

# **ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE**

Wednesday 19 January 2005

Session 2

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## ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

2<sup>nd</sup> Meeting 2005, Session 2

### CONVENER

\*Sarah Boyack (Edinburgh Central) (Lab)

### DEPUTY CONVENER

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

### COMMITTEE MEMBERS

\*Rob Gibson (Highlands and Islands) (SNP)

\*Karen Gillon (Clydesdale) (Lab)

\*Alex Johnstone (North East Scotland) (Con)

\*Richard Lochhead (North East Scotland) (SNP)

\*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, Ettrick and Lauderdale) (LD)

\*Eleanor Scott (Highlands and Islands) (Green)

\*attended

### THE FOLLOWING GAVE EVIDENCE:

Dr Ingrid Clayden (Scottish Executive Environment and Rural Affairs Department)

Ross Finnie (Minister for Environment and Rural Development)

Heather McCabe (Scottish Executive Environment and Rural Affairs Department)

Mike Pringle (Edinburgh South) (LD)

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

Lachlan Stuart (Scottish Executive Environment and Rural Affairs Department)

### CLERK TO THE COMMITTEE

Mark Brough

### ASSISTANT CLERKS

Chris Berry

Catherine Johnstone

### LOCATION

Committee Room 5



## Scottish Parliament

### Environment and Rural Development Committee

*Wednesday 19 January 2005*

[THE CONVENER opened the meeting at 10:48]

### Proposed Liability for Release of Genetically Modified Organisms (Scotland) Bill

**The Convener (Sarah Boyack):** I welcome members, the press and members of the public to this meeting of the Environment and Rural Development Committee. I remind everyone in the room to switch off their mobile phones, instead of just putting them on mute. We have received apologies from Alasdair Morrison, who is in his constituency today. I welcome Eleanor Scott, who is the committee substitute for the Scottish Green Party.

Item 1 on the agenda is discussion of the proposed liability for release of genetically modified organisms (Scotland) bill. I hope that members are aware of the new rules for members' bills, which are included in their papers. A draft proposal for a member's bill must be accompanied by a consultation or a written statement of reasons why, in the member's opinion, a consultation on the draft proposal is unnecessary. The committee may consider that statement of reasons and decide whether it is satisfied with the reasons that the member has given for not consulting on the draft proposal.

This morning there are two draft proposals for members' bills before us. Our job is to consider the statements of reasons relating to each of them. We are not to scrutinise the content of the bills, but to consider the process and the issue of consultation. We must decide whether the consultation that has already been carried out is adequate for the bill when it is introduced.

Members should have a procedure note from the clerk; a copy of the draft proposal for the bill; a statement of reasons by the member proposing the bill; a consultation document in relation to the proposed bill; and a list of the consultees and respondents.

I welcome Mark Ruskell, who is responsible for the proposed liability for release of genetically modified organisms (Scotland) bill. To avoid a conflict of interest, he will not take part in any vote on this item. He is here as the proposer of the bill.

That is why Eleanor Scott is attending as a committee substitute for him. I invite him to make an opening statement—not about the content of the bill, but about the process and why he thinks that the committee should approve the proposal without a further consultation process.

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** Good morning. The issue of economic liability that I am tackling in the proposed bill is complex. We know that because of the experience of the commercialisation of GM crops in the United States and Canada. That is why I wanted at the outset of the bill's development to hold a meaningful consultation on how the bill might work, what the pitfalls might be and whether the approach that I am proposing is sensible.

I have been pleased with the detail of the responses that I have received from various stakeholders. I am fairly pleased with the number of responses—I think that 33 is adequate—but I am more than pleased with the range of stakeholders that have responded. The fact that I received responses from the biotechnology industry, non-governmental organisations, producer groups and individuals has been extremely useful in the on-going policy development of the bill.

The consultation ran for 12 weeks—between November 2003 and February 2004. Members have in their committee papers a wide list of stakeholders to which we sent the initial consultation paper. In addition, we had a press launch that received some coverage in the broadcast and print media and in specialist media such as the farming papers. I have issued 360 hard copies of the consultation paper. It was also on the website of the Consumers Association, where it was downloadable as an electronic document. There were links to the paper both from the Parliament's website and from the Scottish Green Party's website.

From the outset, we have worked with the non-Executive bills unit on the development of the initial proposal, on the structure of the consultation paper, on the questions and on policy development, which is still on-going. I would be happy to answer questions on the consultation process.

**Alex Johnstone (North East Scotland) (Con):** In the 10 months that have elapsed since the consultation was concluded, has the issue developed in any way that would necessitate further consultation, or has the situation not changed radically? If new ideas or information were to come forward, could they be covered adequately during the bill process?

**Mr Ruskell:** I do not believe that the issue has developed in a way that would necessitate further

consultation. Much of the discussion of coexistence and liability in the Agriculture and Environment Biotechnology Commission, which has informed the thinking of the Department for Environment, Food and Rural Affairs on how to tackle those issues, took place before I launched the consultation. The European Union regulatory framework was also set up prior to the consultation. That remains in place and will be part of the context of the bill. I do not think that there have been any significant developments since the consultation was concluded.

**Alex Johnstone:** I have another question, which the convener may wish to rule out of order at this stage. When reading through the information that you have provided and the details of the consultation, it occurred to me that, because of the issues of liability that the bill raises, the Environment and Rural Development Committee may not be the ideal body to consider it. Do you think that your proposed bill should be dealt with as a justice matter, rather than as an environment and rural development matter?

**The Convener:** That is not an issue for the committee to discuss, in that we do not decide which bills come to us; the Parliamentary Bureau makes those decisions. A number of committees could end up considering the bill; it is just that the bureau has allocated to us the job of deciding whether Mark Ruskell should be allowed to introduce his bill without conducting further consultation.

**Alex Johnstone:** Would it be in order for Mark Ruskell to express an opinion on that?

**The Convener:** Mark Ruskell may have views on that; whether the bureau will be at all interested in them is another matter. He may or may not want to put his views on the record.

**Mr Ruskell:** I might leave that to my business manager, who sits on the bureau. That is a decision for the bureau. It is clear that the bill deals with strong justice issues, from economic damage and liability to the legal system. However, it also tackles environmental and rural development issues. It would not be appropriate for me to pass judgment on which committee should consider the bill. I will present the bill to whichever committee is eventually chosen to do so and I will have answers for it. The question of which committee considers the bill is irrelevant. What is important is that it gets adequate scrutiny.

**Karen Gillon (Clydesdale) (Lab):** You mentioned that your new proposal contains a slight change on economic liability. Of the 35 responses that you received, how many address that issue specifically and in what kind of detail?

**Mr Ruskell:** At this stage, I do not want to get into the specific policy issues that are associated

with the bill or individual consultees' responses. I would be happy to do that at stage 1, if this committee is chosen to consider the bill. However, I can tell Karen Gillon that economic liability was a theme that ran through the consultation responses. The change in the bill proposal was a tweaking. The original proposal talked about "liability". We have added the word "economic", because economic liability was highlighted in the consultation. In light of our analysis of the responses that we received, we agreed that it was necessary for that word to be inserted in the proposal to make it clearer to which aspect of liability the bill was referring. That change was made as a result of the consultation. I will be willing to discuss individual responses at the appropriate time, which I believe is stage 1.

**Karen Gillon:** I am not asking to discuss the detail of individual responses. I have an important point about the consultation; I want to know whether it dealt in detail with what is a new proposal. The bill proposal has been changed to refer to economic damages. I want to know whether the consultation that took place dealt with that issue in enough detail to militate against the necessity for further consultation.

**Mr Ruskell:** The answer to that is yes. The consultation paper deals with economic liability and economic damage in some detail. Indeed, many of the responses that I received reflected on those issues, so they have been considered fully in the consultation.

**Karen Gillon:** Do you have an idea of how many of the 35 responses dealt with economic liability?

**Mr Ruskell:** Not off the top of my head. As I said, I will be willing to discuss the detail of individual responses at stage 1. I would expect this committee or a justice committee to examine the responses in some detail. If you read the consultation document, you will see that it deals fully with economic damage. Many of the responses discussed that issue.

**The Convener:** Do you want to follow up on that answer, Karen, or are you happy with it?

**Karen Gillon:** I am and I am not. I would be interested to know what other committee members think. A specific change has been made and I want to be confident that the consultation that has taken place has dealt with that change in enough detail. That is what I am interested in. I am keen that the consultation process that goes before any bill is adequate, because members sign up to bills on the basis of a summary of the consultation process. I want to be sure that, at that point, members have the right information.

**The Convener:** Three members want to come in on the same issue.

**Nora Radcliffe (Gordon) (LD):** You say in your statement of reasons that the consultation paper made it clear that the bill would focus on the economic aspect of liability and would not address environmental or personal injury. I take it from what you are saying that you have put in the word “economic” only to clarify what the original intention was and that the responses that you received made you think that that clarification would be helpful.

11:00

**Mr Ruskell:** Absolutely. That is why we have refined the proposal. Part of the consultation process was to test whether we were on the right lines. That has been done, so the issue is now about tweaking the wording of the proposal. However, it was explicit in the consultation from the outset that we wanted to focus on economic liability. Clearly, the consultation had to ask whether that was the right approach. That is what we did and, as a result, we are proceeding with the proposal and making it explicit that it refers to economic liability.

**Nora Radcliffe:** The follow-up question is whether people mentioned environmental or personal injury or whether the responses indicated that they assumed that that was part of the whole thing. I presume that you did not get enough response on the two other types of liability to make you consider that they should also be included.

**Mr Ruskell:** I am reluctant to stray into policy issues at the moment, but I will push the boat out and say that it is our view, as a result of the consultation, that environmental damage and personal damage—for example, in terms of health—are already covered through other aspects of legislation. That has informed our position and we have reflected it fully in the proposal.

**The Convener:** I do not think that we are testing whether you have made the right judgment call. We are testing whether that issue was raised through the consultation, whether the changes that you have made to the proposed bill are a result of that consultation and whether that has been flagged up. I think that that is what we are meant to be testing.

**Nora Radcliffe:** I do not think that I was asking about policy.

**The Convener:** No, that is why I did not rule you out of order, Nora. I think that it is entirely relevant to test that and Mark Ruskell has given us an answer.

**Alex Johnstone:** I just want to clarify that Mark Ruskell feels that his proposal falls entirely within the range of the original consultation, although it

perhaps does not reflect the consultation's full breadth. Would it be fair to say that there is nothing new in the proposal that falls outside the consultation?

**Mr Ruskell:** We have refined the proposal in line with the responses that we received. That is the short answer.

**Rob Gibson (Highlands and Islands) (SNP):** I notice that a large section of the consultation document deals with the situation in the United States and Canada and that another large section deals with financial and insurance difficulties. It seems to me that the major elements of those are related to financial damage one way or another and that that, indeed, makes up the bulk of the document. I think that members, having read the document, would recognise just how much more directly relevant economic impacts are in terms of ease of litigation. I suspect that that is one of the reasons why it is proper to concentrate on that. I understand that. Therefore, I was merely going to ask whether Mark Ruskell can confirm that his experience of the North American situation, in terms of insurance and so on, formed the bulk of the matters that were dealt with in the consultation.

**Mr Ruskell:** Yes.

**The Convener:** Okay. I think that we have exhausted questions from members; following the questions that Mark Ruskell has answered, I do not have any further questions. It is my job now to ask whether members are satisfied with the reasons given by Mark Ruskell for not consulting on his draft proposal. Are members so satisfied?

**Nora Radcliffe:** Do you mean for not consulting again?

**The Convener:** Yes, the question is whether members are satisfied with the reasons given for not consulting a further time on the draft proposal. Are members satisfied?

**Members indicated agreement.**

**The Convener:** I thank members for that and I also thank Mark Ruskell.

## Proposed Plastic Bag Environmental Levy Bill

11:04

**The Convener:** Our second agenda item involves a similar discussion to the previous one. The second member's bill proposal before us today is by Mike Pringle for a plastic bag environmental levy. Members will have received some paperwork, including a copy of the draft proposal for the bill, a statement of reasons, a consultation document relating to the proposed bill and a list of consultees. I welcome Mike Pringle and David Cullum of the Parliament's non-Executive bills unit. As with Mark Ruskell's bill, I invite Mike Pringle to make a short opening statement before I open the floor to members for questions or comment.

**Mike Pringle (Edinburgh South) (LD):** Thank you for allowing me to come before the committee and for considering my proposal this morning. I know what committees sometimes think of opening statements, so I shall be brief. As many of you know, I first lodged the proposal back in October 2003. At that time, it gained a considerable amount of publicity, leading to numerous interviews and an appearance by me on the Lesley Riddoch show, an experience that I am not sure I want to repeat. I then went on to consultation, back in February 2004, which lasted for three months and which, as you will see from the papers, had a huge response from a wide range of organisations. From the 250 consultation papers distributed, we received 126 substantive responses—that is a superb response rate by any stretch of the imagination. That figure does not include the large number of smaller responses that we got from the general public.

The bill has certainly caught the public imagination and we received further publicity for the proposal when both IKEA and B&Q implemented charging schemes last year, both of which have been extremely successful. The retail sector, the plastic bag industry, councils and environmental groups have been involved in the consultation and I feel that, under the new rules, the consultation that has been carried out means that a further consultation is probably not now required. I hope that the committee will agree with me. I am happy to answer questions.

**Nora Radcliffe:** A number of us got an e-mail from a member of the public who was concerned that the responses to the original proposal will now never be considered or released. I think that that is a complete misunderstanding, but it would be useful to put on the record the fact that everything related to the consultation will be treated in exactly the same way as material relating to any

consultation for any bill. It will all be published and made available.

**Mike Pringle:** Absolutely.

**The Convener:** I responded to that member of the public to clarify that all responses made to the initial draft proposal by Mike Pringle would be made public, unless somebody had specified that they did not want their response to be made public. As with the previous bill, we are not testing whether the principles of the bill are right. We are trying to test whether the consultation has been carried out properly. All the responses will be fed through to whichever committee scrutinises the bill.

There was some concern that the bill proposal has changed and I suppose that the same questions arise as those that we asked Mark Ruskell. Can you give us a sense of the extent to which the proposal has been changed in the light of the consultation and of the extent to which that will be made clear to members of the public?

**Mike Pringle:** Thank you for answering the first question. You said what I would have said. The process is entirely open, unless somebody has specifically said that they do not want their response to be made public.

The changes are a direct result of the consultation and the responses that we got from people. One of the questions was how we would raise any form of levy; the new proposal exactly reflects the evidence that we have had from the huge number of responses. We have reflected on that, which is why the proposal is slightly different now.

**The Convener:** This is the first time that the committee has undertaken this procedure. A lot of the questions that we asked about Mike Ruskell's proposed bill concerned the same principles. I suspect that it will be important that members of the public reading the *Official Report* can get a sense of how the process works. We are not testing the principles of the bill at this stage, but they will still get a rigorous testing. The same principles apply to consultation on a member's bill as to consultation on an Executive bill before it is introduced to the Parliament. The committee appointed to test the bill will have to scrutinise the content of the proposals and decide whether the member who is proposing the bill has taken sufficient consideration of the representations made in the consultation. Whichever committee becomes the lead committee will eventually have to make a recommendation to the Parliament on whether the bill's principles are right and to undertake detailed scrutiny, should the principles be accepted.

The process is new for us, but it is appropriate that we have tested those issues with the



members in charge of the bills so that people understand what we are doing today. We are not debating with Mike Pringle whether the principles of his bill are right; we are trying to establish whether sufficient consultation has been carried out in line with the Parliament's rules. Our decision will be presented to the Parliament to enable it to determine whether the bill will go to the next stage.

**Mr Ruskell:** I have a question for Mike Pringle on the initial consultation paper. What kind of spread of organisations did you hope to get? Did you contact organisations or did you wait for them to download your consultation paper and respond?

**Mike Pringle:** We sent out 250 consultation papers. NEBU helped in determining who those 250 consultees would be, but we sent papers to almost every organisation that represents industry and business and almost every green organisation. We sent papers to a huge number of people right across the spectrum to ensure that anybody who wanted to respond was able to do so. We also got a large amount of publicity. The consultation paper was on my website and the Liberal Democrat website; it was just everywhere.

My understanding is that 146 responses is about as high a number of responses as any member's bill has ever had. If the committee reads all the responses to the consultation, it will have an awful lot of reading to do, because some of the responses are extremely detailed and large. I also spent some time with my colleague in the constituency office contacting consultees who had said that they would respond but had not responded and telling them that the consultation was due to end but that they still had time to respond. In fact, even when we got to the end of the consultation period, we encouraged people to respond and to give their views so that we had as wide a spectrum of views as possible, and we received a number of other responses after the closure date.

**Mr Ruskell:** Are you happy with the detail of the responses that you received? In consultations, people often just send in letters saying that the proposal is a good idea or a rubbish idea, which does not inform the policy development.

**Mike Pringle:** Whichever committee becomes the lead committee—I would have thought that it is likely to be this one—will see when it examines the consultation responses that some consultees have made extremely detailed responses. That is the case not only with those who are for the bill, but with those who are against it. Some substantial documents have been submitted, particularly against the proposal, but also in favour of it. There is a lot of reading involved.

**The Convener:** I thank members for their questions and comments. Is the committee

satisfied with the reasons that Mike Pringle has given for not consulting on his draft proposal?

**Members indicated agreement.**

**The Convener:** I thank Mike Pringle and David Cullum.

## European Issues

11:13

**The Convener:** Agenda item 3 concerns European issues. The committee will recall that we agreed that we will have a regular update on European issues, which I present in a paper. The current paper is the fourth such report and it outlines some of the recent developments in the European Union, highlighting the main issues that are relevant to our work. Many of those issues will have an impact on the committee's work and we are already involved in some of them quite closely.

The purpose of the paper is to invite committee members to consider whether they want to undertake any further work on the issues. For example, we could take questions from the minister later or send him written questions on detailed issues. We might also want to request briefings or consider whether we want to address issues in our future work programme. That is up to committee members.

The paper is lengthy and covers three broad areas: environment, fisheries and agriculture. I would be keen to take them in that order. Committee members can interrupt me as I go through the paper; I will not go through each topic in depth, but I want to ensure that we do not miss any out.

On environment issues, the paper kicks off with what the EU is doing on sustainable development and then discusses the chemicals policy. On the latter, the paper notes that political agreement is expected by the end of the United Kingdom presidency, so the issue is moving up the agenda.

**Eleanor Scott (Highlands and Islands) (Green):** I have just received a copy of a press release from the Greens and the European Free Alliance in the European Parliament. They are concerned about—I will not say it in French—the industrial union that has been trying to get the legislation watered down. Some individual companies—Boots and Electrolux are mentioned—have expressed support for the EU's registration, evaluation and authorisation of chemicals policy, but the industry is trying to get the regulations made as non-stringent as possible. I would be interested to hear whether the minister has anything to say about the UK's position on that.

11:15

**The Convener:** We can pick that up; it is an issue that we have raised before with the minister. Members will recall that I attended a conference that debated where the chemicals policy should lie and what the balance should be. We can raise that with the minister when he is with us.

There is an EU climate change review under way. That is quite useful for us, as we are conducting our own climate change inquiry and the Executive's consultation exercise is continuing.

The sixth environmental action programme is mentioned. It is worth noting that the first four of the strategies will be published by the summer, with the rest to be published later in the year.

**Karen Gillon:** I have a point to raise on the waste electrical and electronic equipment directive.

**The Convener:** Okay. That is the next item on the paper.

**Karen Gillon:** It would be useful for us to get an update from the minister on where we are on the WEEE directive, batteries and groundwater. It would be especially useful to know about the WEEE directive, but we should keep the other two issues in our sights. We can ask the minister what preparatory work is being done, given that we know the general text of what is required, so that we will not have to run to catch up once legislation is introduced. In Scotland, there will be specific issues relating to groundwater that we will need to keep an eye on.

**The Convener:** That is relevant. We all remember the fridge issue—we do not want to go there again with the WEEE directive. I am noting members' points down as we go through the list and, when we speak to the minister, I will look to the members who have raised the issues to speak.

On the EU batteries directive, final agreement is expected at the end of 2005. We have been tracking those issues for some time and it is interesting to see them coming to a conclusion.

We spent quite a lengthy session with the minister on fisheries and most of us attended the House of Commons committee that was up in Scotland this week carrying out its investigation of the subject. The paper gives us an in-depth update on where the Commission and Europe are on those issues.

A European fisheries control agency has been proposed. Alasdair Morrison has been reporting to the European and External Relations Committee on that.

**Mr Ruskell:** It would be useful to get the minister's view on that, especially in relation to whether there is a role for the proposed Community fisheries control agency in supporting the work of observers on boats.

**The Convener:** Okay.

Let us move on to the section on agriculture and rural development. There is a lengthy update on rural development and the new proposals that will

govern EU rural spending from 2007 to 2013. We have raised the matter in committee before and I imagine that members will be keen to explore it with the minister.

**Karen Gillon:** You will not be surprised to learn that I think that we should pursue the issue with vigour. The proposals will have fundamental implications for Scotland. We should follow them with close interest and ensure that we have made our views known to the minister as he works through the process with his UK colleagues.

**The Convener:** Yes. We are especially keen for there to be a wider range of rural development spending. That is one of the issues that we identified in our common agricultural policy reform report and in our budget scrutiny.

**Nora Radcliffe:** The other matter that we should not take our eye off is less favoured area status. That is hugely important to Scotland, yet it seems to be under threat.

**The Convener:** Okay.

Sheep identification—sheep tagging—is an on-going issue. The transportation of live animals is also an issue in which the committee has taken an interest.

**Nora Radcliffe:** Again, that is an issue that we must keep a close eye on in the context of our islands. The island dimensions are perhaps not generally understood in Europe.

**The Convener:** Okay.

We have given ourselves an agenda to raise with the minister when he comes to speak to us. I do not think that there is anything in the paper on which members want a more detailed briefing. Everything that has been asked for can be given in an oral discussion with the minister, although we may ask for further briefing when we get into that discussion later this morning. I have a checklist of issues and I will refer to the members who raised them in the discussion.

**Rob Gibson:** I presume that we can also raise issues as we go along.

**The Convener:** Absolutely. The checklist is just to ensure that we address the key issues that we have identified.

**Rob Gibson:** I mean the issues that are in the paper.

**The Convener:** Absolutely. I want to give members the opportunity to put issues on our agenda for the future. We have not done that this morning, but we have a range of issues to raise with the minister.

That concludes item 3. I will suspend the committee for 10 minutes while we wait for the minister, who is due at 11.30.

11:21

*Meeting suspended.*

11:29

*On resuming—*

## **Luxembourg Presidency of the European Union (Scottish Executive Priorities)**

**The Convener:** We move to our final agenda item. In addition to the regular update that I as committee convener provide, which we have just discussed, the committee has agreed to take regular evidence from the Minister for Environment and Rural Development on EU issues. We were keen to speak to the minister about ministerial priorities for Luxembourg's current EU presidency.

The minister is here and we have a written statement from him on the Executive's priorities. The statement is extremely helpful to members, because we could read it in advance. I invite him to kick off by introducing his officials and making a brief opening statement, after which members will ask questions and make comments.

**The Minister for Environment and Rural Development (Ross Finnie):** I noted with interest the phrase "regular evidence from the minister" in your remarks. I think that I have a season ticket for the 11:30 slot on a Wednesday morning, so you are living up to your statement.

I am joined this morning on my far right—whether that is on members' left or right depends on where they are sitting—by Ingrid Clayden, who works on agriculture and who is very much involved in the agriculture side of CAP, agri-environment and rural development regulation matters; by Heather McCabe, who is from the environmental side of the Environment and Rural Affairs Department; and by Lachlan Stuart, who works on sea fisheries.

I am pleased to have the opportunity to talk about my thoughts on priorities for the Luxembourg and United Kingdom presidencies, which I set out to the extent that I could in my written statement. We are clear about where we might go under the Luxembourg presidency, but I am bound to say that the presidency plans had not been issued when I wrote the statement, although I am pleased that significant changes that would cause me to alter my statement have not taken place. Nevertheless, work continues between us and Westminster and in Westminster on the precise priorities. Some priorities are a little preliminary, but I do not think that they will deviate too much.

In September 2004, I advised the committee that negotiations on the new rural development regulation that is to take effect in 2007 would be a key priority for the then Dutch presidency and

subsequent presidencies. In the event, European Commission proposals for the new rural development regulation were published early in the Dutch presidency and member states have devoted subsequent months to considering them. Luxembourg—optimistically, in my opinion—hopes to reach a conclusion in June. More realistically, I would not be surprised if the subject spilled over into the UK presidency in the second half of the year.

Other subjects that are listed for progress in the first half of the year include reform of the sugar regime, future financing of the CAP, possible changes to the organic regulation and livestock health and welfare improvements. I commented on those in my statement.

During the UK presidency, we will press the Commission to relax the controls on beef exports. That will of course not appear as a presidency priority, but it is certainly one of Scotland's priorities.

As the committee knows, we have made good progress towards implementing the CAP reform measures and we are working hard to wrap that up.

On fisheries, the priority for the Luxembourg presidency will be to make progress on reaching agreement on the European fisheries fund, the Community fisheries control agency and simplification of common fisheries policy rules. My written statement outlines other important issues that will have to be discussed during that presidency, but the three that I have mentioned represent major items of forthcoming business that may reach the council table.

I will continue to advocate for a European fisheries fund that will enable the continuation of a clearly defined financial programme that is managed in Scotland and supports our broad policy aims for fisheries and rural development. Following the Commission's first presentation of its proposal last July and our first policy debate on the subject last November, the council will debate the subject again in April, alongside a presentation of the Commission's proposal for fisheries financial support measures that the fund will not cover. The Commission will also offer a further state-of-play report in June and the portfolio is likely to continue to be discussed well into the United Kingdom's presidency.

The council is scheduled to agree a regulation to establish the Community fisheries control agency in March. I will continue to advocate only for an agency that adds value to the existing control activities, that seeks to co-ordinate and not direct the activities of member states, that remains cost-neutral and that does not place an additional financial burden on member states' existing

control programmes. My concerns are widely shared and detailed technical discussions are on-going, including a line-by-line examination of those measures.

I will, of course, support the presidency's general aim of securing a comprehensive simplification of the common fisheries policy rules. I remind the committee that the aim of the simplification has now been progressed in various guises, but that it has had little effect through the preceding five presidencies. The current prospects for progress cannot be measured accurately before the Commission tables its proposals, which will probably follow the council meeting in April.

The Luxembourg presidency will focus on five key environmental fronts: the 2005 spring council review of the EU sustainable development strategy; the groundwater directive; LIFE +; INSPIRE—the infrastructure for spatial information in Europe; and the pollutant release and transfer register. Inevitably, the presidency will also be concerned with continuing and completing the work of earlier presidencies.

The Luxembourg and UK presidencies have worked together on a common operational programme for 2005, which sets the items to which I referred in a broader strategic context. The annual review of the sustainable development strategy will help to keep fresh the overarching priorities that link individual EU policies—for example, use of material resource, transport and public health.

Work will continue on the groundwater directive in which the provisions should relate to local circumstances rather than be based on Europe-wide standards. We have therefore welcomed the progress made by the Netherlands in developing the Commission's proposal.

The Commission has proposed a new LIFE + funding mechanism to replace LIFE environment and LIFE nature, which are the existing funds. The proposal to redirect the existing subject-based funds into mainstream funding of environmental initiatives—significantly, those that support the Community's environment policy and legislation—is planned for 2007-2013. In view of Scotland's past success in attracting LIFE funding, we wish to be satisfied that the proposals will maintain or improve on the current regime.

The INSPIRE proposals seek a common basis for geographical and spatial information. Although member states are generally agreed on the aim, the technical complexity of the arrangements is considerable.

The European pollutant release and transfer register is another Europe-wide information structure. It builds on earlier work by member states and industry with the Scottish Environment Protection Agency in the lead for Scotland.

Those are some of the key issues in a full agenda. As the convener said, I have sent the committee a statement in advance that I hope members found helpful.

**The Convener:** Thank you, minister. That has given us a good run through the Executive's current priorities and what is happening in Europe.

We will deal with the minister's final points about environmental issues first, then fisheries and then agriculture and rural development so that members know where we are in the process. Eleanor Scott has a question about chemicals policy that was not in the minister's update information.

**Eleanor Scott:** My question is about the registration, evaluation and authorisation of chemicals regulations that are being processed in Europe at the moment. I received a copy of a press release from colleagues in the European Parliament who were concerned about moves that were being made by UNICE, the industry union in the European Community, which has been trying to get the REACH—registration, evaluation and authorisation of chemicals—regulations downgraded so that they would be less burdensome to industry.

There are many concerns that industry pressure might lead to a dilution of what are supposed to be stringent regulations on novel chemicals. The press release makes honourable mention of companies such as Boots and Electrolux that are supporting more stringent regulations. What is the UK's position and what stage has this long, drawn-out process reached? We seem to have been talking about REACH for a long time.

**Ross Finnie:** As you and the committee will be aware, although I have reported on the key issues on which decisions are likely to be made in council meetings, a vast number of issues under each subject heading rumble on, some at a greater pace than others.

I am aware of the issue that you raised. As long as a council has not come to a final decision on a matter, it will be subject to a great deal of lobbying, particularly on the environmental side, as people seek to alter the text that was discussed at a previous council meeting. I am not conscious of there being a specific proposal and I am clear that the UK has not changed its position. Perhaps Heather McCabe can shed light on the matter.

**Heather McCabe (Scottish Executive Environment and Rural Affairs Department):** I was at the Luxembourg presidency forward look seminar yesterday. I have not had time to digest all the material in the booklet, but, on the UK's priorities for REACH, it states:

"The UK Government supports the overall objectives of the new EU chemicals strategy ... the UK Government is

also proposing that measures aimed at minimising animal testing through data sharing should be strengthened."

Obviously, it does not look as though the issue is going to drop off the agenda.

**The Convener:** Our understanding is that the work is expected to be completed under the UK presidency, when we take over after the Luxembourg presidency. The committee has expressed an interest in the issue and has debated it. Ross Finnie is right that we are at the early stages, but our understanding is that there will be lots of discussions through the council, involving working groups and national experts. We are keen to be kept posted on those discussions, given that we are going to take the lead and conclude the issue under the UK presidency.

**Ross Finnie:** We are happy to keep you informed. The wording in the booklet seems to indicate that my understanding of the position is correct. We in the United Kingdom—and certainly in Scotland—have not suggested any change to our position on REACH.

**The Convener:** That is a helpful clarification, given the purposes for which Eleanor Scott raised the matter.

Karen Gillon indicated that she was interested in the waste electrical and electronic equipment directive and the groundwater directive.

**Karen Gillon:** I am interested to know what work is being done on the WEEE directive. Perhaps the minister could bring us up to speed on the necessary preparatory work. I am also interested to know what work is being done on the groundwater and batteries directives, which we know are coming. I am particularly interested in the groundwater directive, given the issues that apply in Scotland. I want to ensure that we do not end up trying to catch up with things once they happen but are ahead of the game, as far as we can be.

**Ross Finnie:** On the WEEE directive, there is nothing to be discussed at council meetings. I had a meeting nearly two months ago with members of the electronics industry at which we discussed how to get the single point of collection and the rules that would apply. The key issues from a Scottish perspective are twofold. First, there should not be geographical discrimination. Although the burden of financial responsibility falls on the producers, companies should not say, "We're big companies. We run things terribly efficiently and economically and therefore there will be three collection centres in the whole of Scotland, so tough on the rest of you." The message that that would be wholly unacceptable and would not meet companies' obligations is well understood. However, I have to be cautious, because I have not seen the final proposal.

The second key issue that we raised—among others—is the possibility that in trying to ensure the widest possible distribution network, the companies would seek to slough off part of the costs on to local authorities. Although that is not the intention, two months ago there was still work to do to ensure that we had a collection network that was spread widely and that there was no attempt by the companies not to recognise that uplift was their financial responsibility.

11:45

Again, I have to stress that, while I am quite satisfied with the way in which the matter is proceeding and with the consultation that my officials are engaged in with DEFRA, the subject clearly requires a UK-wide solution. We cannot deal with it on our own as it involves external operators and producers; it also involves distributors on both sides of the border. All that I can say to the committee is that we are well prepared and will not be caught in the same way in which we were caught by the earlier directive. We would be quite keen to see final wording, of course, but the situation is moving towards that.

On the groundwater directive, it is important that we get the powers that we need to enable us to have the flexibility to implement the directive in a way that is relevant to our circumstances. The water framework directive sets risk-based objectives, which the new arrangements will help to achieve. We believe that if we are able to get that flexibility, we will be able to mesh the groundwater directive fairly easily into the work that we are already doing to implement the water framework directive in terms of river basin management.

**The Convener:** Do you know when the subordinate legislation on the WEEE directive is likely to be brought forward? Previously, you said that it would be brought forward by December 2004. Is there an update on that?

**Ross Finnie:** I do not have that information with me. I apologise for that. I will supply it to the committee.

**The Convener:** Thank you.

**Mr Ruskell:** Recently, there have been worrying reports in the media that the United Kingdom Government is going to take legal action to try to increase the pollution permits that are available to UK businesses under the European Union emissions trading scheme. Is that true? If so, what is the Scottish Executive's position and what role does the Executive play in advising the UK Government on the issue?

**Ross Finnie:** I am not sure whether the position that you outline is absolutely right. I think that we have concerns about the way in which the scheme

operates but I am not sure whether you are describing what is happening.

**Mr Ruskell:** A clarification of the position of the UK Government—and that of the Scottish Executive—would be useful, as there is a confusing picture in the media.

**Heather McCabe:** I do not have information on that with me but I can get it for you.

**The Convener:** That would be helpful. I take it from Richard Lochhead's body language that he would like to ask a question on this subject.

**Richard Lochhead (North East Scotland) (SNP):** I want to raise a similar issue. Was the Executive consulted by the UK Government before it made an application for additional allowances? Clearly, the Government believes that it miscalculated its needs last year. If the Executive was consulted, what was the response and what are the implications for Scotland?

**Ross Finnie:** We have had and continue to have discussions on the emissions trading scheme. I will supply details of them to the committee.

**The Convener:** That would be useful to our climate change study.

We will now move on to discuss fisheries issues.

**Mr Ruskell:** I want to ask about the role of the European fisheries control agency in relation to monitoring and enforcement. How much of the European fleet should have observers on board? Will the new agency have a role in funding observers on fishing boats? Is there a distinction to be made between observers' monitoring and policing roles?

**Ross Finnie:** On your final question, there is such a distinction. Are you talking about observers who consider the nature of the fishery and assist with scientific assessment or about observers whose purpose is simply to ensure that boats comply with fishing regulations?

**Mr Ruskell:** There is a role for both. I am interested in hearing about your approach to determining the different roles that observers on boats might have and about whether you think that the new agency will have a role in funding observers. In the past you have highlighted the lack of funding for observers as a main reason why the approach was ruled out in your discussions in Brussels.

**Ross Finnie:** There are two issues. In essence, the purpose of the Community fisheries control agency will be to try to ensure that fisheries regulations are applied uniformly throughout the waters that are under the jurisdiction of the European Union, which raises real issues to do with the implementation of conservation policies

and compliance with quota and other regulations. The agency's co-ordinating role will be important, because if member states are to have confidence in the system it is important that there are not uncorroborated rumours that someone is not prosecuting the policy. The agency will also have a role in ensuring that information is shared and that a shared approach to data is taken, because policing the seas is a difficult issue.

You asked about resources for observers, but no huge resource is available from Europe in relation to observers. Most member states are anxious that the approach should be cost neutral and that the new agency's role should be very much a co-ordinating one. My view remains that the role of observers should be less about enforcement and policing than about providing additional information to reinforce scientific knowledge about what goes on on board vessels, the species that are caught and the locations in which they are caught—I am much keener on the extension of that approach.

There are difficult issues to do with using observers for enforcement. In this country, the Scottish Fisheries Protection Agency is charged with that role. The liability of the SFPA's officers is clearly controlled: their purpose is explicit and they have the right under the law to gather certain information, the use of which does not render them liable to civil proceedings. Moreover, any evidence that they gather is admissible in court. If we were to start putting people in place as an add-on, we would get into serious difficulties with the admissibility of evidence. That is another reason why I strongly favour the increased use of observers to reinforce the scientific basis for what we are doing.

**Rob Gibson:** I am interested in the Luxembourg presidency's

"review of the basic regulation for deep water fisheries".

What are your views on the matter in the context of the role of regional advisory councils? We have heard much about efforts to do with the North sea, but what is likely to happen in the west of Scotland, especially in light of cuts in quotas for deep-sea species? How will conservation and economic interests in fishing on the west coast be affected?

**Ross Finnie:** The presidency's commitment to deal with the matter arises from a commitment made about two years ago to review all the deep-sea management arrangements. That will involve reopening a high-level discussion in which the UK and Scotland can state the belief that deep-sea species would be better managed and controlled through effort management rather than through the setting of specific total allowable catches and quotas in such difficult circumstances. Indeed, a good deal of scientific evidence suggests support

for our position. Such a high-level issue will be fundamental with regard to control.

You also referred to the role of RACs. The Irish Government will initially host the north-western waters RAC in Dublin, but there is as yet no schedule for its work or indication of the pace of its activities. In fact, we are not clear about any dates in that respect. Scotland on its own made huge efforts to get the North sea RAC up and running, and the next up is the pelagic RAC, in which we have a very real interest. I hope that the north-western waters RAC will come into play soon, but I cannot give the committee any absolute information on that. Everyone is working towards it, but the creation of the first two of the new RACs is already a little bit behind.

As you said, we have raised some real issues about the management regime. Lachlan Stuart is quite familiar with the matter and might be able to add some comments on our objectives in the review.

**Lachlan Stuart (Scottish Executive Environment and Rural Affairs Department):** I do not have a lot to add, because I think that the minister has adequately covered the matter. The basic regulation on deep-water fisheries envisages a review of the whole matter by the end of June. However, we have received no indication from the Commission, which is tasked with carrying out the review, of when the review will be brought forward and how it will be conducted. We expect that it will happen by the end of June, but we cannot say much more than that until we have seen the Commission's proposals. That said, the north-western waters RAC will be invited to discuss the matter, because most of the deep-water fisheries are prosecuted in that area.

**Rob Gibson:** It would certainly help if the minister could alert us when the process starts and if he could tell us what input will be made at this end.

**The Convener:** I expect that we will find that out through the minister's regular council updates—I see the minister nodding—as that would be good.

**Maureen Macmillan (Highlands and Islands (Lab):** Will the European fisheries fund take over from funding through the financial instrument for fisheries guidance?

**Ross Finnie:** Yes, that is pretty well what will happen.

**Maureen Macmillan:** What input are you having into the discussions? You might be aware of a long correspondence from me about the possibility of using FIGG funny—[*Interruption.*] I am sorry; I mean FIGG funding.

**Ross Finnie:** Was that a combination of "money" and "funding"?

**Maureen Macmillan:** It must be funny money.

The correspondence centred on using FIGG money to fund a well-boat business. Under the FIGG regulations, people had to show that they owned a fish farm before they could receive such funding. I am sure that I am not the only MSP that has entered into correspondence on that matter. There must be other anomalies or areas where FIGG funding is not properly addressing the Scottish situation, and I wonder whether the European fisheries fund will reflect better the outcomes that we want. Will you outline your input into the negotiations?

**Ross Finnie:** In discussions with the Commission, my colleagues raised a number of Scottish-specific issues. I have to say that council meetings have not got very far on this matter. The initial controversy centred on an attempt to reinstate the eligibility of fleet expansion and new build, despite a decision that had been taken in December 2002, largely on environmental grounds, to stop the whole process.

That attempt has been resisted, which has allowed the Commission to talk in greater detail about some of the developments. We have a number of agenda items in those talks. It will be a little while before the Commission produces a document that sets out its revised proposals. That fundamental issue, which could have consumed substantial amounts of the limited funding that is available, would have had a different impact, but because that matter has been resolved, the Commission can address more fully some of the other issues. We have been prosecuting several issues at detailed working group meetings, on which we will keep the committee up to date.

12:00

**Maureen Macmillan:** I hope that you will keep the aquaculture industry in mind.

**Ross Finnie:** Of course, that is easier to do now as a result of the reform of the common fisheries policy in 2002-03. That was the first time that aquaculture was mentioned specifically as an integral part of the common fisheries policy. Therefore, the kind of discussion to which you refer is easier to have now. From our perspective the two industries appear to be related, but there was no specific provision under which aquaculture was part of the policy before the reform, although there is now.

**Richard Lochhead:** Ben Bradshaw, the minister's UK counterpart, said at the recent launch of the North sea regional advisory council in Edinburgh that he hoped that the RACs could evolve into bodies with real management powers. However, Joe Borg, the European commissioner, in a written response to the European Parliament's



Committee on Fisheries, said that any increase in the RACs' powers would require a treaty change. Therefore, do you have plans to submit a request to the UK Government to place such a treaty change on the agenda for the first six months of this year?

**Ross Finnie:** No, but that is not because I do not want the regional advisory councils to have greater powers—I have argued for that. I am absolutely clear that to facilitate our getting the majority that we need in the council to give the regional advisory councils more powers, it is crucial that they first get up and running. We need to give every encouragement to the RACs—we have a particular interest in two of them—to operate, take evidence, produce reports and establish their credibility within, I hope, a short period. We need to make clear just how much better and more effective it is to receive informed reports from those who operate in the waters, in collaboration with the scientists and the environmental NGOs in their areas.

I will not wait for that to happen, but when we get to the point at which the process is clearly influencing other member states, any UK proposals for change are much more likely to succeed. We must remember that there was not a huge majority in the council in favour of the RACs. However, since the principle was established and since the councils have started getting under way, the tone and tenor of the comments of ministers from other member states have become much more in favour of that principle. However, if we try to press a vote on the matter at an early stage, we run the risk of losing it because we have not yet brought everyone aboard. Given the way in which the RACs are progressing, it could become much easier to secure the required qualified majority, or whatever we would need. If we hasten the process, we could end up with the wrong outcome.

**The Convener:** That sounds like an issue to which we will return in the future.

Quite a few points were raised about agriculture and rural development. I think from my notes that Nora Radcliffe is particularly interested in the rural development regulation, or perhaps it was the less favoured areas.

**Nora Radcliffe:** It was the LFAs—I want to highlight the concerns about the European measures that are likely to impact on them.

**Ross Finnie:** As members will be aware, 85 per cent of Scotland's agricultural land is designated as less favoured area, so any change to less favoured areas regulation could have substantial ramifications and implications for us. At a technical level, we have been actively engaged in addressing the issue in Scotland as well as in the UK as a whole, because of its importance. The

Commission issued some preliminary documentation on the definition of an LFA, on which we have commented. Initially, we had real concerns about how an LFA was being defined. The definition appeared to be almost altitude based, which would not have been at all helpful to our northern islands. However, we have managed to insert wording in the current round of drafts that makes us a little more relaxed about the definition of an LFA.

There remains a danger that, on the peripheries and in southern Scotland, certain parts of Scotland's agricultural landmass may find it difficult to qualify, because of improved conditions and improvements that farmers and others have made. However, the main area will continue to fall within the definition. The next issue is the nature of support and the qualification criteria, which are still to be considered. Having had the exchanges that I have described, we are due to receive what is called in Commission language a non-paper on the less favoured area support scheme. I am not sure what a "non-paper" is in ordinary English—it is a curious use of the English language. We are still awaiting the non-paper, but I expect that it may arrive relatively soon.

We are making good progress. Initially, the definition of an LFA was driven very much by issues such as altitude, but we have moved a long way from that. I still have concerns, because this is a crucial element of support generally. There is a serious structural issue with the way in which LFASS payments are made in one or two fragile and frail areas of Scotland, especially in the crofting counties.

**Alex Johnstone:** I share the concerns that Nora Radcliffe has expressed about LFAs. However, my question relates to the beef marketing issues in the minister's paper. I have made clear that it is essential that the winding up of the over-30-months scheme should be accompanied—simultaneously, if possible—by normalisation of the beef industry and beef exports. All of us agree on that to some extent. The minister has said that he will be pressing hard for the easing of EU controls on UK beef exports. What is the prospect of there being a move to normal beef exports at the same time as we wind up the over-30-months scheme?

**Ross Finnie:** If I knew that, I would make a nice announcement and be very popular with the beef industry. I might also have a different job, as a soothsayer.

We are working in parallel on the issues that the member has raised. The big issue is the question of inspection. The inspection that we need to put in place in relation to the OTMS has a bearing on the European Food Safety Authority's view of our inspection regime for BSE generally. We must

demonstrate to EFSA the robustness of that regime and we will continue to do so. We will afford the Commission every opportunity to examine the regime. On both sides of the fence, we will make clear that if we retain our low-incidence status and the graph continues to move in the right direction—there is no reason to suggest that it will not—we should continue to discuss winding up the date-based export scheme at the same time as we wind up the OTMS.

I share Alex Johnstone's objective. However, whether we can get all the ducks in a row is another issue, as the European Food Safety Authority has set some complex criteria. As an agriculture minister, I will certainly not interfere with the independence of a food standards agency, but I will work on the agriculture side to ensure that we produce a test regime that meets the criteria that have been set out. We are trying to work in parallel. I cannot give an absolute guarantee, but I share the objective and want to work towards it.

**Alex Johnstone:** As you pointed out in your opening statement, this is one of your priorities rather than a priority for the Luxembourg presidency. Is there any likelihood that it will be a higher priority for the UK presidency?

**Ross Finnie:** We have to understand that the presidency's priorities tend to be issues that require either a directive or a regulation. The presidency looks at a range of issues and tends to zone in on those to which it believes it can bring added value because of the member state's particular interest or national priorities.

This is a slightly different issue. It does not require the council to meet and discuss it. The European Food Safety Authority has set criteria that we are required to meet. It requires us constantly to deal with both the agriculture and the health and consumer protection commissioners to make sure that they understand the importance of the beef marketing issue. We will do that and I have no doubt that the UK will do so, too, in its presidency.

I would not want to suggest that the issue will suddenly appear as an item on the council's agenda because that is not where it will be discussed.

**Eleanor Scott:** How far has your department gone down the road of helping to develop the UK's negotiating response on the proposed new rural development regulation? I have seen only a summary of it, but it seems to be quite substantial, not just on the less favoured areas but on the priority axes for spending and the minimum that is required to be spent on them; the mainstreaming of LEADER; and the requirement for European and national strategy documents. I am interested

in what the UK is likely to be saying to the regulation as well as to the establishment of a special fund that is separate from normal CAP mechanisms for rural development. Has the minister any indication of how big that fund is going to be? How much are we likely to get out of it? Will our small allocation under the rural development regulation count against our getting a reasonable slice of that new fund?

**Ross Finnie:** We continue to press that the 2000 allocation was inequitable, but members will appreciate that for us to make substantive progress on that requires every other member state to assume the position of a turkey at Christmas. It is a difficult prospect, to be blunt.

You are quite right. The rural development regulation is now greatly expanded. There are three axes and folding into that is LEADER, or what LEADER will eventually be called. Although there is talk of new funds, we should be conscious that whether or not it links to the support, the overall budget for agriculture has a fixed ceiling. The Berlin ceiling was set some three or four years ago and it is not to be exceeded. Members will recall that under CAP reform the Commission now has powers so that if there is any prospect of the budget limit being exceeded, it can take to the next council meeting measures that will reduce the level of support pro rata to bring the budget back into kilter.

That said, this is an exciting development. I will ask Ingrid Clayden to comment on it because we have been actively engaged in trying to get a balance of measures that set slightly more ambitious environmental criteria and that broaden the range of measures within the three axes. There is still an issue to do with ensuring that we have active farmers managing the land. We still think that there is a case for a discrete element of competitive measures to assist with the quality of produce. The committee will be well aware of the relationship between the number of people whom we have managing the land and our ability to deliver on certain environmental objectives. A balance must be achieved. Ingrid Clayden has been intimately involved in the process.

12:15

**Dr Ingrid Clayden (Scottish Executive Environment and Rural Affairs Department):** On behalf of Scotland, we have made a number of points to DEFRA and, through DEFRA, to the Commission on the competitiveness of the agricultural industry in Scotland and on forestry, LFAs and the overall picture, which the minister has covered.

There has been a lot of discussion. We held a stakeholder consultation, the results of which are

available to all members in the Scottish Parliament information centre. An analysis of the consultation is on the Executive's website. It highlights a number of the points that we have picked up and are progressing in discussions.

We have an internal policy group, which deals with the LEADER aspects of the new rural development regulation. We are putting together a broad picture that we hope will represent the views of all Scottish stakeholders. In addition, we contribute to DEFRA's stakeholder consultations, so we are feeding in views through that channel and, as I have mentioned, we are contributing to the UK position in European discussions. Overall, we are probably hitting as many buttons as we can to ensure that Scottish views are fully represented. We are building up a picture through stakeholder consultation and feeding that into negotiations.

**Eleanor Scott:** Thank you very much for that; it was very helpful.

I have a quick point of clarification. Are you saying that although the proposed European agricultural fund for rural development is separate from the normal CAP mechanisms, it will come out of the same pot? In other words, it will not be additional money.

**Ross Finnie:** I think that that is our understanding.

**Dr Clayden:** Yes, it is.

**The Convener:** I hope that Richard Lochhead will be the final member to ask questions.

**Richard Lochhead:** I have two brief questions. The Commission has published the submissions to the rural development regulation consultation from each member state. Is the minister content that the submissions made by the UK reflect Scotland's priorities?

**Ross Finnie:** Yes, I think that we are. Ingrid Clayden has had more meetings on the matter than she perhaps cares to remember. Right from the outset, each of the three axes has been involved in extensive meetings on putting together the proposition that was in the UK's submission. The Executive has in place—especially in my portfolio—processes to ensure that we engage with UK ministers and, just as important, their officials. There is a clear understanding that, on such devolved matters, it is not possible for DEFRA to submit documents that purport to give a UK position unless they have been agreed by the Executive, the Northern Ireland Office and Welsh ministers.

**Richard Lochhead:** I might take up that issue with the minister later.

My second question relates to a brief conversation that I had yesterday with a

Commission official in Brussels. He said that, in certain respects, agricultural moneys are guaranteed, regardless of the outcome of the negotiations on the financial perspective that will take place in the EU over the coming months, which I think will conclude in about three months' time.

We know what the UK's position is on the size of the EU budget overall. The official said that the size of that cake would influence the size of the EU's rural development budget; indeed, that follows from the answer to Eleanor Scott's question. In other words, the UK's negotiating position on the financial perspective will influence the amount of cash that is made available to Scotland to spend on rural development issues, which is additional to the guaranteed cash for the CAP schemes. What representations did the Executive make to the UK Government on the size of the cake, given that that will influence the amount of money that Scotland receives for rural development projects?

**Ross Finnie:** When the official to whom you spoke says that the money is guaranteed, that is an interesting phrase. It is guaranteed in the sense that the budget has been set with the ceiling that I described, but the great difficulty with any CAP payment is that the criteria tend to be demand led. That will sort itself out and it should do so better now that we have decoupled. One of the great problems with agriculture expenditure—and our share of it—when it was production linked was that the demand-led formula led to great complications and the need to adjust levels of subsidy to accommodate any increase in demand that was caused by increases in production. To that extent, we now have a slightly more even distribution.

Our submission is simply that we have consistently argued for a greater share—that relates to the point that Eleanor Scott made, particularly on the rural development side—and that within that we therefore get our fair share. We were looking for a larger share of the cake, based on our equitable share, which has been demonstrated by studies of what rural development funding we should get. As has been indicated to you, the other side of that equation—the fixed element of the single farm payment—is in effect fixed by relation to the historical base that we have adopted.

**Richard Lochhead:** I appreciate that you want to get a bigger slice of the cake for Scotland, but what will be negotiated in the EU during the next three months is the size of the cake. That will influence how much money comes to Scotland for rural development projects. Did the Scottish Executive make any representations to the UK Government regarding the size of the overall cake and the implications of that for rural development in Scotland?

**Ross Finnie:** Our representation was to maintain the cake. I am slightly puzzled by your question in that the ceiling for agriculture and rural development expenditure has been fixed. The only worry is that we will move on to a regression of that, but there is absolutely no question of the overall budget being increased. The suggestion that arises, which neither we nor the UK supports, is that in the current mix there should be reductions in the overall heads of expenditure. The Berlin ceiling is fixed, but there is argument about whether expenditure will progressively be reduced. That is a clear prospect, and it will become bigger if the totals for all budget heads become fixed and we have 25 member states. We are not arguing for that, and we believe that our share in Scotland during the next few years will not be materially affected.

**The Convener:** Thank you for that. We managed to cover a lot of issues today, and there are quite a few issues on which we hope to get written responses later. Our clerks will speak to your officials about that and we will check the *Official Report*. We look forward to receiving that information.

I thank Ross Finnie, his officials and members of the committee. I remind members that next week we will have the first evidence-taking session in our climate change inquiry.

*Meeting closed at 12:23.*

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