

# **ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE**

Wednesday 18 January 2006

Session 2

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## ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

### 2<sup>nd</sup> Meeting 2006, Session 2

#### CONVENER

\*Sarah Boyack (Edinburgh Central) (Lab)

#### DEPUTY CONVENER

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

#### COMMITTEE MEMBERS

\*Mr Ted Brocklebank (Mid Scotland and Fife) (Con)

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

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

\*Maureen Macmillan (Highlands and Islands) (Lab)

\*Mr Alasdair Morrison (Western Isles) (Lab)

Nora Radcliffe (Gordon) (LD)

\*Elaine Smith (Coatbridge and Chryston) (Lab)

#### COMMITTEE SUBSTITUTES

Alex Fergusson (Galloway and Upper Nithsdale) (Con)

Trish Godman (West Renfrewshire) (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:

Ross Finnie (Minister for Environment and Rural Development)

#### CLERK TO THE COMMITTEE

Mark Brough

#### SENIOR ASSISTANT CLERK

Katherine Wright

#### ASSISTANT CLERK

Neil Stewart

#### LOCATION

Committee Room 2



## Scottish Parliament

### Environment and Rural Development Committee

*Wednesday 18 January 2006*

[THE CONVENER *opened the meeting in private at 10:07*]

11:49

*Meeting suspended until 11:53 and continued in public thereafter.*

### Austrian Presidency of the European Union (Scottish Executive Priorities)

**The Convener (Sarah Boyack):** Welcome to the public part of our meeting. I remind everyone to keep their mobile phones on silent mode. I have received apologies from Nora Radcliffe, who will not be here for most of the remainder of the meeting, although she might join us at some point.

Under agenda item 2, Ross Finnie, who is the Minister for Environment and Rural Development, will talk to us as requested about the Scottish Executive's priorities for the Austrian presidency of the European Union, which started this month and runs until June. I welcome Ross Finnie and his officials. A copy of the minister's letter about those priorities has been circulated to every member. The letter also deals with some points that we asked the minister about at our most recent EU update session in November. I invite Ross Finnie to introduce his officials and to make a brief opening statement.

**The Minister for Environment and Rural Development (Ross Finnie):** I think that if there was a week in which I did not appear before the committee, I would feel withdrawal symptoms coming on. I am joined by Ian Anderson from the animal health and welfare division, Heather McCabe from the environment division and Lachlan Stuart from the sea fisheries division.

I am glad to have received an invitation to talk about the next six-month presidency. To a certain extent, the fact that we tend to talk about our priorities for a particular presidency is phraseology. I am bound to say that we set our priorities on the basis of the Executive's agenda and comments from the committee. It is then simply a question of allocating timings to those priorities. We do not suddenly generate a whole crate of priorities just because there has been a change of presidency. There would be a change in

the agenda only if the presidency were to make a declaration about a particular item. The nature of the development of the programme of the European Council of Ministers is such that, as with any other Government, most dossiers take some time to generate. That means that the occasions on which there are big surprises at the Council are rare.

I will go through the issues in the order in which I dealt with them in my letter. On fisheries, we expect the focus in the next six months to be on efforts to secure agreement to the European fisheries fund and a Mediterranean sea regulation, on which agreement was not reached last year. Obviously we have no interest in the Mediterranean sea regulation. The negotiations on the EFF have gone on for some time and members will recall what I said about the Commission's proposals for the EFF dossier at this time last year. Prospects for reaching a final agreement have been improved by the conclusion of European budget negotiations. Most of the detailed decisions on the EFF have now been provisionally agreed.

However, continuing differences in the views of member state ministers on the provision of state aid to the fisheries fleet, especially for vessel construction and replacement engines, have led to the reaching of an impasse. A group of northern countries, including the United Kingdom, does not want state subsidies to be reintroduced for new vessel building, but groups of southern and eastern countries take the opposing view. In common with previous presidencies, the Austrian presidency and the next presidency have agreed that they will not propose any compromise that would reintroduce subsidies for vessel construction. That impasse meant that agreement was not reached at last June's agriculture and fisheries council. In the coming discussions, the Executive will continue its opposition to the reintroduction of public aid for building new vessels. However, it is clear that minimal compromise on engines may be necessary and—if any such proposal was linked to fuel efficiency—valuable. I would be willing to consider such a proposal if it formed part of a sensible compromise.

An item of probable importance that does not yet feature in any presidency proposal and which is not mentioned in my written comments is the coming re-evaluation of the Community's cod recovery plan. We confidently expect that the Austrian presidency will give due prominence to discussions on that plan, which will probably commence in the first half of the year. I will continue to advocate the effective recovery of depleted cod stocks through equitable contributions by all member states and would welcome discussions about that.

In my letter to the committee, I noted three Scottish priorities that are unlikely to be prominent on the full agenda of the Council of Ministers because they relate to proposals that should be agreed to without discussion. The in-year evaluation of the monkfish total allowable catch will not form part of Council business, nor will the securing of additional days at sea for the Scottish fishing fleet through enhancing our scientific programme and the efforts on derogation for nephrops trawlers that are willing to use more selective gears, although they will be priorities for me and the Scottish Executive. We will progress the achievement of those aims through bilateral contact with the Commission at official level and, if necessary, at ministerial level.

On agriculture, the limited indications that are available suggest that there are likely to be few, if any, major initiatives during the Austrian presidency. In my letter, I mention the possible reform of the fruit and vegetable regime, steps to improve the welfare of meat chickens and the Commission's proposals to improve controls over marketing and the use of pesticides.

12:00

Since my letter was sent, there have been indications that the Austrians also hope to make progress on organic production and labelling; on the protection of geographical indications and designations of the origin of foodstuffs; and on a biofuels strategy. Those are all measures that I would clearly support in principle, while taking care to ensure that Scottish interests were not damaged by any of those developments.

At the conclusion of the United Kingdom presidency, agreement was reached on the avian influenza directive, which we will be working to transpose as quickly as possible. Although the risk of an imminent introduction to the UK of high-pathogenic avian influenza remains low, it is clear that there remains a latent risk for further global spread. That subject will continue to feature heavily at the meetings of the Standing Committee on the Food Chain and Animal Health, and we will continue to co-operate with the EU-wide surveillance programme to secure early warning of any threat that moves in our direction. Our programme of work will include help and support to keep avian influenza out of the Scottish poultry flock. The programme will ensure that we can respond quickly and robustly to protect not only the Scottish poultry industry, but Scotland's economy and wider society.

Our biggest domestic priority for the next six months is to secure the lifting of the beef export ban. We have met all the conditions that were set by the Commission to clear the way for that ban to be removed. High-level negotiations are now

under way in Brussels to try to secure the support of other member states so that the desired outcome can be agreed, as I have always hoped that it would be, in the first quarter of 2006.

Work is proceeding on a number of key environmental fronts, which are all strategic in nature. The first of those fronts is the review of the EU sustainable development strategy. Secondly, there is the theme of climate change. Thirdly, there are the thematic strategies relating to air quality and waste. Inevitably, the Austrian presidency will also be concerned with completing the work of earlier presidencies on, for example, LIFE +—which follows LIFE, the EU financial instrument for the environment—biodiversity and environmental technologies.

We debated Scotland's sustainable development strategy, "Choosing Our Future", in the chamber on 11 January, and it will overlay all the Executive's future work. I look forward to working with this committee and others to develop the strategy. The review of the EU's sustainable development strategy, which was launched by the Commission on 13 December, will be discussed during Austria's presidency. Conclusions, including those on targets, indicators and monitoring, may—I stress may—be reached by June.

Climate change remains extremely important to us. I hope that we and the EU will be able to build on the links that were made at last month's Montreal conference. I was pleased with its successful outcome for all parties concerned, and the importance of the Kyoto protocol was at least affirmed, thus ensuring that developing countries, the United States of America and Australia will play their parts in the dialogue and in the long-term action that is required. As members will be aware, the final stages of our own review are well under way. I announced and confirmed in Montreal to a wider audience the Scottish contribution to the UK's Kyoto commitment in carbon terms, which I hope we will be able to demonstrate much more clearly.

Of the seven thematic strategies that are expected from the European Commission, five have already been published: on air quality, marine, waste, natural resources and the urban environment. The thematic strategies on soil and pesticides are expected in 2006. Air quality and waste are of particular interest to us, and the cross-cutting nature of the complete set is also potentially valuable.

On the legislative agenda, we expect to contribute to work in five specific areas: the groundwater directive; the new LIFE + funding mechanism for 2007 to 2013, which will replace the existing funds, LIFE environment and LIFE nature; the proposal for a directive on the

infrastructure for spatial information in the Community—the INSPIRE proposal—which seeks a common basis for geographical and spatial information; the communications on biodiversity; and the environmental technologies action plan.

I hope that that sets out the anticipated agenda and the priorities that we will seek to pursue within it.

**The Convener:** You covered quite a lot of issues. We will start with fisheries and the environment, followed by agricultural issues—we can crack through those.

**Mr Ted Brocklebank (Mid Scotland and Fife) (Con):** It would be difficult to overstate the outrage that would be felt by Scottish fishermen—particularly those in the white-fish fleet—if, although their fleet has suffered a two-thirds demise in the past five or six years, there was any suggestion that funds might go to build up the fleets of our European partners with new vessels. You said that you will resist that at all costs, but will you carry to your meetings the total frustration that already exists that Scottish fishermen have gone through that pain over the past several years and others have not gone through anything like as much? It would not be acceptable in any sense if funding were to go towards building up others' fleets.

**Ross Finnie:** Absolutely. I expressed that outrage during the reform of the common fisheries policy. Indeed, in 2003, we removed from the legislation the ability to use fisheries funds for new build. Sadly, the compromise that was required to get that through meant that that ability continued for a further year. I regretted that continuation, but I was pleased that we had removed the funding. Therefore, I take a dim view of that debate.

There is no question of our being isolated on the matter. The Danes are actively considering a further decommissioning programme so, as you can imagine, they take unkindly to any suggestion that there should be a change to what was agreed in 2003. Not only does the current presidency understand perfectly the logic of what the northern member states have been saying, even though it does not have a direct fishing interest, but the Finns—who will have the next presidency—have made it clear that they, too, will not support a reversal of the 2003 outcome. There is quite a body of support for that outcome, but we should not underestimate the view of the Mediterranean states, which is totally different. I only hope that logic and good sense will prevail.

The opportunity that the fuel crisis has introduced might be the way forward. If we can find a substantive proposal on more fuel-efficient engines and deal with that alone, we might just be able to secure a complete or qualified majority.

There are not unlimited funds and, if we were embarking on a measure on fuel-efficient engines, sufficient funds would be required to make it work. That might be more sensible.

**Mr Brocklebank:** However, there is concern that, if a compromise on the updating or improvement of engines is agreed, it might also allow for the capacity of the vessels to be improved.

**Ross Finnie:** No. When the northern member states discuss the fuel efficiency of engines, we are equally clear that technical creep and effort improvement would have to be part of the equation. That is a complex matter. Although we would want to end up with engines that showed clear fuel and energy-efficiency benefits, we would also want to be clear that the capacity of the new engines would not enhance the effort of anyone who had access to it. That will be the difficult bit, but it will clearly be part of the equation. As far as I am concerned, we and the other northern states have never discussed more efficient engines without the need for a cap on effort.

**Richard Lochhead (North East Scotland) (SNP):** I echo Ted Brocklebank's comments, but I would like to raise two other issues with the minister, the first of which is the heated horse trading that takes place at the end of December every year. I am sure that the minister knows that there is a growing call from the fishing communities for a change in the dates of those talks. Does the minister agree that what takes place at the end of every year is not acceptable and not the best way to do business or to run the industry? Will he put that on the agenda?

My second point concerns the fuel costs that are faced by the fishing industry. Europe is considering helping the industry by increasing vessels' fuel efficiency to cut costs. Are any other ways being considered and, if so, what progress is being made? On the same subject, what is being done to ensure that Europe investigates the issue of other fleets in Europe receiving subsidised fuel, which puts those fleets at a competitive advantage over our fleets in Scotland?

**Ross Finnie:** We have been pursuing for some time discussions on changing the end-year date for the talks. The aim is to give us more time to consider properly and carefully the International Council for the Exploration of the Sea advice on the state of the stocks before measures are produced that require adjustments to the TACs, quotas or management plans. We could achieve that and we have examined several ways of doing so but, at the end of the day, there will still be a wish to take a decision. Whether the decision is taken in December or in January—there has been a suggestion of moving the fishing year so that it ends in March—we will still have to make the final

decision to agree the package. The issue with which we are wrestling is that, as long as we have that procedure, we will have the potential for the sort of rather unseemly negotiation that goes on. I am anxious to address that.

One change is that regulations that arise from the decision do not now have to come into force until February. We have suffered in the past when a decision has been taken in December and, because the fishing year starts on 1 January, the regulations have had to be put in place almost immediately. The fact that regulations can now be carried forward to February is helpful, because it gives us another four or five weeks to transpose into domestic legislation any regulation that is produced at the year end.

A further complication is that, although it would not be wholly inconvenient for us to move the meeting to March, that is not the case for every other member state and in relation to certain species. The process is taking much longer than I had hoped. The Commission has said that it wants to front-load and extend the negotiation, which has proved helpful, but I am clear that we have to do better. Last year was an enormous improvement on previous years. Joe Borg, the commissioner, is committed to making changes, but it is proving difficult to reach consensus on how that might be done.

As I said in response to Ted Brocklebank, I made it clear that we are supportive of real changes on the issue of fuel costs. The Commission is trying to produce proposals that would mute the state-aid requirements, but, again, that has taken much longer than we would have wished. As far as I am aware, the Commission is pursuing actively the accusations of a potential breach by the French and Spanish of the fishing regulations and state-aid rules. However, I have had no update from the Commission on those inquiries. When the Commission was asked about the issue during the December meeting, it reaffirmed that it is investigating the matter.

**Mr Alasdair Morrison (Western Isles) (Lab):** Scotland's fishing communities should be grateful for the strategies that have been put in place in recent years. If those strategies had not been in place, we would now have no fishing industry to discuss, in this forum or in any other. I was relieved to hear the emphasis that the minister placed on engine capacity. Members will recall that the fundamental flaw in the well-intentioned decommissioning scheme that was led by the Tories in the 1980s was that although the number of boats was reduced, the engine capacity of a great number was greatly increased, which meant that the scheme did not reduce the capacity of the fishing fleet.

How can the European fisheries fund be finessed and used in parts of the west coast of Scotland, for example, for improved onshore productivity measures, adding value to the product that comes ashore? There is also an issue of which the minister is aware regarding the small harbours, piers and other facilities that are fundamentally important to the inshore fisheries fleet.

12:15

**Ross Finnie:** There remain possibilities for developing the European fisheries fund to include support for improving and enhancing the value of the catch through its processing and marketing. There are prospects for doing that in a more targeted and refined way than happened through the financial instrument for fisheries guidance.

Whether port or harbour infrastructure would come within the ambit of the EFF is, however, a much more difficult issue, especially regarding the ownership of those facilities and who might be eligible to receive the funding. I am well aware of the point that Alasdair Morrison has been making about that—it is not lost on us. Although such facilities are less likely to be included in a measure that is clearly directed at enhancing the value of the catch that is landed, we have not lost sight of the ports and harbours issue, which I appreciate is of great importance to Alasdair.

**Mr Morrison:** I think that it could be wrapped into the form of words that is used. Having an £80,000 pontoon put in a certain bay in a harbour that has fallen into disuse could be interpreted—or clearly stated—as being an onshore productivity enhancement measure. It may be that the people involved have to make the bid against the fund, but I am sure that the Executive will give them all the assistance and advice that are necessary. A pontoon has been established on the Isle of Harris, and the product that is now being landed in a small harbour on Harris is of greater value than the product that is being landed in the great harbour of Stornoway, relatively speaking.

**Ross Finnie:** We well understand the point that Alasdair Morrison makes. Nevertheless, it would not be productive of me to try to define whether a pontoon is an onshore or an offshore structure. It also might not help Alasdair if I were to do that on the public record.

**The Convener:** Are there any more questions on fisheries?

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** I have a brief follow-up question to Alasdair Morrison's point. What marketing measures might be funded through the EFF? Are we talking about eco-labelling schemes and local marketing? How can we get those potential



models on to the table for the Commission to consider?

**Ross Finnie:** In mentioning eco-labelling, you have described the very measure that I have in mind. Other measures would be anything that would improve the quality of the product and, therefore, improve what fishermen do from the point of placing it in the vessel through to the point of landing and the point of sale. I am very impressed by other fishing nations that talk powerfully about enhancing the value of every single fish that is landed through the whole series of working practices and other things round about it. We need to do that. Although we are constrained—for good environmental reasons—in the total quantum that we can land, we are not prevented from enhancing the value of that through reconsidering the practices that we use to produce the final product.

On the issue of eco-labelling, we do not need examples. We have made the point in principle that we want the EFF to have within it provisions that allow us to develop programmes that meet more local circumstances and allow us to deal with the points that Mark Ruskell and Alasdair Morrison raise.

**Mr Ruskell:** Do you see a role in that for public sector procurement? When we went to Barra last year, we had a meal at a school. We sat there eating white fish from Grimsby, although we were in a place with a fantastic inshore sea-fishing industry. Local marketing of that was not apparent. There seems to be a role for public sector procurement and I wonder whether, under state rules, we could use the EFF to support that.

**Ross Finnie:** That is possible, but we would not get quite that level of detail in the regulation. I would rather that it was not so prescriptive and that we had some enabling clauses in the broad structure that allowed us to do what you suggest.

**Maureen Macmillan (Highlands and Islands) (Lab):** What are you hoping to achieve for aquaculture from the EFF?

**Ross Finnie:** We are talking about measures that try to enhance value. There are issues to do with how to manage a farm. Substantial improvements in the regulatory function add cost. We have to ensure that, in an environmentally sustainable way, we get value from what has been done to improve quality and control diseases, from sea lice infestation to the endemic diseases from which aquaculture has suffered. There are schemes from which those in aquaculture could benefit.

**Maureen Macmillan:** Will we still be able to get funding for well boats?

**Ross Finnie:** I anticipated that that would be your next question. I knew what the hook was. I do not know. We understand the point.

**Maureen Macmillan:** You will recollect the correspondence between us on the matter in the past. Is there any hope for independent well boat operators?

**Ross Finnie:** You are looking for clauses in the fund that might provide the flexibility for that. We are getting into a level of detail that we would not necessarily expect to have. At the moment, there are clauses that would prevent what you suggest. We have that in mind.

**The Convener:** It would be helpful to get clarification of that from the minister when things are clearer.

We move on to the environment section. I have a question on the European climate change programme and European energy networks. There is a lot more detail on carbon capture than we have had before. I want to get a sense of how much a difference you see in what is coming from Europe. You mentioned the global challenges in relation to China for example, and there are practical suggestions as to what will happen in Scotland. Have you done any work on how much of a difference will be made to the CO<sub>2</sub> that we are producing in Scotland? What contribution will the hydrogen power that will come on stream in three years in Peterhead make to our energy supply in Scotland? Have you done the maths? What is set out looks significant in policy terms, but how big a difference will some of the developments make in practice?

**Ross Finnie:** We have not finalised our work. It is significant that the oil companies and our own Scottish and Southern Energy are proposing to invest £330 million in a 350MW station. We have to consider what will be generated. We have the generation figures, but we have to try to get the CO<sub>2</sub> capture figure.

I agree wholly that European work on carbon capture and the carbon abatement technologies gives a great stimulus to commercial companies, those in research and development and us in Government and has elevated the debate. The strength of the European Union is that its size allows it to make statements on this. We will consider whether we can give an indication as part of the climate change programme. I regard the developments as a significant, much more detailed attempt on a European stage to promote two important elements of technology. All the member states and regions have an opportunity to latch on to that promotion and take it seriously.

**The Convener:** Is the EU thinking about setting targets for carbon capture? It has produced a sliding scale for energy efficiency that goes from

20 per cent to 40 per cent, which can be difficult to reach. However, if we were able to remove from the ecosystem any carbon that was originally supposed to go into it, we would move ahead quite quickly.

**Ross Finnie:** That is absolutely right. There is always a dilemma when the European Union sets targets and the member states resent a centralisation of function. However, the overall imperative on climate change might question that dilemma. As I understand it, there is no agreement between the member states; we are quite a bit away from that. There was no problem about the promotion of those two pieces of work, but once the European Union starts setting targets for member states, believe me, we get into pretty heated discussions.

**The Convener:** I suppose the trick is to make carbon capture economically desirable. The final sentence in the fourth paragraph of your submission talks about the potential of carbon capture to

"deliver near-zero emissions generation from coal-fired power stations in China."

There are something like 600 such power stations in China. They are seen as one of the greatest threats to our global climate system. Therefore making carbon capture economically worth while would be a huge win-win for us.

**Richard Lochhead:** I was also delighted to see so much of the minister's written submission address the huge potential in Scotland for carbon capture and storage. Scotland is ideally placed to lead the world on carbon capture with the North sea alone having the potential to store 755 gigatonnes when Scotland's emissions amount to only 50 million tonnes a year. The North sea alone could take about 5,000 years' worth of carbon emissions from Scotland. Does the minister envisage Scotland being able to take an international lead on carbon capture? Is he taking any steps to ensure that that happens and that he is not just responding to what happens in Europe or London? Much of the emphasis in the research is on technology, whereas the key to carbon capture plants is to create a market in which it is viable to build them and in which the electricity that is generated there receives the same treatment as electricity that is generated by other renewables. Is the minister calling for research into that?

**Ross Finnie:** Yes. I share the sense of excitement that the two developments have produced and I am clear that we want Scotland to be in the lead. However, given the costs involved, although we can as usual give some political leadership, as always the question is ensuring that major industrial leaders are equally seized of their

task. The announcement by the consortium of North sea oil developers and Scottish and Southern Energy of a £330 million investment is very welcome. If there were ever an example of Government and business combining to make clear that such a level of investment can be made in Scotland, this is it. There is confidence that the project will work and, as you know, such developers do not invest on a whim. That is a huge signal and we must ensure that everything falls out from that. We are working on how we should support renewable energy and how we should support carbon capture, and we recognise the potential of the North sea. We are 150,000 million times behind what that consortium is doing—it is fantastic. However, we also have a job to do. We cannot cop out and say that they are getting on with it; we have to link all that we do on climate change and renewables. We must ensure that all the bits and pieces in the jigsaw fit in. We are 100 per cent behind the project.

12:30

**Mr Ruskell:** I move on to another energy issue. Recently, I went to the sixth inter-parliamentary meeting on renewable energy and energy efficiency, which was held in Edinburgh. One exciting idea that was talked about at that meeting was the prospect of a Europe-wide electricity grid, which would require the development of subsea networks to allow trading between countries. Obviously, that would be important in the development of Scotland's offshore renewables. What are your views on that proposal, from the Scottish perspective? What prospect is there for the development of such a grid, which would be similar to the extensive grid that we have for gas?

**Ross Finnie:** In principle, such a grid is desirable. As you know, we are having a bit of difficulty with using environmentally acceptable technology to strengthen the grid in our own back yard. That is a big issue for us—Mr Ruskell has pretty strong views on that subject, too.

Trading throughout the European Union would have to be economically viable. The costs of strengthening and expanding the grid are substantial and cannot be met by Government alone. The matter is more about policy direction: what are we going to do about energy, where will renewable energy stations be located and how will we transmit energy? I was not at the meeting that Mr Ruskell mentioned and I have not seen the papers from it. However, as members are well aware, there is a substantial loss of energy as it travels through a grid. Grid systems, by definition, have an in-built inefficiency. Greater transferability is an attractive idea, but we should be clear about the energy that is lost in transmission. That could

be a factor in the viability of the proposal, but I will have to read the papers from the meeting.

**Mr Ruskell:** My understanding is that, with subsea grids, the loss of energy is mitigated because of the nature of electricity transmission—I think it is direct current to alternating current. We hear talk about European energy policy, but is that something that will be essential to—

**Ross Finnie:** There is a paper on that, but it has not been discussed at the environment council for a while. Obviously, the council will be aware of those developments, but I am reluctant to get into the technicalities.

**Mr Ruskell:** So, the proposal will not be a feature of the Austrian presidency.

**Ross Finnie:** No.

**The Convener:** At the end of your comments on carbon capture, you mentioned that the proposal to use any carbon dioxide that is recovered from Peterhead power station to assist with the recovery of oil will not be caught by the Convention on the Prevention of Marine Pollution and Dumping of Wastes and Other Matter, or by the Convention for the Protection of the Marine Environment of the North-East Atlantic because it will constitute an enhanced oil-recovery project rather than a waste disposal operation. Will you write to the committee about how the waste agenda will link to sustainable development? You state that we are about to get a new thematic strategy on waste. In quite a few cases, things that make a huge amount of sense on waste and environmental issues have become tied up and you have been unable to do them. Will you get back to the committee on how waste issues and sustainable development will work together?

**Ross Finnie:** I am happy to write to the committee on that. As I think I have said to the committee before, I share your sense that, although our absolute definitions of waste are perfectly understandable in terms of trying to minimise pollution, the way they are construed might militate against certain renewables and recycling projects. We must look into that—I think that that is what Mr Ruskell was hinting at.

**The Convener:** Nobody has mentioned the waste electrical and electronic equipment—or WEEE—directive. I think that we will have to come back to that and devote some parliamentary time to it. There are some substantial changes coming down the tracks, even though the implementation of the directive has been delayed to allow a major consultation. It is worth mentioning that so that people who read the *Official Report* of our meeting will know that we anticipate the matter coming back to us. When is the WEEE directive likely to be implemented? Is that likely to happen in the summer?

**Ross Finnie:** No specific date has been given. There are major problems. I know that one or two people have said, “Why don’t we do it on our own?” I suppose that the UK Government could implement the directive on its own as well, but that might just send out all the wrong messages. The intention behind the directive is that the producer or importer take responsibility for collection and disposal of waste products. I am reluctant—in fact, I am totally opposed to relieving those bodies of their obligations just because there has been a delay. That would be completely wrong and we might never recover the situation. Once Government takes over from the private sector, the position can never be reversed. That said, I share the committee’s frustration. It is a very unsatisfactory position to be in.

**The Convener:** Are there any questions on agriculture?

**Rob Gibson (Highlands and Islands) (SNP):** I have two separate questions. The first is about common agricultural policy issues. What progress has there been in respect of transparency of payments such as less favoured area support? How will that pan out during the Austrian presidency?

**Ross Finnie:** I am sorry; I do not get what you mean by “transparency of payments” and LFAS.

**Rob Gibson:** “Transparency of payments” is a general term. In other words, what criteria are being worked up, and what is being paid out?

**Ross Finnie:** I made it clear during the previous common agricultural policy reform that, from 1 January 2006, payments that are made under agricultural subsidies will be disclosed and put in the public domain. I have not moved from that position and it will remain my position.

There was no agreement on the criteria for LFAS at the last major revisiting of the CAP. Indeed, we moved on to a situation where, in order to continue with the rest of the programme, we had to delay changes to LFAS for another three or four years.

There has been no great change in the debate. There are people who argue very solidly that LFAS is about permanent disadvantage and that we should develop objective criteria that define permanent disadvantage. However, permanent disadvantage is different from each member state’s perspective. I get caught at the far end of the scale with remote rural areas and island communities. Some states are concerned about the climate that is determined by their latitude. There are all sorts of working groups going on about the issue.

We in Scotland get into difficulty because if, for example, there is a criterion that is totally

dependent on the quality of the soil, that would automatically remove Orkney's access to LFAS. This is all a bit of a nightmare for me, to be blunt. We have to try to develop criteria that will address particularly the people who live in our more disadvantaged areas where sustainable and economic farming is difficult. The LFAS criteria have been a focus for my attention and we are trying very hard to work them up. There has not been great progress, but we are not going to be driven into using inappropriate criteria for Scottish conditions.

**Rob Gibson:** I have a more general follow-up question. It was reported in *The Daily Telegraph* on 16 December that the Organisation for Economic Co-operation and Development estimated that about one quarter of the EU's CAP payments

"disappears into higher rents and land prices",

which makes it harder for small operators to start farming, let alone to survive. The article goes on to say that

"new environmental payments too are likely to have perverse effects, by pushing up land prices, for example."

I do not expect an instant response to that but, in the context of LFAS and other payments, I wonder whether the EU should pay some attention to that. It seems that there is an anomaly whereby subsidy payments are promoting higher land prices.

**The Convener:** Is that something that you want to keep under review?

**Ross Finnie:** I will respond to that question in writing, but I suppose that that situation is almost inevitable. After all, capital value has a relationship to the income stream that passes through an area of land. Obviously, if you were to take the £550 million of subsidy straight out of Scottish agriculture tomorrow, you would not have to be an Einstein to work out that the income stream that is associated with that land would be substantially reduced and that, therefore, the value of the agricultural land would be reduced. I will write to Rob Gibson about that.

**Rob Gibson:** That would be useful.

I would like to move on to an animal welfare point.

**The Convener:** Can you be quick? We have two other agenda items.

**Rob Gibson:** My question relates to the Animal Health and Welfare (Scotland) Bill. Since we have an expert here, can we ask not necessarily for a detailed answer—

**The Convener:** You can, if the question relates to European matters.

**Rob Gibson:** The question is related to European matters. It relates to animal health, the rules that governed foot-and-mouth disease control and eradication and the attitude that was taken to the commercial reasons for not opting for a vaccination-to-live policy. Can we get some answers about whether there is EU law or directives that prolong the status of not being free from foot-and-mouth disease and how that might advantage or disadvantage our producers in the aftermath of such an outbreak? That was not explained when we asked the minister questions on the Animal Health and Welfare (Scotland) Bill.

**The Convener:** Can you respond to that now or will you set it out in writing for us? We are all very keen to have answers to that question.

**Ross Finnie:** I can answer the question in part, but not completely because of the criteria that are necessary to declare a member state disease free, which is the end part of Rob Gibson's question. The policy also talks about vaccination to live.

We are talking exclusively in the context of foot-and-mouth disease. I was careful in my responses to the committee to remind members ever so gently that although that was our most recent experience, if you look at the epidemiology of exotic diseases throughout Europe, you will find that there are other latent threats out there. Therefore, we might wish to include in the definition of "disease free" a range of exotic diseases from which we are required to recover. It would be better to do that in writing.

**The Convener:** Okay, that would be helpful. I thank the minister and his officials for appearing before us today.

We still have two agenda items to consider, so let us move on swiftly, if the minister does not mind moving out quietly while we crack on.

## Subordinate Legislation

### Less Favoured Area Support Scheme (Scotland) Amendment (No 2) Regulations 2005 (SSI 2005/624)

### Transport of Animals (Cleansing and Disinfection) (Scotland) Regulations 2005 (SSI 2005/653)

12:43

**The Convener:** There are two instruments to consider under the negative procedure. I will read out the paper and we can come to a conclusion. The Subordinate Legislation Committee has considered the regulations and has made comments on the first. Members have an extract from that committee's report. We also have a reply from the minister on the issues that we raised on the publication of subsidy information in relation to the less favoured areas support scheme. Do members have any comments?

**Members:** No.

**The Convener:** Are members content to make no recommendation to the Parliament?

**Members** *indicated agreement.*

## Work Programme

12:45

**The Convener:** I wanted to include this item on our agenda because members will recall from our away day in the autumn that we discussed the then forthcoming Planning etc (Scotland) Bill. We had an informal discussion about whether we would be the secondary committee on that bill. The matter was raised at one of our last meetings before Christmas and I asked Mark Brough to do some background work on what was happening with the bill. It was important to bring that back to the committee, given our discussions.

The paper that has been circulated includes a briefing on how the Communities Committee is dealing with the Planning etc (Scotland) Bill, as there is a read-across to environmental issues. The key thing to note is that there is no secondary committee as such to deal with the bill, although the Parliamentary Bureau has appointed the Local Government and Transport Committee to consider specifically business improvement districts. However, there are issues that are relevant to our work. The Communities Committee's process appears to involve taking evidence from witnesses in the round. Rather than come before this committee, environmental issues will therefore be dealt with by non-governmental organisations in that committee's meetings.

There are possible issues relating to national scenic areas that central Government in Scotland has been considering for the past decade. The Executive has signalled its intention to publish a consultation paper on national scenic areas by the end of January, with a view to amending the bill at stage 2. I flag that up to colleagues because I would like the committee to keep an eye on that—it is obviously a big issue for us in our consideration of environmental legislation. We thought that such issues might arise with the Nature Conservation (Scotland) Bill, but they did not and we were therefore unable to consider them. I expect the minister to write to the conveners of the Communities Committee and the Environment and Rural Development Committee to bring us up to speed with his intentions, which would let us consider matters before stage 2. As I said, I wanted to give members an update on how the Communities Committee is dealing with the Planning etc (Scotland) Bill and thought that it was important to flag up that matter—which Mark Ruskell has previously raised with me—for the *Official Report*. It is important to bring everyone up to speed on what is happening.

I also expect members to have a lot of questions about crofting, which Maureen Macmillan and Rob

Gibson want to say something about. They have previously raised crofting issues with us.

**Maureen Macmillan:** I hope that the Communities Committee is aware of concerns about the impact of planning on crofting, which we have discussed in the committee and privately. Can we get assurances from that committee that it is aware of the impact of planning on crofting?

**The Convener:** Colleagues will remember that we had a lengthy discussion when the minister appeared in front of us; Maureen Macmillan and Rob Gibson raised quite a few planning issues. I suggest that I ensure that we communicate with reference to the *Official Report* of that meeting. We could copy the minister into our correspondence about the concerns that we expressed. That evidence could then be formally considered as part of the evidence on the Planning etc (Scotland) Bill and the cross-cutting issues could be properly considered. Are members happy with that approach, or is there anything in particular that you want on the agenda?

**Rob Gibson:** I am reasonably happy, but we had limited time with the minister. We could further explore the relationship between township plans and the use of common grazings, and how planning affects that relationship. Whether plans in the crofting community or planning procedures relating to the ultimate destiny of a particular piece of land have priority must be decided. Recent cases, such as the Taynuilt case, point in the direction of planning procedures having precedence. That must be sorted out.

**The Convener:** Yes. That is loud and clear.

For members' information, we expect the forthcoming crofting bill to be introduced by the end of February, which would allow us to consider its proposals before stage 2 of the Planning etc (Scotland) Bill—evidence will still be being taken on the stage 1 report for that bill at that point. As long as we flag up the issues in advance, we will have a little bit of time when the crofting bill is introduced.

**Mr Ruskell:** Is it intended that we take formal evidence on issues relating to national scenic areas?

**The Convener:** I will come back to the committee on that once I receive a letter from the minister. I simply wanted to ensure that members are up to speed with what is happening. I did not appreciate exactly what the timescales were and wanted to ensure that people who are interested in our work could see what we were doing.

I am conscious that today's meeting has been lengthy, so I thank colleagues who have stayed to its bitter end.

*Meeting closed at 12:49.*

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