farms are focused more on farmers and concentrate on subjects such as farming practices. The open farm network that we are developing with private sector bodies—in this case, the Soil Association—is focused more on the wider public and, as the minister said, will seek to advise kids about farming issues and methods, particularly organic farming. The funding will go towards producing leaflets and so on. The open farm is more public facing than farmer facing.

Mr Morrison: I will take us back to where we began. The Co-operative superstore in Stornoway should be commended because it has a progressive policy of accessing locally produced

and locally branded meat. In fact, that superstore has the largest turnover in Scotland. With crofters' markets, we have not experienced the problems that Maureen Macmillan spoke about earlier. Crofters' markets have been hugely successful, not only for crofters but for fishermen, and have resulted in the ploughing of more crofting land, which is being used more productively than in previous years.

I welcome the extension of support to the organic sector, but I make a plea to the minister that he does not divert one brown penny of the allocated resources to any meaningless research on comparisons with other regions in the UK or with other countries. I am sure that members of the European Parliament would be more than happy and willing for their good offices to be used for such purposes.

As far as crofters realising their potential is concerned, the minister saw how non-intensive forms of agriculture greatly benefit the machair land on Uist when he visited last year. He will also appreciate that crofters can easily become entirely organic with minimal adaptation costs and changes in practice. However, I emphasise the issue of collective and community working, which is the hallmark of crofting and which underpins it. Although one can work with one farmer or one family who own land, in the pilot studies and in your work with crofters, minister, you should recognise—as I am sure your official will appreciate—that you must work with grazing committees. If you are to convert large swathes of the machair land or other inby land, that community-based approach must be at the forefront of your thinking.

Allan Wilson: As I said, I am pleased that there are three Scots on the UK Advisory Committee on Organic Standards, because that will give us the regional dimension that we hope will be developed in a European context.

Through the production of our plan, and in advance of the production of the European plan, we are working in concert with colleagues and learning from other member states, but we are developing systems of agricultural support that are particular to our needs. The crofting counties, as well as the development and tailoring of the schemes to assist upland hill farmers and crofters, are key to that work. As you say, we are refocusing schemes to make them more productive in that context.

I have deliberately not commented on comparing one supermarket with another, but I repeat that different chains have different practices and procedures. Each chain would tell us that it responds in its own way to consumer demand, whether in the context of price, which is the dominant feature, or demand for certain types of

produce and the local—or otherwise—sourcing of that produce.

Mr Morrison: On that last point, I would like to hear from the official about the way in which the pilots will be driven in the crofting communities.

Allan Wilson: Are you asking about the grazing committees?

Mr Morrison: Yes.

Robin McKendrick: We are at an early stage. The first step is to go up and engage with crofters who are in the organic aid scheme and with individuals who might want to convert to organic production. Work will start in Shetland in early June, and I will speak to the Crofters Commission about how we can roll that out. It will not be a pilot as such; there will be discussions to try to dispel the myths about some of the challenges that organic farming faces. We have taken what steps we can to operate the standards flexibly, within the flexibility that we have from the European directive.

Eleanor Scott: I have a couple of quick questions about the two reports that have been discussed, which we await with interest. First, the organic sector has expressed concerns to me that the SAC study into market penetration is more of a desk-top study and that the figures might not be quite up to date, because the supermarkets have not been examined directly. I ask the minister to comment on that. What plans are there to monitor progress in market penetration in future?

My second question is about the SQW/ADAS scoping study, which will identify research needs in this area. What plans are there to meet those needs in future and fund the research that is required?

Allan Wilson: It is a new one on me for a committee to criticise a report even before it is published. We will consider those criticisms when the report is published. Robin McKendrick may have something to say about the future.

11:00

Robin McKendrick: The aim is to reach the target by 2007. We will have to have another look at the area—the report was a first look—and, no doubt, we will learn some lessons from that. It is our intention to have another market penetration report next year. We will see where we go after that.

The SQW/ADAS report does not involve only the Executive; the report looks across the entire organic sector and different interests will be involved, including Scottish Enterprise and Scottish food and drink as well as the sector bodies themselves. The priorities that are

identified in that report will be decided by the organic stakeholders group, not necessarily by the Executive, although we will have an input into that decision. Collectively, we will decide what the requirements and priorities are and we will find out about the funding after that.

Rob Gibson: I have a short follow-up question on the supermarket issue, which may be relevant, given the Government's market-led approach. There are good international comparisons in France and in other places where small shops are included in the planning arrangements for large superstore developments, so that niche marketing can be located under the same roof. Will the minister consider inputting into the planning controls and regulations that are being looked at by other arms of Government with a view to getting a more level playing field for niche marketing in supermarket complexes?

Allan Wilson: We are currently engaging with planning colleagues on our wide range of rural development interests.

The Convener: I am conscious of the fact that we have interrogated our witnesses for an hour. It is a year since the organic action plan was produced, and the committee was keen to see what was happening and to offer the constructive criticism that had floated in our direction. It has been an extremely useful session.

I would like to put a couple of items on to your agenda, minister. First, it would be helpful if we could know when the SAC work will come out. Secondly, it would be quite useful if the committee could be provided with information on organic week, as that would enable colleagues to get involved in local events. I welcome the commitments that have been made on the organic stakeholders group in terms of land management contracts, which have been a huge issue in the CAP reform work that we have been doing. I thank both of you for coming along today. We will take a quick, two-minute break to allow you to escape the room.

Allan Wilson: Thanks, convener. It has been my pleasure, as usual.

11:03

Meeting suspended.

11:06

On resuming—

Subordinate Legislation

Special Waste Amendment (Scotland) Amendment Regulations 2004 (SSI 2004/204)

The Convener: We move to agenda item 2. The regulations have been considered by the Subordinate Legislation Committee, which had no comments to make on them. The regulations amend the principal regulations in response to concerns that were raised by the Subordinate Legislation Committee. Do I take it that members have no comments on the regulations?

Members indicated agreement.

Roseanna Cunningham: The amount of stuff that is appended to these regulations, which are just two lines long, is astonishing. Is it absolutely necessary to print off all this stuff?

Maureen Macmillan: If it was not there, you would complain.

Roseanna Cunningham: Would I? I doubt it.

The Convener: I suppose we could ask the clerks to take a quick look over an instrument when no concerns have been raised by the Subordinate Legislation Committee. However, on strange occasions in the past, colleagues on this committee have actually noted errors in subordinate legislation—I remember Maureen Macmillan and Nora Radcliffe spotting things in the past. It is a matter of getting the balance right between effective scrutiny and letting things slide through.

Rob Gibson: The minister's name is wrongly spelt.

The Convener: There you go. That just proves it.

Eleanor Scott: Does that mean that there will have to be another set of regulations to amend these regulations?

The Convener: I am sure that that can be done through a manuscript amendment.

Perhaps the clerks could bear our comments in mind as a matter of common sense when we have such a large amount of work coming up, although I would not like us to carry out less effective scrutiny. Perhaps we can have a sift of items on which no concern has been expressed by the Subordinate Legislation Committee; however, we still have to consider the policy issues. I ask Tracey Hawe to consider the matter.

Mr Morrison: Joking aside, the point that Rob Gibson has highlighted is an important one. If the draftsmen cannot get the minister's name right, that hardly inspires confidence in other areas.

The Convener: On this occasion, the regulations were produced to amend other regulations. We will keep an eye on the detail. Thank you, colleagues.

I now invite the official reporters, the broadcasters, the public and any visiting members to leave the room, because we are moving into private session, as agreed at our previous meeting, to consider two draft reports.

11:08

Meeting continued in private until 12:24.

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