

# **ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE**

Tuesday 28 June 2005

Session 2

£5.00

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## ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

### 20<sup>th</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:

Malcolm Chisholm (Minister for Communities)

Ross Finnie (Minister for Environment and Rural Development)

Allan Wilson (Deputy Minister for Enterprise and Lifelong Learning)

David Wilson (Scottish Executive Environment and Rural Affairs Department)

#### CLERK TO THE COMMITTEE

Mark Brough

#### SENIOR ASSISTANT CLERK

Katherine Wright

#### ASSISTANT CLERK

Christine Lambourne

**LOCATION**

Committee Room 2



## Scottish Parliament

### Environment and Rural Development Committee

*Tuesday 28 June 2005*

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

#### Item in Private

**The Convener (Sarah Boyack):** I welcome members, the public and the press to the committee's 20<sup>th</sup> meeting in 2005. I remind people to turn off the sound on their mobile phones. Karen Gillon has sent her apologies.

The first agenda item is to seek the committee's agreement on whether to discuss in private witnesses for stage 1 of the Environmental Levy on Plastic Bags (Scotland) Bill. Do we agree to discuss item 5 in private?

**Members** *indicated agreement.*

## Rural Development Inquiry

14:03

**The Convener:** This is the last evidence session of our inquiry, which feels as if it has been going for quite a few weeks. We have three ministers with us today: Ross Finnie, the Minister for Environment and Rural Development; Malcolm Chisholm, the Minister for Communities; and Allan Wilson, the Deputy Minister for Enterprise and Lifelong Learning. I thought that it would be helpful to allow each of you to make a brief opening statement on the issues in your portfolios that relate to the inquiry; we will then have questions from members.

**The Minister for Environment and Rural Development (Ross Finnie):** I will take the opportunity to introduce the officials accompanying us: Susan Reilly is from the enterprise networks division; David Wilson is the head of the fisheries and rural development group; and Jim Mackinnon is the Scottish Executive's chief planner. We also have an army of support, just in case things get difficult.

**The Convener:** So there are no members of the public here today.

**Ross Finnie:** Convener, you might have been deluded into thinking that there were. We now have resources that we can call on, just in case you should call for a vote.

I thank the committee for giving me the opportunity to make a few opening remarks. After I finish, Malcolm Chisholm and Allan Wilson will also make some remarks.

I hope that the committee found the background paper that members asked for of interest and that it has helped them to understand our general position on rural areas. I will highlight three points. First, the Executive does not have—and has never had—a single overarching rural policy. Instead, our aim has been to ensure that rural issues are reflected across the Executive's programmes and policies and that rural policy is mainstreamed. Clearly, our obligation is to ensure that, no matter what policy or plan is being developed, we give due care and attention to the delivery mechanism in rural areas, as it might be different from the delivery mechanism in urban areas.

We recognise that opportunities and needs differ throughout rural areas. As we do not attempt to take a one-size-fits-all approach, we need flexibility in our policies and programmes to allow us to work with local interests such as community planning partnerships in implementing those policies. I know that the committee's focus in that respect is on accessible rural areas; I hope that

our background paper makes it clear how we define such areas and where in Scotland we believe they are located.

The committee seeks to address the question of how well accessible rural areas are doing compared with other areas. Over recent years, we have engaged in a considerable amount of work to improve the evidence base on accessible rural areas. As our paper points out, that evidence suggests that, in general, relative to the Scottish average—and I should say to individual members in individual constituencies that I realise that there are dangers in taking such averages—residents in accessible rural areas are generally more affluent. Moreover, according to the indicators, health, education and crime levels in accessible rural areas are reasonable and it appears that such areas are benefiting from proximity to nearby urban areas.

That does not mean that there is room for complacency. However, it does not point to any particular difficulty in accessible rural areas as they are defined. As a result, we have concluded that the evidence shows that economic and social disadvantage is much more pronounced in remote rural areas and in parts of deprived urban communities than it is in accessible rural areas. Our focus is to maximise the potential of such areas as safe and healthy places for people to live in; as vibrant and welcoming communities for visitors and residents; and as contributors to economic growth through association with adjacent cities and towns and through rural diversification. We seek to build on those opportunities by ensuring that our national policies recognise how such places can play their part and benefit from Scotland's development.

We see accessible rural areas generally as places of opportunity, but I repeat that the committee should not infer from my remarks that we are complacent about the matter. We acknowledge that the conditions in some parts of those areas are not identical with those in the other parts. Some places suffer barriers to opportunity and, as our background paper makes clear, we are concerned to regenerate the most deprived accessible rural areas.

**The Minister for Communities (Malcolm Chisholm):** I, too, welcome this opportunity to appear before the committee to tell members about a number of areas that are relevant to my portfolio. I chair the Cabinet delivery group on closing the opportunity gap, of which Ross Finnie is a member, and I co-ordinate our strategy for tackling poverty and disadvantage. As members will know, I announced 10 new closing the opportunity gap targets last December.

In general terms, the worst problems of poverty and disadvantage are concentrated in urban

areas, but that is not to say that we do not acknowledge the problems that poor households and individuals in rural communities face. That is why we selected a specifically rural target in our set. It focuses on improving the quality and accessibility of services in the most disadvantaged rural communities, several of which are in what are described as accessible rural areas.

I cannot stress enough the importance of affordable housing in sustaining rural communities. We have committed a record investment of £1.2 billion over three years to affordable housing throughout Scotland, a substantial share of which will go directly to rural communities, as it did last year. Nearly £97 million will be invested this year, which is a record amount.

However, I am not complacent. I recognise that a suite of actions, including work on land supply, is necessary to deliver the right homes in the right places. Our recently published document, "Homes for Scotland's People: A Scottish Housing Policy Statement", sets out the challenges and looks forward to the work that we will progress in rural areas.

I will briefly give members a flavour of that work. Our increased investment is complemented by a range of new measures and is expected to fund the approval of more than 1,900 affordable homes in rural areas this year. That figure is up almost 20 per cent on last year's. Over and above that, measures that will directly benefit rural areas include the setting of a benchmark in new planning advice for 25 per cent of all new housing developments to be affordable homes; new land supply through the preferential release of surplus forestry land for affordable housing; support funding for an innovative £10 million land banking scheme with Highland Council; flexibility for local authorities to raise extra council tax income from second homes to invest in affordable housing and in the removal of development constraints; and homestake, which is a new low-cost home ownership scheme that is based on shared equity.

Last but by no means least, planning plays a critical part in helping to deliver some of our wider objectives. We have published a package of planning measures to help to stimulate the rural economy. Scottish planning policy 15, on planning for rural development, sets out a planning vision for rural Scotland whose clear goal is to maintain the viability of existing communities and to bring new life to many places that have experienced years of decline. That can be achieved by adopting a more welcoming stance to development in rural Scotland. The aim is to ensure that planning policy regimes are put in place to accommodate selective modest growth.

The role of planning is to promote opportunities for development in sustainable locations.

Our approach recognises diversity in the landscape, settlement pattern and accessibility of rural Scotland. The research report on rural typologies helps to distinguish between different rural areas, including accessible rural areas. We are certainly not talking about a one-size-fits-all approach—quite the reverse.

We are committed to having thriving, prosperous rural communities, but not to suburbanisation at any cost or to promoting mediocrity in new development. The planning advice note on housing in the countryside gives practical advice on how, by paying careful attention to siting and design, new development may not just respect but enrich Scotland's distinctive natural and cultural heritage.

We want to encourage greater economic diversification in rural areas. That is allied to our strong commitment to environmental stewardship, which will benefit all Scotland. Diversification in rural areas is intended to broaden economic activity, provide opportunity and create a more balanced and stable economy. The planning advice note on rural diversification contains a wealth of examples of successful small-scale economic development in rural Scotland.

We are not resting on our laurels. As members know, we will announce tomorrow our modernisation proposals for planning, which will allow us to address more efficiently, effectively and inclusively the development pressures and land use changes throughout Scotland.

14:15

**The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson):** My focus is on growing the economy, the contribution of Scotland's rural communities to securing economic growth and the consequential benefits that accrue to those communities. The fundamentals of strong economic growth are the same for our remote islands, the rural mainland and our cities. Throughout Scotland, we need to boost productivity, increase innovation and develop more added value in products and services. There are significant opportunities in some sectors; an example would be software development across the whole country. Other key sectors will have a particular focus. In rural areas, renewable energy, tourism, forestry and food and drink spring immediately to mind.

To achieve sustainable growth, we need a sufficient labour force with the right training and proper skills and we need new and growing companies of scale. We need our people and our places to be able to realise their full economic

potential. As Malcolm Chisholm said, we have to provide affordable housing, quality schools, health care and a safe and clean environment in which people can raise their families. Taken together, all those things support economic growth, irrespective of the location.

It may seem counterintuitive, but our cities have a strong part to play in the success of our accessible rural communities. Cities are the engines of economic growth. They provide employment not only for people in the city but for people in the surrounding areas and they provide a focal point for cultural activity. However, the city region concept is not only about the city. It is important to understand the relationship between the city and its hinterland and to work to get the most out of both for the benefit of the whole area.

Many accessible rural communities are clearly part of a wider city region. They may have their own economic and cultural vibrancy, but we would be foolish to ignore the relationship with the city. "A Smart, Successful Scotland" recognises the importance of city regions, but it does not overlook the undoubted weakness of the interaction between some rural communities and the city. "A Smart, Successful Scotland" directs the enterprise networks to develop opportunities in rural Scotland as well as in city regions. It also emphasises the need for networks to operate flexibly to ensure that solutions to economic challenges are arrived at with local partners so that there is a cohesive, joined-up, integrated and planned approach to local economic growth.

As I am sure committee members are aware, Highlands and Islands Enterprise recently produced a Highlands and Islands dimension of "A Smart, Successful Scotland", developing the Executive's strategic guidance for HIE's area. In addition, the rural group in Scottish Enterprise ensures that the rural dimension is given proper attention and that good practice is shared across the network. We hope to ensure the continued contribution of our rural areas to Scotland's economic growth and prosperity and to ensure that those benefits are shared equally across rural and urban Scotland—including the accessible areas that are the focus of the committee's inquiry.

**The Convener:** We have now heard from just about everybody. We have spoken to some of the key Government agencies; we have been to Brechin to talk to local people there; and we have had a lot of local authorities in to talk to us, as well as local enterprise groups and community groups. We have heard a range of views. I see that a couple of colleagues want to ask questions. Perhaps we can find out where these issues fit into Executive policy, as quite a few witnesses wanted to know that.



**Maureen Macmillan (Highlands and Islands)**

**(Lab):** Ross Finnie said that statistics can hide the fact that some towns are doing well but others are doing badly. He also spoke of the value of building community capacity. What is the Executive doing to encourage capacity building? In my view, we need to take a bottom-up approach. Various suggestions have been made, ranging from bringing back town councils to appointing town managers. There seems to be a feeling that many towns do not have anyone who is focusing on them in particular. To get things going, a town has to have a dynamic and it has to have energy.

Rob Gibson and I were at an event in Muir of Ord, which is a small village fairly close to Inverness, at which the community came together, facilitated by Highland Council, to carry out a SWOT—strengths, weaknesses, opportunities and threats—analysis for the village. That was excellent, but somebody said afterwards that the council could not do that for every town, because it would become bankrupt if it did. We just do not have sufficient capacity to do that, but it is often what is needed. How does the Executive engage with small towns or the city regions to get the dynamic going?

**Ross Finnie:** I will have a first crack at that. I would be interested to hear the outcomes of the Muir of Ord discussion, because there is a difficulty with establishing precisely what the great concern is in such cases. With remote villages, the focal point is clear—if it does not function, almost everything else does not function. However, throughout the Executive, we find that the difficulty with accessible towns is that people are not dependent on the town for some elements—by definition, people who live in accessible towns can access services elsewhere.

I understand perfectly why people want to keep services—I would not suggest otherwise—but in my department's experience the issue is much easier when it is as plain as a pikestaff that services can be delivered only in a community. The planning people have considered the issue, so Malcolm Chisholm might address that. However, the difficulty that we have is defining which of the elements that are provided elsewhere—because the town is accessible—is the key element that needs to be generated in a town. The issue is complex.

**Maureen Macmillan:** I am not sure whether you want me to answer that.

**Ross Finnie:** No, I do not. We consider the issue: we monitor how health and other policies operate throughout Scotland and we are anxious to see that they are delivered.

**Maureen Macmillan:** Do you agree that the fact that people in towns and villages can access

services elsewhere, particularly retail services, is what takes the heart out of those places? That brings me on to the gap in support for retail businesses. Highlands and Islands Enterprise does not support retail start-ups or existing retail businesses in the same way as it supports manufacturers.

**Ross Finnie:** Again, I draw the distinction between remote rural areas and accessible rural areas—the issues are different. In accessible rural areas, the market has to play a role. The potential for services generally, and particularly retail services, to be provided within an accessible area creates conflict. However, that issue is different from the issue of retaining services in remote rural areas, about which we have concerns. In such areas, we need to bundle facilities together and provide facilities that are not used exclusively by one particular service. As you know, we are always battling to ensure that post offices and a range of other services are bundled together so that they are provided in remote areas.

**Maureen Macmillan:** We were told by the witnesses at our Brechin meeting and by Highlands and Islands Enterprise that retail businesses are important. Specialist shops can survive in smaller towns, but the trick is to persuade city dwellers to come out to those towns for specialist shopping. However, how do we get the specialist shops there in the first place? Who supports the start-up of such businesses?

**Allan Wilson:** The local economic forums are charged with the development of local economies. The critical partnership in addressing the needs of small towns, whether in relation to the retail sector or any other sector, is between the local enterprise company and the local authority. I expect the local economic development department of any local authority that is worth its salt to have a strategy that addresses retail development in whatever small towns happen to fall within its ambit. The authority should work out with the local enterprise company a strategy by which they might address retail failure or economic failure in an area. That is where I put the focus.

The issue is not about bucking the market; it is about addressing economic failure and ensuring that, as far as we can provide it, there is equality of opportunity across the board. There is value in that approach and I hope that the committee will consider the matter and come up with some conclusions about how greater opportunities can be created in areas of economic failure, which may well be in more accessible areas in the hinterlands of the city regions.

The question comes down in part to accessibility and labour mobility, which—interestingly enough—is an issue that we are considering in the development of the employability strategy. It is not

just about providing economic opportunity in an accessible area; it is also about ensuring that people have access to that economic or employment opportunity.

**Malcolm Chisholm:** A lot of this is down to economic development. From a planning point of view, I can say that a new Scottish planning policy on retail will come out soon. Realistically, there are some hard choices. For example, does one allow the expansion of retail in Inverness? If so, there will obviously be knock-on effects on smaller towns in the surrounding area. Some hard choices are involved—the SPP will outline some of those issues. In general terms, we should obviously be supportive of retail development in small towns.

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** As three pillars of sustainable development from the Cabinet are at the committee, I will ask a question about sustainability and the city regions. There are concerns in a number of small towns and large villages—accessible rural communities—throughout the central belt that their development under the city regions will not be sustainable.

I will give an example. In Tayport in Fife, housing will increase by about 44 per cent. There are concerns not only about the impact of that development on the environment, but about the strain that will be placed on local services. There are also concerns, which are replicated in many towns, about what is happening through the structure planning process. The fact that employers' workspaces are being designed out of those towns leads to increased travel to the cities, to increased traffic and to increased congestion. Another concern is the lack of leisure and other community facilities and services that are being planned into the towns for the future. A number of communities have concerns about antisocial behaviour. What happens when community centres go and there are no leisure facilities in the communities?

A range of issues links into the three aspects of sustainability. How do we ensure that the small towns and large villages in the hinterland of the city regions are genuinely sustainable communities in the future and that there are good economic opportunities, good social cohesion and a light environmental impact?

**Malcolm Chisholm:** I know about the controversies around the housing development that you mention. There are particular issues about what is in an area in relation to a city region plan and the timescale for the plan kicking in. In general terms, we think that it is important to look at the issue over a big area and consider it from the point of view of balanced communities.

I am certainly pleased that sustainable development, which will certainly be the main theme of my statement tomorrow, has been highlighted. It is crucial that we look at planning from that point of view. We all know what happened when previous housebuilding developments went ahead without all the facilities that should go with them. That situation should definitely be avoided within city region plans and local plans. I have to agree with the general comment on sustainable development. All the planning guidance and advice that we give will be in accordance with that principle.

**The Convener:** Does Allan Wilson want to pick up on the point about business in smaller towns?

**Allan Wilson:** Green growth may sound like a contradiction in terms to Mark Ruskell, but the green jobs strategy was obviously an attempt to address the global shift towards more sustainable development, to see how it applies here in Scotland and to build sustainable communities by growing green jobs in those communities.

As members know, one of the key pillars of sustainable development is provision of economic and employment opportunity, without which there cannot be the sustainable development that small towns in accessible areas require. The green jobs strategy identifies a number of key areas in which we believe there can be sustainable economic growth, such as renewable energy—the obvious one—food and drink, forestry, development of the agri-rural sector and the work that is under way in diversification of farm businesses. The green jobs strategy answers many of the questions that you pose about how we will develop sustainable communities in that context.

14:30

**Mr Ruskell:** I was not talking only in terms of green jobs. Although I welcome the development of renewable energy, local food economies and so on, I was thinking about mainstream jobs and the need for people to be able to work where they live. I know that it is not realistic to expect that everyone will be able to do that, but there are concerns among communities that workspaces are being designed out of their areas and that, in effect, they are being forced to commute because they have no alternative but to work in the city. Clearly, that poses a number of problems.

**Ross Finnie:** Is not that one of the reasons why we must welcome the city region concept? It would be wrong to take a silo approach and to develop every aspect of planning within a city boundary using a city focus rather than taking account of the city region and what is sustainable. I am not suggesting for a minute that we have delivered on all of that, but one of the principal

reasons why, as a matter of policy, we are keen to adopt the city region approach is that it forces us to get out of those silos, to ask the questions that Mr Ruskell is asking us and to put the answers to those questions into a framework that ensures that regard is had for how people live, who lives where and how space can be allocated. Our approach must not assume that everything should be provided in the city, because that would leave sustainability of towns out on a limb. The city region approach gives cohesion to the sustainable framework.

**Malcolm Chisholm:** I do not want to get too involved in the details of what is happening in Tayport, but from the housing point of view, the point that Ross Finnie makes is relevant to what needs to be done in development of the Dundee city region. The city region approach is fundamental and, along with other matters, is extremely relevant when decisions are made about whether greenbelt land should be developed.

**Mr Ruskell:** We have talked in the chamber about the fact that the issue that we are discussing relates to structure planning and local authorities. However, in terms of investment from the Scottish Executive, there will clearly have to be some form of prioritisation in relation to water services, for example. Do you have a way of prioritising what you see as the biggest hits in terms of sustainability and economic development, or is it being left up to local authorities to say what developments they want to prioritise?

**Allan Wilson:** That is called closing the opportunity gap, which relates to the cross-cutting agenda that I believe is fundamental to sustainable development. That is the case because, unless you create economic and employment opportunity and the local jobs to which Mr Ruskell referred, large sections of our society will be excluded from economic growth and the benefits that it brings. Procurement policies and economic development policies are designed to focus resources where they are most needed, which means that we can reduce the opportunity gap and deliver a more sustainable society. A lot of the work has an urban focus; for example, in terms of regeneration strategies, it is as important to get people back into work in the vicinity of urban regeneration projects as it is to bring in economic opportunity from outwith an area.

**Mr Ruskell:** May I ask the minister to talk about water services, which is a specific example of—

**Ross Finnie:** It is a specific example, but I would like to broaden the matter out. I am not able to answer your question entirely, for reasons that will become clear.

The Executive has accepted and taken on board the fact that tension exists. I refer to water services and to comments that the committee has made about, for example, renewable energy developments. There is a tension between local authorities having a proper role in determining what happens locally and how we set the strategic framework, which my colleague Malcolm Chisholm will address in his statement on planning. We have been taken by comments that have been made in meetings of the Environment and Rural Development Committee and other committees on the importance of sorting things out. However, I am afraid that Mark Ruskell will have to watch this space. We understand that things cannot always simply be left to be dealt with locally, but the issue relates to how things can be done. I understand that Malcolm Chisholm will address the matter tomorrow.

**Malcolm Chisholm:** Thank you for that trailer. I think that we will get into trouble if we say any more about that today.

**Ross Finnie:** Indeed.

**Mr Alasdair Morrison (Western Isles) (Lab):** I want to ask broadbrush questions about general policy. As we all know, the partnership agreement includes a commitment

“to maintaining strong, prosperous and growing communities in rural Scotland.”

What exactly does that mean? What type of growth is intended? Is it economic growth, population growth or both, as I suspect? What does the word “prosperous” mean in that context? How can we scrutinise progress?

**Ross Finnie:** The primary sector as a whole in Scotland accounts for a very small percentage of gross domestic product. Our national statistics show that agriculture, for example, accounts for no more than 1.3 per cent of Scottish GDP and that fisheries account for less than 1 per cent of GDP. However, in rural areas such as the north-east of Scotland and the south-west of Scotland, agriculture accounts for in excess of 25 per cent of GDP, and fisheries account for 20 to 25 per cent of GDP in Mr Morrison’s island communities and for 35 per cent of GDP in Shetland.

I come on to the second part of the question. On securing a base, we have been concerned to have sustainable agriculture and fisheries strategies—which are absolutely crucial—and to try to secure the important role that those industries play in communities in rural Scotland. In order to develop that role, we have tried to consider the other end of the food chain, as industries in the primary sector cannot be viewed as anything other than primary cogs in a food chain. Unless we work with the food industry and the food sector in our food policy to promote the market for Scottish goods

and produce, those core activities in rural areas will shrink and will not grow.

On developing markets, work is being done in my department and in Allan Wilson's department through Scottish Enterprise and Scottish Development International to assist in promotion and growth of the food industry. Members are well aware that we have an infrastructure policy to ensure that there is broadband capability throughout Scotland to encourage economic growth and development. Allan Wilson might want to pick up on that policy, which we see as critical in respect of allowing and enabling smaller businesses, whether they are in accessible rural areas or more remote rural areas, to conduct modern business and to have business opportunities to grow. There is a crucial role for the Environment and Rural Affairs Department in trying to underpin activities that play a crucial role in the GDP of such areas, although many people in Scotland do not wholly understand that role.

**Allan Wilson:** I suppose that the strategy in "The Framework for Economic Development in Scotland" and the smart, successful Scotland strategy provide the overarching framework within which we would measure rural development and economic development more generally. As I have said, there are key focuses in those strategies that relate to rural development—I refer to clusters such as textiles, food and drink, renewable energy, tourism and forestry, which I mentioned earlier. Those are all key areas that identify the enterprise networks as offering growth opportunities for rural Scotland, in particular for some of its most remote parts. That can be measured using general indicators, including sustainable development, GDP growth per capita, employment, the number of jobs that are created and the reduction in the number of unemployed people in those areas.

**Malcolm Chisholm:** Scottish planning policy 15 is consistent in respect of the partnership agreement commitment in this area. It stresses that

"Planning authorities should support a wide range of economic activity in rural areas",

and it emphasises the importance of rural diversification. It states:

"Further diversification of the rural economy should be encouraged".

In the simplest terms, rural diversification means the establishment of new enterprises in rural locations. That can mean existing businesses entering into new areas of activity or the creation of entirely new enterprises. It is about broadening economic activity, providing opportunity and creating a more balanced, stable economy. That is the objective of SPP 15.

**Rob Gibson (Highlands and Islands) (SNP):** I return to the point about a bottom-up approach to achieving big changes in rural areas. There seems to be a link between responsiveness and responsibility, such that people at the most local level want to take responsibility for some decisions. There is also a clear need, because of the Executive's idea of city regions, to take a wider look at the planning requirements of particular areas. Surprisingly, the district and regional councils in the past gave such responsibilities, although the district councils were not, in my view, local enough.

Now that we are past devolution's bedding in, should community planning, how the enterprise network disseminates its ideas and how Communities Scotland lays down its guidelines be examinable by responsible people at the most local level and at regional level? That would mean that people would not just be asked what to do, but would become involved and could influence the decisions on what initiatives might be progressed.

**Allan Wilson:** I have some sympathy with that approach. It is now long since the day and hour when I came to this place, but I remember considering matters of business growth and economic development when I was a member of the Enterprise and Lifelong Learning Committee of six years ago or so. From that consideration came the local economic fora, which were designed to address some of those issues of place.

Place is very important for economic development, not least for the people who live in the places concerned. There are several good examples of local enterprise companies that have, in conjunction with local authorities and other organisations on the community planning partnership level and more local levels, developed for particular areas economic strategies that take into account sectoral influences and sectoral interests. A number of examples spring immediately to mind. I have been up in Moray and down in Dumfriesshire, where local economic strategies have been developed. Such work has been done in different parts of different enterprise areas, including in Annan, Lockerbie and Buckie.

There is scope for economic development companies and local authorities to be flexible enough to address the issues and challenges within their existing boundaries, as long as they work proactively together. There are, however, areas where those organisations have not responded to the challenges and where more work needs to be done. Whether or not structural change is required per se is an open question on which the committee will, no doubt, deliberate. In some areas, the approach has been successful; partnerships have worked and have developed

flexible strategic approaches to challenges. In other areas, more work remains to be done.

14:45

**Ross Finnie:** I share Allan Wilson's view. We are not sure that we are making the best use of the community planning framework. Given that we seek a bottom-up approach, I am hesitant to lecture people about what they should do and how their community planning partnerships should be made up—there is a dilemma.

The convener began by asking whether there are structures. There is a legislative framework within which local authorities can operate. I do not know what evidence the committee has received from local authorities, but we may not be disseminating best practice around accessible rural areas. Perhaps some people are unleashing the power and capacity that the community planning partnership regime gives them, while others are failing to see how connections can be made. There is a framework, but we need to ask whether it is being applied uniformly and whether best practice is being followed.

**Malcolm Chisholm:** In general, things should be done at the appropriate level. I am interested in having as much local decision making as possible, and in decentralisation of the community planning arrangements that generally operate at local authority level. One of the key areas for me is community regeneration. We are keen for that to happen and for there to be great emphasis on involving communities in decisions about community regeneration.

However, at the other extreme, we must get local authorities to come together to produce city region plans, for example. That is appropriate, given the issues about which they must make decisions. We must be flexible and ensure that decisions are taken at the right level. We must also ensure that structures are aligned, in so far as that is possible, because having different boundaries around strongly related areas can create problems. There may be unresolved issues that are still worth considering.

**Rob Gibson:** Can we learn any lessons from our near neighbours who are organised slightly differently? I know that Ireland has a very weak form of local government, but what about the situation in the Scandinavian countries? The paper that the Scottish Parliament information centre has provided tells us that Finland has 19 regions and 432 municipalities and that there are 19 counties and 434 municipalities in Norway. Those bodies share the power to make decisions about city regions, on the one hand, and about very local issues, that in many cases affect fewer than 5,000 people, on the other hand. Such a model could

ensure rural proofing of the Executive's policies by giving people responsibilities at the appropriate level to implement policies, as well as to plan.

**Malcolm Chisholm:** It certainly sounds as if that model is worth considering. I would not like to make a snap judgment on it, but it has its attractions.

**Allan Wilson:** I believe that there is a role for spatial planning in economic development. Iomairt aig an oir is an interesting initiative in that context, as it brings together community planning partners in the more remote parts of Scotland that face the same economic obstacles and allows them to plan collectively to address those obstacles, while stimulating flexibility and a bottom-up approach. I know that some of our Scandinavian neighbours are interested in that type of development, which we do very well.

**Richard Lochhead (North East Scotland) (SNP):** My first question is directed at Allan Wilson, who holds the enterprise portfolio, as well as at Ross Finnie, who is responsible for rural development. It concerns the extra costs of operating a business in rural communities. One issue that often crops up is the higher cost of transport for businesses in rural areas that wish to get their goods to markets. Has the Government investigated the extent to which additional costs are attached to operating private businesses in rural communities and what measures could be taken to address that issue?

As well as the issue cropping up in our inquiry, it so happened that last week I met hauliers and the operational director from the Stewart Milne Group Ltd. I think that the official title of his section is Stewart Milne Timber Systems, which is one side of the company that employs 200 or 300 people north of Aberdeen. They are extremely concerned by the rising cost of fuel, which is putting their businesses at a disadvantage. In some cases, the hauliers are working to 1 per cent margins, so they are in a precarious situation. That is one example of something that could further damage the rural economy; if the hauliers go down, it will have an impact right along the chain. To what extent have you investigated those issues, and what could be done?

**Allan Wilson:** I hasten to say that I am not the Minister for Transport, but we obviously take a joined-up approach across Government to the impact of any factor on our overall priority of growing the economy. I understand that transport costs in Scotland are at or near the European Union average, taking into account all the factors that contribute to haulage costs, from road tax and fuel duty to the absence of road tolls. I believe our situation to be competitive, but that is something that we always keep under review and something that the Chancellor of the Exchequer keeps a

close eye on in setting taxes and duties that are applicable to those industries. As you know, we also take initiatives here in Scotland to ensure that rural areas can compete with their urban counterparts. There are a number of such initiatives, such as the rural transport fund and the rural petrol stations initiative, which assist in the agenda of ensuring that rural Scotland is as competitive as it can be with urban Scotland and that there is a level playing field.

**Ross Finnie:** One of our most significant transport initiatives—I am not the Minister for Transport, either—has been the attempt to encourage commercial companies that use timber products to get their timber on to rail. We fund initiatives that have taken many hundreds of thousands of road miles on to our railways to allow timber companies—obviously I cannot speak for Stewart Milne Timber Systems, but that is the kind of company that I am talking about—as well as major food retail companies to get their food on to rail. We have invested considerably in that.

It is pretty obvious, but we should not understate the fact that we invest substantial funds in supporting the ferry networks that serve our remote and island communities.

I understand the generality of the issue but, as Allan Wilson said, the transport funds respond to the need to support rural areas, and the question of supporting petrol stations is also taken into account. There is funding for getting more freight on to railways, particularly in remote rural areas, and thereby reducing costs. We are giving significant support and we provide subsidies for essential services in the islands and our rural communities.

**The Convener:** The next question is from Nora Radcliffe.

**Nora Radcliffe (Gordon) (LD):** I think that Alasdair Morrison wanted to come in on what Richard Lochhead said, so you might want to let him in first.

**The Convener:** If his question is brief, I shall let him ask it.

**Mr Morrison:** I want to ask Ross Finnie and Allan Wilson whether they monitor the progress and impact of certain policies. Has there been analysis of the impact of positive measures such as rural petrol station grants, the reduction in road tax for hauliers, the abolition of road tax for island-based lorries and the 50 per cent reduction in rates for rural shops and outlets? Do you follow up such measures and track their impact?

**Ross Finnie:** I should have mentioned that we provide, as part of our support for the rural economy, substantial support for shipping as much timber as possible, which is another subsidy.

I am aware of work on monitoring, but I will have to get back to the committee with the detail. I cannot give a definitive answer on each of the policy areas that Alasdair Morrison rightly identified.

**The Convener:** A reasonably swift answer would be helpful—I am reminded that we will not meet next week, so the minister has a few weeks in which to reply.

**Ross Finnie:** How kind.

**Nora Radcliffe:** In rural areas, the voluntary sector sometimes picks up services that would not be viable in the commercial sector. Does the voluntary sector have a more important role in rural areas? How do the ministers factor the voluntary sector into their policy thinking? I am thinking of matters such as funding and support for the sector, service provision and how we check standards and ensure that there is accountability. The possibility that voluntary sector activity might threaten a marginal commercial enterprise is not always considered. Do you think about the voluntary sector in relation to rural policy?

**Malcolm Chisholm:** I certainly do. I take a lot of interest in the voluntary sector in relation to policy, but I regard the sector as being important across the board and I have not regarded it as being more important in rural areas than it is in urban areas, although perhaps that is a failing. Ross Finnie might comment on rural areas, but as I said in the recent debate in Parliament on the voluntary sector, my general approach is to value the sector.

We have an increasing programme of work that supports that approach, some of which relates to the strategic review of funding, which has led to more sustainable funding for voluntary organisations, and to funding streams such as the futurebuilders initiative, which provide capital to build up voluntary organisations. An enormous number of awards have not yet been made and I cannot say how many awards have gone to rural areas, but I can provide the committee with that information and a more detailed breakdown of voluntary sector support in rural and urban areas.

**Ross Finnie:** The work that my department has done, and continues to do, on rural service provision is entirely co-ordinated through the Scottish Council for Voluntary Organisations. We give a grant to SCVO to assist us in monitoring difficulties or improvements in the provision of services in rural areas—that takes us back to Alasdair Morrison's point. We very much acknowledge the crucial role of the voluntary sector, which is why we engage with the sector and communities as we try to ensure that there is a wider range of service provision in rural areas. The follow-up work is done by SCVO.

**Allan Wilson:** The establishment of the co-operative development agency for Scotland is an interesting development in the context that we are considering. As members know, co-operatives are major drivers of rural economies in continental Europe and rural co-ops play an important role in certain parts of the food chain in the United Kingdom. The agency's creation gives us an opportunity to expand the influence of mutual companies in a positive way, by creating better economic and employment opportunities in rural Scotland.

15:00

**The Convener:** That is a useful point, which has come up in one or two evidence sessions in the past few weeks.

I have a question that no one else has asked about how we get some of the rural towns moving; I refer to towns that are accessible and are going through economic restructuring, either through major changes in the agricultural industries or as a result of their being former mining towns. I take your point that we have a city regions policy and a remote rural areas policy. One of the points that we have picked up is that there is not a huge amount of energy being put into getting people to sort out problems locally. I do not think that the right approach can be characterised as the Executive just turning up with a big pile of money and telling people to get on with it; it is much more about getting people to access resources and advice from the different agencies locally.

One of the models that we have debated over the past few weeks is the market town approach that was taken down south; that picks up on the points that Allan Wilson made about getting the place right. That approach considers local economic issues as well as cultural and housing issues. A one-size-fits-all approach was not taken, because different towns have different priorities. A lot of policies are in place and, should people tap into them, they will get support. However, we have got a sense that there is a problem in getting people to start that process. There is good practice in some local authorities, but others are waiting for something to happen. That is one of the gaps.

If, as Malcolm Chisholm said, there is a tough choice about a big retail development going to one place, with the knowledge that other towns will suffer, who kicks in to help the other towns reshape themselves and take the new opportunities? Many rural places are affluent, but that might be because a lot of city workers live and commute from there and earn good salaries. We are not looking for a one-size-fits-all approach, but we felt that there was no emphasis on that topic. That has come out in today's discussions.

**Allan Wilson:** As you know, I agree with that. I would prefer the focus to be put on places—market towns, or whatever you want to call them—that have suffered historically as a result of the demise of mining, steel working or other traditional industries that moved away and where those jobs were not replaced by the expansion in service sector jobs, which has been a feature of other regenerations. As I understand it, community planning is designed to focus attention on bringing together the agencies and addressing those issues. I favour a greater focus on areas of greater need.

**The Convener:** Many people have mentioned the LEADER project as a flexible source of resources that allows them to do creative and interesting things. Is that a long-term option for the kind of places that we are talking about?

**Allan Wilson:** Are you talking about structural funds?

**The Convener:** It is the one big positive thing that different agencies have mentioned as something that lets them do creative things locally.

**Allan Wilson:** Historically, structural funds have had an important part to play in terms of our ability to tap into sources of regional aid that can then be used proactively at a local level to address some of those issues. How much longer such funding will be available is obviously an open-ended question. Regardless of whether the funding is domestic or from Europe, more flexibility in regional policy is needed to address those issues.

Objective 2 funds were important in the areas that were in receipt of them in providing much-needed gap funding, match funding or a combination of both to stimulate projects, not least in the social economy. Without funding, it would have been much more difficult for some of the projects to get off the ground. The source of the funding is probably less important than the regional policy that drives it. We will have to come to terms with that as the current period of structural funds comes to an end at the end of 2006. We will need to have a strategy and policy in place for the beginning of 2007 that addresses the issues.

**Ross Finnie:** As of 2007, the LEADER project becomes the fourth axis of the rural development regulations. As I suspect some of the witnesses have said, LEADER has been used heavily in rural areas. It will transfer from the industry side to become the fourth axis of the new rural development regulations.

On the point that was made about the community partnership framework, we are not in disagreement at all. However, there are examples in rural areas where it has been better used. I am

thinking of the north-east and the development plan for Banff and Buchan.

**Allan Wilson:** Building a better Buchan.

**Ross Finnie:** Indeed—all the Bs. That demonstrates that there is a framework within which such things can happen. I readily acknowledge that that does not happen uniformly across Scotland.

**The Convener:** Does Malcolm Chisholm have any thoughts on that?

**Malcolm Chisholm:** No.

**Maureen Macmillan:** The Executive aims to create a rural Scotland in which young people do not have to leave to get on. When we visited Fife, we heard evidence in Lochgelly that young people cannot access work because they cannot afford the bus fares to get them to the jobs because the jobs are too low paid. There is a vicious circle whereby people have to leave their home town if they want to get on; if they stay, they do not get on. Is that what is happening in the accessible towns? There are also issues around young people's access to leisure and further education. Again, transport difficulties may be involved.

In the accessible towns, we have the commuters—the mobile people who do not belong to the area—and the core of people who belong to the area and want not to commute, but to live, work and prosper in their town. Those young people must be supported.

**Allan Wilson:** That is about providing employment, training and educational opportunity for the young people concerned. I do not have the statistics to hand, but I remember seeing a figure for last year for the number of graduates in employment whom we have retained in Scotland following graduation; I think that that figure was around the best it has been. In addition, we have more than doubled our modern apprentice intake to record numbers—the figure is something like 34,000 across Scotland. Educational opportunity is increasingly being made available across the board.

The key to retaining young people and to attracting more young people from elsewhere to come and live in Scotland—that is what fresh talent is all about—is the provision of quality educational, employment and training opportunities. The Executive is making substantial progress in each of those areas.

**Ross Finnie:** Over the past 13 or 14 months, the enterprise network and Scottish Enterprise in particular—as distinct from Highlands and Islands Enterprise—has helpfully taken on a distinct rural development role. Indeed, it has appointed people in positions of authority to drive that forward. A much more co-ordinated effort is being made

between the central economic thrust—under FEDS or a smart, successful Scotland—and fine tuning such policies to address the issues for the core of people who are not commuters in the accessible rural areas that Maureen Macmillan mentioned. We were missing those people off the edge and much of the focus of the work that the enterprise network is doing in our accessible rural areas now has them very much in mind.

**Allan Wilson:** That is true. In that regard, it would be remiss of me not to mention the establishment of Scottish Enterprise's rural group, which is concerned with co-ordinating activity that has a rural dimension across the enterprise network, ensuring development and rolling out and sharing best practice so that every area can benefit. It is about the vision thing and developing five to 10-year strategies for places for which the economic future might not be mapped out because the traditional dependence is no longer applicable. That requires community planning and local partnership, which is critical.

**Maureen Macmillan:** We are going round in a circle.

**Allan Wilson:** That is right. I do not believe and have never believed that we can dictate community planning from Edinburgh. As others have said, it is not possible to do that.

**Malcolm Chisholm:** I suppose that I could throw in a comment about housing, as nobody is asking me questions about it. Housing is another crucial issue. I agree with Allan Wilson about employment and employability, but that is another reason why we need and have a range of initiatives on affordable housing, which will perhaps affect young people even more. I mentioned some of those initiatives, but I did not mention the enhanced funding—more than £50 million last year—for land purchases for affordable housing. That is another string to our policy bow. I know that Maureen Macmillan is particularly interested in and concerned about affordable housing, and I am conscious that we must keep doing more on it.

**The Convener:** I have a question about rural proofing—that is, systematically checking policies across the Executive for their impact on rural development. I understand that, although there used to be a Cabinet sub-committee on rural development, it has been in abeyance for some time. How does Ross Finnie, as Minister for Environment and Rural Development, get an overview from colleagues, ensure that they are accountable and ensure that rural issues are considered systematically? How does he ensure that that consideration does not take a one-size-fits-all approach, but picks up the issues for remote rural areas as well as for accessible rural communities or small towns?



**Ross Finnie:** The officials in my department who have responsibility for rural development have the important but sometimes hapless task of receiving more paperwork than they would care to, because we are on the distribution list for almost every major policy that is being developed throughout the Executive. I do not want to be unfair to my colleagues, so I must say that that is because there is a higher level of awareness that the delivery mechanism for a policy might need to be developed differently to suit the different circumstances in rural areas. We are in meetings or correspondence on a raft of issues and our single focus of attention is, somewhat boringly but we are proud of it, to determine whether a policy relates to remote or accessible rural communities and whether it will fit that dimension. We continue to have an input on that throughout the Executive. In many ministries, that does not require much work, because ministers and, increasingly, officials are much more alive and alert to the issue. However, sometimes, a policy has developed in a way that is fit for its specific purpose but not for delivery in a rural area, and it is our job to ensure that, before the policy emerges, that point has been addressed.

**Richard Lochhead:** The issue of proposals for rural school closures was discussed at the Public Petitions Committee today. Many MSPs were in attendance to discuss it and many people from the various campaigns against school closures throughout the country held a rally outside the Parliament. When we speak to the representatives of communities that face school closure proposals, the recurring theme is that it is in the interest of rural development that the schools stay open. Are such issues on the radar screen in your department and have you had any discussions with the Education Department on the current debate on rural schools and their role?

**Ross Finnie:** Yes. Peter Peacock, the Minister for Education and Young People, has a series of criteria that he invites local education authorities to fulfil before they should even think of making a proposal that might involve the closure of a rural school. When those papers are being circulated to the Executive, we are specifically included, so that if we have any additional information or knowledge or just because we deal with rural communities as a matter of course, those issues are put to us. We are invited to give assistance and guidance to Peter Peacock's department before such papers are given to the minister for his specific approval. There is a system for the development of criteria that should be applied before a school closes.

The issues are complex, and along with our view of what closing a school does to the rural economy, there are competing views about children in very small schools. There are issues about small classes, but there are also de minimis

levels at which educationists argue that very small classes are not in the children's interests; that is a matter for the Minister for Education and Young People to resolve. However, if there is a general question about the school's economic importance, we will contribute to that discussion.

15:15

**Richard Lochhead:** Is there any evidence that such intervention has had an impact?

**Ross Finnie:** In the most recent cases that I can recall, the criteria that were set were properly investigated and met. There was a case in which the Education Department was not satisfied that the local authority had examined the criteria properly. We are keen to ensure that the criteria are objective and that they are followed before any rural schools are approved for closure.

**The Convener:** A couple of colleagues desperately want to come in. Alex Johnstone and Rob Gibson can keep their questions brief, because I understand that the petition is likely to come to the committee. You were at the Public Petitions Committee, Richard—is that what was decided?

**Richard Lochhead:** I was not there for the full discussion.

**The Convener:** Mark Ruskell was there and we understand that the petition might be coming our way. As a result, we do not need to have a full discussion now, but colleagues may make a couple of brief comments.

**Alex Johnstone (North East Scotland) (Con):** One of the things that became increasingly clear during the discussion this morning was that the Executive's criteria might be adequate for dealing with school closures, but there is an apparent failure to ensure that the criteria are properly applied. Is there any way in which the whole procedure could be studied to ensure that the criteria for school closures are properly applied and not merely used as a pretext for a sham consultation, which often appears to be what is going on in certain areas?

**Ross Finnie:** That question ended in a fairly pejorative tone, if I may say so.

That is a detailed question about procedure, whether it is applied and how it is applied. I have two offers to make, which are not mutually exclusive. If the matter is not to come before the committee, you will require the Minister for Education and Young People to provide appropriate evidence, so we offer that he will provide the committee with an answer to that question. I am reluctant to offer to answer myself because of duplication, but I am in your hands, convener.

**The Convener:** Alex Johnstone has made his point quite effectively.

**Ross Finnie:** He is on the record.

**The Convener:** Yes, he is. Rob Gibson may have a brief follow-up question.

**Rob Gibson:** If the minister does not know the answer to my question, perhaps we ought to find out. Are accessible rural areas worse hit by potential school closures than remote rural areas?

**The Convener:** That is definitely not a question to which I expect an instant answer.

**Rob Gibson:** It is germane.

**The Convener:** It is germane to the topic, but we need to rope together all the issues—

**Ross Finnie:** I made it clear when we made our opening remarks that there was a danger of generalising about such areas. Our general evidence would not suggest that, Mr Gibson, but we cannot say that without then saying that closing a particular school in a particular place might have a much more deleterious effect on one community than it would on another. However, our evidence in health and education does not suggest that that is generally true.

**The Convener:** One of the issues that was brought to the committee in Brechin—by petitioners who I think were before the Public Petitions Committee today—was Arbirlot school. We have not pursued that issue in depth. Should the petition come before the committee, I will take up the minister's offer of further information from himself or from Peter Peacock. If the petition does not come to us, we will ask our clerks to liaise with your officials during the next few weeks if we need the information for our inquiry.

I thank all three ministers and their officials for attending and answering a range of questions. We have much to think about in relation to governance, community planning, economic development, training, the co-operative development agency and local economic forums. The renewables, forestry and tourism issues arose constantly. Another issue was where energy sits among the policy priorities. We will need to mull over those matters in the summer.

I suspend the meeting to let Ross Finnie catch his breath and to allow his other officials to come to the table for the next agenda item.

15:20

*Meeting suspended.*

15:23

*On resuming—*

## European Issues

**The Convener:** Agenda item 3 is European issues. Members will recall that we considered a quarterly update on European issues at our meeting on 1 June and that we agreed to take oral evidence from the minister before the summer recess on priorities for the forthcoming United Kingdom presidency of the EU. We have asked several questions about current EU issues and we wrote to ask the minister for further information before today's session. We have a response from him, which we have circulated. I thank him for responding in such depth. Of course, there is always the danger that we have read the response in depth and that we will ask even more detailed questions.

**Ross Finnie:** I am conscious of that danger.

**The Convener:** It is useful not just for committee members but for external people who scrutinise European issues to see the Executive's response to several major issues. I thank you for that and I invite you to introduce your officials. If you want to make a short opening statement, that would be welcome.

**Ross Finnie:** David Wilson, who is here wearing his rural policy hat, is also head of fisheries and therefore has a crucial role. Dr Ingrid Clayden is in charge of the rural development regulation and is well versed in European matters.

I will try to bring committee members up to date. As members will know, we achieved political agreement in Luxembourg last Monday on the rural development regulation. Funding decisions have yet to be made and concerns remain about the overall budget for rural development, but the agreement paves the way for us to begin work on the next Scottish rural development programme.

There are a number of dossiers, some of which are less significant to Scotland than others are. The reform of the sugar regime is critical because of its costs and its impact on the World Trade Organisation Doha round that will take place in Hong Kong in December.

The animal health and welfare agenda in Europe is likely to be confined to the issue of avian influenza and what might be done to control it and to contain its spread. That has major implications for all of us and not only people in the poultry industry. I know that the Minister for Health and Community Care is very concerned about it.

Lifting controls on beef exports remains one of my key priorities. I hope that progress will be

made during the UK presidency of the European Union.

Other dossiers are of importance to us. Proposals for the labelling and definition of spirits concern vodka mainly, but we must ensure that Scotch whisky is protected. Recent proposals on the control of potato cyst nematodes were not acceptable to us. There have been changes to organic farming regulations in that sector.

I hope to be able to return to the committee later in the year with more details of where the Scottish Executive wants to be in the context of the autumn fisheries negotiations. Those negotiations will, of course, take account of the conclusions emerging from scientific evidence on fish stocks.

The Executive will play a full part in contributing to a successful UK presidency, which is just about to begin. The work of the fisheries council will be critical. We have identified three or four priorities. First, there should be better regulation and simplification of the common fisheries policy. That will include improving the process for the autumn fisheries negotiations, in which there should be genuine front-loading and a proper assessment of impacts. Secondly, we should build on the improvements in recent years in stakeholder involvement. Critically, that will include making much better use of the regional advisory councils. Thirdly, there should be sustainable fisheries. That will involve the taking of effective action to ensure the recovery of stocks—cod stocks in particular.

On the environment, seven key issues have been listed for the UK presidency. They are climate change; REACH—the registration, evaluation and authorisation of chemicals; environmental technologies; the seven thematic strategies that are expected from the European Commission; the sustainable development strategy; energy efficiency; and the aquatic environment.

The UK presidency has been working with the outgoing Luxembourg presidency and with the Austrians who will follow us. The extent of the agendas that we inherit will be known only after next week.

The Executive's priorities include climate change. They also include medium and longer-term strategies and targets, which will be a continuing theme, as will our work on REACH, to which I have referred in our correspondence. The EU's sustainable development strategy will impact on the Scottish input to the overarching UK strategy. We will also have to link our work to the Lisbon goals for sustainable production and consumption.

We look forward to seeing the seven thematic strategies. If their promise is realised, they could allow more imaginative forms of policy making.

My letter of 14 June gave a fairly full briefing on my intended direction of travel on marine matters, so I will not dwell too long on that. However, after last year's consultation, I know from a range of sources that we need to take a more strategic approach to the management of coastal and marine resources. My coastal and marine strategy will not supplant existing sectoral policies but will provide bonds, and an overarching framework, so that we can make progress.

15:30

As part of the development of that strategy, we are committed to introducing a coastal and marine national park, as members know. I have asked Scottish Natural Heritage to report to me early in 2006 with a refining of possible sites and on what powers and structures might be required to manage a park. We certainly intend in 2008 to designate the first coastal and marine national park, which will be a new approach in the UK and internationally.

I do not wish to single out Maureen Macmillan for special treatment but, to pre-empt a question from her, I repeat that my aim in my discussions with the Department for Environment, Food and Rural Affairs at Westminster is to agree what we believe, purely from a Scottish perspective, to be necessary for marine policy and to gain a better understanding of the policy that DEFRA is promoting. At that stage, we will address the issue of whether separate marine legislation is required. There are complexities in relation to who has authority over various aspects of marine policy, therefore, I do not rule anything out or in. I am much more concerned to get agreement about policy before I start getting into the constitutional niceties of who and where and what acts might be required.

**Richard Lochhead:** You mentioned that agreement has been reached on the new rural development regulation, but said that the budget has still to be decided. Have you or the Government in Scotland made any representations on what that budget should be?

**Ross Finnie:** The discussions have now moved into a slightly different phase. The settlement that was reached for the United Kingdom in 2000 in effect gave us 3.5 per cent of the element of spend that was being moved from pillar 1 to pillar 2 for rural development purposes. A subsequent independent analysis showed that the UK share should have been nearer 8 per cent or 8.5 per cent. We have argued consistently that the spend should be reallocated, but I have never been confident about achieving that, because that would need other member states to agree to a reduction in their allocations. You and I are politicians, so we

know that it is always tricky to get turkeys to vote for Christmas.

Another aspect that has been threatened is our ability to use voluntary national modulation to augment our rural development programme. The situation now is that a minor adjustment to the allocation may be made but, more important, we have secured our ability to use national modulation. Therefore, the totals are now not quite the issue. We have secured a formula that will ensure that our projected spend on rural development is protected, unless the finance mechanism of the European Union, by majority, decides that there ought to be a reduction. However, we were clear that there should not be any reduction—the position that we argued in Europe was for the permission of minor expansion.

The matter will be determined not by the Council but by the Commission in the EU financial perspective discussions. We have made our case clear and secured a formula that we believe will allow us to continue to develop our spending on rural development and to protect key issues. However, I cannot give absolute guarantees, because the financial perspective discussions will now overlap on the matter. We will continue to make our argument in a different place, although I am not involved in those discussions. However, the Scottish ministers will continue to argue that we need to spend increased sums on rural development.

**Richard Lochhead:** Could Tony Blair's recent debate with Europe about the EU budget and Britain's rebate have any impact on Scotland?

**Ross Finnie:** I do not think so. Those are discussions about the different views on how Europe ought to be managed and run in the medium to longer term and about what Europe ought to do about its economic performance. The financial perspective discussion will be driven much more by how we take forward the present budget of rural and agricultural spend, which was previously pretty much capped by the Berlin agreement. I do not expect that people will expand those budgets, so the question will be more one of allocation. Looking across the member states, I do not think that their views will necessarily have an adverse impact on Scotland.

**Richard Lochhead:** I have two quick questions on the fishing agenda during the six months of the UK presidency. My first question concerns reform of the common fisheries policy. Although Ross Finnie and I may have our disagreements on the common fisheries policy, we tend to agree that the status quo is not an option. The minister is on record as calling for further reform. To what extent will the Executive be able to use the UK's presidency of the EU to take forward that reform?

**Ross Finnie:** It must be understood that, in effect, presidency agendas are set two or three months in advance. Such agendas are also dependent on the Commission carrying out the proper preparatory policy papers and analyses.

Given my clear view on the desirability of a greater degree of regionalisation within the common fisheries policy, my priority is to ensure that the North sea regional advisory council is not just up and running but operating effectively. We need to demonstrate that, despite limited powers, regional advisory councils are capable of making a serious contribution to discussions on how the agenda for such fisheries can be run better by fishermen, scientists and communities.

I also have an obvious interest in ensuring that the pelagic regional advisory council is set up, so that the vast majority of Scotland's fishing interests are covered by two main regional advisory councils. To that extent, I have been encouraged by the approach of fellow member states, especially those that have fleets operating in the north North sea. Also, following the recent discussions that David Wilson and I had with the Norwegian fisheries minister in Norway, I think that even Norway, curiously enough, now has a greater appreciation of the need for the collaboration, which would be one impact of having a regional advisory council. It is quite encouraging to get that kind of external support for more devolved management.

It is not so much about driving forward and demanding things as about trying to produce evidence that will allow us to say that the regional management approach is working and that it is therefore time seriously to consider reforms that encapsulate a much more regionalised approach to fisheries management. I am encouraged by the way that things are going, but the situation is pretty new.

**Richard Lochhead:** My second question—

**The Convener:** You must keep it brief.

**Richard Lochhead:** I do not have time for a longer question.

To what extent will the impact of climate change on fish stocks be factored into the negotiations, given that several recent reports have highlighted the impact of climate change on the location and nature of fish stocks in the North sea and other Scottish waters? Clearly, the industry is crying out for that to be taken into account in future negotiations.

**Ross Finnie:** I think that we need to take that into account, although I think that some element of that is factored in by the International Council for the Exploration of the Sea.

Two recent reports have suggested that climate change has resulted in a dramatic northerly movement of cod. When I was in Norway, I took the opportunity to ask the Norwegian minister and his officials and advisers whether any increase in cod stocks in Norwegian and northern waters had been observed, but they said that that was not the case. You and I have read scientists' very clear view that climate change and the increase in water temperature is moving plankton feedstocks and therefore breeding stocks north, but we might have shared the expectation that, if that were the case, Norwegian scientists operating beyond the North sea would have been observing at least some change to the cod stocks. I will not give a definitive answer to that question, which is a very good one and one that we are asking and are channelling through the scientific bodies. The issue must be taken into account.

**The Convener:** It is an issue that we will have to come back to.

**David Wilson (Scottish Executive Environment and Rural Affairs Department):** What is positive is that a lot of the scientific work that is being done on the issue is being done by Scottish scientists, in particular by Fisheries Research Services up in Aberdeen. As the minister said, the key point is that it is currently difficult to draw definitive policy conclusions because the science is uncertain, but we are doing good work on it. The conclusions that can be drawn from the science are not unambiguous. Some of them point to a potential for more fishing and others point to a need for less fishing. We must examine the evidence carefully and ensure that we have the best science possible.

**The Convener:** The committee would be very interested in that analysis when you have carried it out.

**David Wilson:** We can provide a note now to set out what we are doing.

**The Convener:** That would be useful.

**Rob Gibson:** I have two land-based questions. First, on the redefinition of less favoured areas, I note that the European Court of Auditors has accused people of overcompensating and of continued application of outdated socioeconomic figures. It is trying to harmonise the criteria by reference to constant natural conditions. Is the idea of mountainous or island areas included in those natural definitions? Secondly, could you provide us with a map—like the one for single farm payments—of the payments to LFAs by parish in Scotland, so that we can look at it over the holidays?

**Ross Finnie:** I will make no comment on the sad reading habits of members of the Environment and Rural Development Committee. I will raise two

points that I hope Rob Gibson is aware of but which he has perhaps not picked up on. The discussion on objective criteria for less favoured area payments has become fraught. I will come back to the detail of those discussions. As a consequence, although we have agreed the rural development regulation, it is now also agreed that there will be no effective change to the current procedures on LFAs until 2010. If the change is to be implemented in 2010, we will have to have agreed revised criteria by 2008.

The criteria are where we got into difficulties. From the Scottish perspective, we said that there should be some broad themes, because a one-size-fits-all approach does not work. We suggested that, under those broad themes, member states should be allowed to come up with ways in which they would recognise remoteness, rurality, island status and so on. However, because everyone was nervous about the Court of Auditors, they persisted in trying to produce a more detailed list. You mentioned, for example, altitude. That works in parts of Scotland, but if we were to combine that criterion with the island status, we would end up with, for example, Orkney having very little support, because Orkney does not have many islands.

**Rob Gibson:** Mountains—not islands.

**Ross Finnie:** Sorry. I meant mountains—an altitude criterion might not help areas such as Orkney. We need a great deal of flexibility to enable us to direct support appropriately—whether it be to the Western Isles, Shetland, Orkney or much of the Caithness, Sutherland and western coast. We need flexibility to be able to direct the support. The way in which that discussion was developing was fraught. I am not happy, as I would like to have had the matter wrapped up but, to be honest, I am content that we will have another round of discussions to try to establish the criteria. Therefore, we can continue the current level of support through to 2010.

**Rob Gibson:** I have a brief question on protected geographical indication, which is an issue that was raised at the royal highland show. The issue of having Scotch beef protected is important. According to the UK Government, the aim of the WTO ministerial talks in Hong Kong is

“to achieve an outcome which promotes trade liberalisation, including better access to markets for developing countries”.

Will that approach make it more difficult for us to maintain protected geographical indication status for Scotch beef, for example?

15:45

**Ross Finnie:** I do not think so. There is confusion about physical barriers such as levies,

subsidies or regulations. No one is suggesting that because Scotch beef or Arbroath smokies have PGI status people cannot import beef or smokies—the importers' only problem is that they cannot call their smokies Arbroath smokies because they do not come from Arbroath and they cannot call their beef Scotch beef because it does not come from cattle that were born and reared in Scotland. We could have an interesting argument with the WTO about the matter, but that would be ridiculous. We are not suggesting that people should not trade; we are saying that the labelling should be honest and open. The product should do what it says on the label—as the advertisement says.

**The Convener:** Maureen Macmillan wanted to ask a question, but perhaps it has been pre-empted.

**Maureen Macmillan:** I have lots more questions.

**Ross Finnie:** She has six more questions to ask.

**Maureen Macmillan:** I was interested in what you said about the possibility of marine legislation and of course consideration will have to be given to exactly what we should do. What interaction will there be with fishermen's organisations about the proposed coastal and marine national park? I recently attended a conference of the Moray Firth Partnership and when I mentioned the proposed park there was great interest in the project, but the fishermen's organisations that were present did not show much enthusiasm for it. Do you foresee difficulties in that regard?

**Ross Finnie:** We need to reach a stage at which there is more detail about the location of the park, but we are conscious, particularly in the context of the inshore fisheries strategy that we developed, that we must engage closely with all the fishermen's organisations.

We are keen to set up a coastal and marine park that has as its basis the legislative approach to national parks to which the Scottish Parliament agreed because, as the Rural Affairs Committee argued forcefully at the time, not only are we in the business of conservation and ensuring proper regulation, but we are keen that there should be public access to the park and that the park should be alive and vibrant, rather than a fossilised exhibition centre whose natural life has been cut off. We must try to strike a balance that meets all those objectives. If fishing can take place in a context in which there is respect for the conservation characteristics of the habitats of whatever site is chosen, we do not as a matter of policy have a view that fishing activity should stop just because the area is a marine national park. However, much will depend on the location of the

park. David Wilson is head of the fisheries and rural development group in the Environment and Rural Affairs Department, so he has been much exercised by the need to bring the fishermen alongside in relation to the project. The fishermen think that the park will be a no-go zone, but we are much keener for it to be a live area.

**David Wilson:** Concerns have been raised, but they relate more to suggestions for marine protected areas than to suggestions for the marine national park. That is an important distinction, because marine protected areas are more to do with no-take zones, whereas a marine national park would be more balanced, as the minister said. I am in discussion with inshore fisheries representatives—I will visit the Clyde Fishermen's Association to discuss the matter next week. We want to ensure that everyone who has an interest is part of the discussions that Scottish Natural Heritage will hold before it provides advice to ministers. We hope that the inshore fishermen will be fully involved in the consultation and that they will regard the park as a measure that will benefit them.

**Maureen Macmillan:** That is helpful.

**Mr Ruskell:** I welcome the development of the marine strategy and hope that the Parliament will soon be able to debate it.

I want to ask about the proposed marine framework directive. Matters need to be brought together at the Scottish, United Kingdom and European levels. A good example of that is the current stramash over ship-to-ship oil transfers, to which a strategic approach is not being taken. I understand that your marine strategy would not necessarily cover such activities and that doubts have been expressed about whether the UK strategy would cover them.

Your letter says that the UK does not intend to make the marine framework directive a priority while it has not seen the Commission's green paper and that, until the issues have been aired, the presidency would be reluctant to support a marine framework. How do we make progress? The need for the framework directive is crucial, so how do we ensure that the issues are aired through a green paper and that we can take decisive action through the presidency to unpick the mess in the legal framework that governs the seas?

**Ross Finnie:** You are right about the overarching marine framework and the European dimension, but as for discussions on marine matters between us and the UK, I am pretty clear about the UK's responsibilities for governance over merchant shipping and marine matters, so I would be disappointed if its proposals did not deal with ship-to-shore transfers.

**Mr Ruskell:** The example was of ship-to-ship transfers.

**Ross Finnie:** I meant ship-to-ship transfers within waters. Briefly, the issue is that control of the 200-mile zone is a reserved matter. Within that are marine shipping, Royal Naval shipping and some offshore structures. Then there is legislation that gives the Scottish Parliament powers over certain offshore structures, and we also have exclusive jurisdiction over fisheries management—we in Scotland have exclusive jurisdiction over the Scottish 12-mile zone, and the English 12-mile zone is controlled by Westminster. That is what I mean by messy; I do not mean that the situation is impossible.

Members can see why I say that we should forget the overlay for the minute and agree a policy framework for the outcomes that we want to protect inland waters, coastal regions and whatever uses them, whether they are merchant ships, fishing vessels, offshore oil structures or offshore wind or other renewable energy structures. That is the object.

Your other point was about how to drive that by advancing papers and policy documents. The UK and others are keen to take the idea forward but, as with all such matters, our worry is that the consultation—even that at member-state level to produce the green paper—is not proceeding quickly. David Wilson might want to expand on that. Without a positive framework, it is difficult to drive a policy through the Council.

**David Wilson:** I agree. The European discussions on the marine framework directive are unpredictable and the directive's precise implications are unclear. The strong view is that we want to have a clear framework for marine policies in UK and Scottish waters; whether that must be driven by a marine framework directive from Europe is a different matter. The framework could be non-statutory or in UK statute, as opposed to being prompted by a European marine framework directive. We must examine carefully the precise proposals. I pick up the minister's point about being clear about the compliance costs and the implications before taking a view on the UK's precise position.

**Mr Ruskell:** I understand the need to have clarity on the implications, but the framework is important and timely and we need to drive it forward. One argument for bringing activities such as ship-to-ship oil transfers inshore is that inshore activities are more regulated, whereas a similar framework does not exist in the waters beyond 12 miles. A clear need exists to bring together the framework in Europe. How do you intend to achieve more clarity on the implications of the framework during the next six months?

**David Wilson:** That is why the UK presidency will make a particular commitment to ensuring that the Commission has clear proposals. A marine framework is indeed being developed, and Commissioner Borg, in addition to his fisheries responsibilities, is developing a maritime policy. I do not want to criticise in any sense, but it is not entirely clear how those will fit together or what exactly the proposals are. The UK will want to ensure that there is absolute clarity before taking a view on driving forward any aspect of the proposals during its presidency. There is certainly a drive to ensure that we are clear about what exactly the emerging proposals are.

**Mr Ruskell:** I have a question about climate change. I note from the minister's letter that, following the Luxembourg presidency, we are now exploring the possibility of

"emissions reductions in the order of 15-30% by 2020".

That is welcome. There will need to be a discussion about the target, but there will also need to be a discussion about what policy initiatives are needed across Europe to drive progress. What specific measures or ideas will the UK presidency bring to how we deliver the reductions?

**Ross Finnie:** There are issues around energy production, reducing energy consumption and transport. At a European level, the UK is particularly vexed about air transport. The UK has made an opening shot for the second stage of carbon emissions trading and has supported aviation being brought into that second stream. In its presidency, the UK will want to ensure that we do not duck out of that. If people have a better idea, that is fair enough, but that is the starting point: phase 2 of the carbon emissions trading scheme must include aviation. It would be a major step forward if that could be achieved at a European level.

**Mr Ruskell:** I wanted to ask whether there would be anything on energy, which you have mentioned.

**Ross Finnie:** I have not seen any dossier on energy specifically in relation to meeting the targets. If we get any information in that area, we will pass it on to the committee.

**Alex Johnstone:** The minister will be aware that I am not particularly supportive of the idea of promoting organic agriculture much further than is the case at the moment. I see from our papers that, although you seem to have achieved a delay in any review of the rules governing agricultural imports, that applies only until the end of this year. Is it not inevitable that, after the end of this year, products will appear on Scottish shelves that are described as organic but which are produced to

less rigorous standards than those that are applied in this country?

**Ross Finnie:** That will depend on what, precisely, is or is not achieved during the period of the delay. I would wish to promote organic developments, but there is a concern—which I share—about the uniformity of standards. Competitive issues, rather than simply organic issues, come into play. There is also a perception of products being sold that might not do what they say on the label. I am a great supporter of uniformity when it comes to the consumer having equal access to information and being aware of the way in which a term as universal as “organic” is used.

The issue has been fraught, and I am not necessarily confident that, in the time that has been allowed to address it, we will get the degree of uniformity that you seek. It is important to consumers that labelling is clear. On the other hand, I am not keen to dampen down developments in organic farming.

16:00

**The Convener:** I was about to ask for an assurance that there will be clarity and that you will do all that you can to ensure that there are meaningful standards.

**Ross Finnie:** That is certainly our commitment.

**The Convener:** I am not sure that Alex Johnstone is expressing the committee’s majority view if he thinks that the position with regard to organic produce has reached the peak of desirability. Quite a few of us, for all sorts of reasons, think that a lot more could be done. As a result, I welcome your lengthy description.

**Ross Finnie:** I have observed that Alex Johnstone champions a number of minority views.

**The Convener:** His views do not overly concern me; your response does, because it sounds as if the matter is not cut and dried.

**Ross Finnie:** We are trying to do our bit in that respect. All that I am saying is that it is proving quite difficult to reach a consensus on regulations across the EU.

**The Convener:** Finally, you have provided us with a good update on the timing of the REACH system. You say that “political agreement” might be reached this November, which is not far away. I imagine that colleagues will be interested to hear what that means in practice. Although your update helpfully sets out the key issues on the process, I wonder whether you could bring your comments to life a little more by telling us which chemicals will be picked up by REACH and what implications it will have for the environment and industry. That

would certainly make things more transparent and would help the committee to track the matter for the external organisations that monitor the issues that we raise.

**Ross Finnie:** We will take that on board and provide the committee with an update in due course.

**The Convener:** We will let you go now, minister. Thank you very much for attending the meeting and for staying so long this afternoon.

**Ross Finnie:** It is always a pleasure. One of the reasons why I am keen to stay in this job is that I do not want to miss my appearances before the committee.

**The Convener:** We are obviously delighted that you are still here.



## Subordinate Legislation

16:02

**The Convener:** Agenda item 4 is consideration of nine items of subordinate legislation under the negative procedure. I ask that not too many members leave the meeting, otherwise we will be inquorate.

The Subordinate Legislation Committee has considered all nine instruments and has passed on some comments. I propose to work through them in order because, having had a close look at them, I have a few comments to make, too.

### **Air Quality Limit Values (Scotland) Amendment Regulations 2005 (SSI 2005/300)**

### **Loch Crinan Scallops Several Fishery Order 2005 (SSI 2005/304)**

### **Nitrate (Public Participation etc) (Scotland) Regulations 2005 (SSI 2005/305)**

**The Convener:** The first three instruments seem to be utterly straightforward and desirable. Are members happy to make no comment on them?

**Members** *indicated agreement.*

### **Wildlife and Countryside Act 1981 (Variation of Schedule) (Scotland) Order 2005 (SSI 2005/308)**

### **Genetically Modified Organisms (Transboundary Movements) (Scotland) Regulations 2005 (SSI 2005/316)**

### **Financial Assistance for Environmental Purposes (Scotland) Order 2005 (SSI 2005/324)**

**The Convener:** Having read through these three instruments, I have a couple of comments about the transparency of the process. However, I say to any member who is deeply unhappy with them that they have been laid and will come into force in July.

The Subordinate Legislation Committee highlighted the lack of an Executive note to explain the policy behind the Wildlife and Countryside Act 1981 (Variation of Schedule) (Scotland) Order 2005. I agree with its comment; although the order is clear about which plants are included, its overall purpose is unclear.

On the Genetically Modified Organisms  
(Transboundary Movements) (Scotland)

Regulations 2005, although we are told that there was a consultation, we have not been given the results of it. As for the Financial Assistance for Environmental Purposes (Scotland) Order 2005, although it looks like an excellent scheme that might address some of the biomass and bioenergy issues that we have repeatedly raised, we are not told about the extent of it, the money that will be available, who will be covered or how it will operate.

My suggestion is that we ask the minister for further information on the three instruments and delay formal consideration of them until our first meeting in September.

**Richard Lochhead:** I was going to raise the same points as you raised, convener, on the bioenergy infrastructure schemes. I add to the list of requests—for information on the criteria and the available budget—a request for information on the timescale for the introduction of the scheme.

**The Convener:** Okay, we will ask for that.

**Rob Gibson:** The Genetically Modified Organisms (Transboundary Movements) (Scotland) Regulations 2005 are fine as far as I can see but I wonder how they will affect situations such as the recent example of GM-tainted maize that was imported from the United States for more than four years because there was a problem with tracing it—it got mixed up with other maize in Britain. I presume that the rules will be tightened up, but I would like to ask the minister about that. I have more details about the issue.

**The Convener:** Okay, we will add that to the list of questions.

**Mr Ruskell:** I endorse Rob Gibson's comments. It would be good to have an update from the minister about whether the Executive is consulting on co-existence and liability, which are at the heart of the regulations. A bit of context would be useful.

The Wildlife and Countryside Act 1981 (Variation of Schedule) (Scotland) Order 2005 resulted from our discussions on non-native invasive species at stage 2 of the Nature Conservation (Scotland) Bill. It is not obvious from the order that it is a result of those recommendations and discussions, but it is obvious to me, because I lodged an amendment on the issue at stage 2. As the Subordinate Legislation Committee has said, it would be useful to have such information attached to the documents.

My final point is about the sheer volume of SSIs—we have nine this week. It would be beneficial if we slowed down the process to enable proper scrutiny. Certainly, leaving some of the instruments until after the recess will give us time to investigate the issues in a little more detail. At

present, we consider new instruments almost every week.

**The Convener:** The Subordinate Legislation Committee is considering that issue. We tend to deal with many different statutory instruments because we cover the environment and rural portfolios. I hope that we will feed in our thoughts to the Subordinate Legislation Committee's deliberations.

The lack of an Executive note is bad process, especially given that not only committee members examine instruments and wonder what they are about. Explanatory notes should be produced as a matter of course when instruments come before the committee.

Do members agree to my suggestion to delay formal consideration of the three instruments until our first meeting in September?

**Members** *indicated agreement.*

#### **Prevention and Monitoring of Cetacean Bycatch (Scotland) Order 2005 (SSI 2005/330)**

#### **Plant Protection Products (Scotland) Regulations 2005 (SSI 2005/331)**

#### **Eggs (Marketing Standards) (Enforcement) (Scotland) Regulations 2005 (SSI 2005/332)**

**The Convener:** We have received comments from the Subordinate Legislation Committee on all of the final three instruments. The Prevention and Monitoring of Cetacean Bycatch (Scotland) Order 2005 was transposed late, but only by a month, so that is not a huge issue for us. On the Eggs (Marketing Standards) (Enforcement) (Scotland) Regulations 2005, the comment was that a cross-reference needed to be corrected, which the Executive has accepted, so that will be dealt with.

Are members happy to make no formal recommendation to Parliament on the instruments?

**Members** *indicated agreement.*

**Maureen Macmillan:** I have a comment on the Eggs (Marketing Standards) (Enforcement) (Scotland) Regulations 2005. People can buy eggs in boxes that say that the eggs are organic or free range. The boxes are also supposed to say whether the eggs have been laid by hens in cages, but that does not happen yet. I wonder when that will happen and whether that is part of the regulations.

**The Convener:** I cannot comment on that, but we will find out. Do you object to the regulations?

**Maureen Macmillan:** No, I just wanted to make that remark, because the boxes should indicate what kind of hens laid the eggs.

**The Convener:** Clearly, some producers do that, but we will check whether they are required to do so.

We move to agenda item 5. I am afraid that I must ask the members of the public and press to clear the room. At the start of our meeting, we agreed to go into private to discuss potential witnesses for our consideration in the autumn of the proposed poly bags legislation. We will discuss the matter in private because we will mention names of members of the public and businesses. I thank everybody for attending—I am sorry to have to move you on.

16:10

*Meeting continued in private until 16:23.*



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