



The Scottish Parliament

ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

AGENDA

3rd Meeting, 2003 (Session 2)

Wednesday 3 September 2003

The Committee will meet at 10.30 am in Committee Room 2.

1. **Items in private:** The Committee will consider whether to take items 4 and 5 in private.
2. **Subordinate legislation:** The Committee will consider the following negative instruments—

The Litter (Fixed Penalty) (Scotland) Order 2003 (SSI 2003/268)

The Agricultural Wages (Scotland) Act 1949 Amendment Regulations 2003 (SSI 2003/283)

The Agricultural Holdings (Relevant Date and Relevant Period) (Scotland) Order 2003 (SSI 2003/294)

The Sea Fishing (Restriction on Days at Sea) (Scotland) Amendment (No.2) Order 2003 (SSI 2003/300)

The Urban Waste Water Treatment (Scotland) Amendment Regulations 2003 (SSI 2003/273)

The Agricultural Subsidies (Appeals) (Scotland) Amendment Regulations 2003 (SSI 2003/302)

The Rural Stewardship Scheme (Scotland) Amendment (No.2) Regulations 2003 (SSI 2003/303)

The Oil and Fibre Plant Seeds Amendment (Scotland) Regulations 2003 (SSI 2003/304).

3. **Convener's report:** The Convener will update the Committee on:

correspondence received during the summer recess, and

relevant meetings attended during the summer recess.

4. **National Waste Plan inquiry:** The Committee will consider a draft remit and suggested programme of evidence in connection with its proposed inquiry.
5. **Witness expenses:** The Committee will consider claims under the witness expenses scheme.

Not before 11.30 am

6. **Scottish Executive Partnership Agreement:** The Committee will take evidence from Ross Finnie MSP (Minister for Environment and Rural Development) on his programme for implementation of the Executive's commitments as set out in "A Partnership for a Better Scotland".
7. **Common Agricultural Policy:** The Committee will take evidence from Ross Finnie MSP (Minister for Environment and Rural Development) on the results of the mid-term review of the CAP.

Tracey Hawe

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The following papers are attached or are relevant to this meeting:

<p><u>Agenda item 2</u></p> <p>The Litter (Fixed Penalty) (Scotland) Order 2003 (SSI 2003/268)</p> <p>The Agricultural Wages (Scotland) Act 1949 Amendment Regulations 2003 (SSI 2003/283)</p> <p>The Agricultural Holdings (Relevant Date and Relevant Period) (Scotland) Order 2003 (SSI 2003/294)</p> <p>The Sea Fishing (Restriction on Days at Sea) (Scotland) Amendment (No.2) Order 2003 (SSI 2003/300)</p> <p>Extract from the Subordinate Legislation Committee's 2nd Report 2003</p> <p>The Urban Waste Water Treatment (Scotland) Amendment Regulations 2003 (SSI 2003/273)</p> <p>The Agricultural Subsidies (Appeals) (Scotland) Amendment Regulations 2003 (SSI 2003/302)</p> <p>The Rural Stewardship Scheme (Scotland) Amendment (No.2) Regulations 2003 (SSI 2003/303)</p> <p>The Oil and Fibre Plant Seeds Amendment (Scotland) Regulations 2003 (SSI 2003/304)</p>	<p>ERD/S2/03/3/2a</p> <p>ERD/S2/03/3/2b</p> <p>ERD/S2/03/3/2c</p> <p>ERD/S2/03/3/2d</p> <p>ERD/S2/03/3/2e</p> <p>ERD/S2/03/3/2f</p> <p>ERD/S2/03/3/2g</p> <p>ERD/S2/03/3/2h</p> <p>ERD/S2/03/3/2i</p>
<p><u>Agenda item 3</u></p> <p>Copies of relevant correspondence are attached</p>	<p>ERD/S2/03/3/3a</p>
<p><u>Agenda item 4</u></p> <p>A paper from the Convener is attached (<i>for members only</i>)</p>	<p>ERD/S2/03/3/4a</p>
<p><u>Agenda item 5</u></p> <p>A paper from the Clerk is attached (<i>for members only</i>)</p>	<p>ERD/S2/03/3/5a</p>
<p><u>Agenda item 6</u></p> <p>Relevant extracts from A Partnership for a Better Scotland are attached.</p>	<p>ERD/S2/03/3/6a</p>
<p><u>Agenda item 7</u></p> <p>A letter from the Minister for Environment and Rural Development summarising the reforms is attached.</p>	<p>ERD/S2/03/3/7a</p>

SUBORDINATE LEGISLATION COMMITTEE
Extracts of 2nd Report, 2003

1. At its meeting on 24th June the Committee determined that the special attention of the Parliament need not be drawn to the instruments listed in this report.
2. The report is also addressed to the following committees as the lead committees for the instruments specified:

Environment and Rural Development	SSI 2003/273
	SSI 2003/302
	SSI 2003/303
	SSI 2003/304
	SE 2003/173

Instruments subject to annulment

**The Urban Waste Water Treatment (Scotland) Amendment Regulations
2003 (SSI 2003/273)**

Background

1. The Committee raised four points with the Executive on these Regulations.

Question 1

2. The Committee asked why these Regulations have been drafted partly as free-standing regulations and partly by way of textual amendment to the principal Regulations rather than as is usual wholly by way of textual amendment. The Executive's response is reproduced at Appendix 3.

Answer 1

3. The Executive considers this to be a matter of style only but will bear the point in mind in any further amendment. The provisions have the intended legislative effect.

Report 1

4. The Committee agrees that the decision as to whether to proceed by way of free-standing Regulations or textual amendment of the principal Regulations is a matter of style. The latter, however, is the recommended approach. In particular, it appears that textual amendment would have made it possible to avoid some of the other drafting errors the Committee has identified in this instrument.
5. **The Committee therefore reports the instrument to the lead committee and the Parliament for failure to follow proper legislative practice in this respect.** The Committee agrees, however, that the drafting approach has no bearing on legislative effect.

Question 2

6. The Executive was asked to explain the purpose of the full-out at the end of regulation 1(3).

Answer 2

7. The full-out in regulation 1(3) is intended to ensure consistency between the 1994 Regulations and the amending Regulations.

Report 2

8. The Executive has explained the intention of the words in question. Unfortunately, it appears to the Committee that the drafting may not have achieved the desired effect. The Executive may have intended that any word used in the Regulations and in the principal Regulations is to have the same meaning as in the latter Regulations. However, what it does say is merely that any word used in the principal Regulations has the same meaning as in those Regulations.

9. **The provision is plainly defectively drafted and the Committee therefore reports it on that ground.** This is an instance where, in the Committee's view, the error could have been avoided had the amendments to the principal Regulations been made by way of textual amendment.

Question 3

10. The Committee asked what the purpose is of regulation 2(3), which appeared to be somewhat circular.

Answer 3

11. Regulation 2(3) is intended to make clear the date on which a decision made as a result of a review of a sensitive area or a high natural dispersion area takes effect. It also makes clear that that decision will remain in effect until a fresh decision is made as a result of a later review.

Report 3

12. Again, the intended purpose of the provision is not in doubt. It is the drafting of the Regulations that seemed to leave something to be desired. The Regulations appear to conflate two ideas, the taking of a decision and the communication of that decision. **The Committee therefore draws the attention of the lead committee and the Parliament to regulation 2(3) on the ground that its meaning could have been clearer.**

Question 4

13. The Executive was asked to indicate why regulation 4(2) provides that the definition in regulation 3(1) of the principal Regulations is subject to regulation 2 of these Regulations.

Answer 4

14. Regulation 3(1) of the principal Regulations defines sensitive and high natural dispersion areas by reference to the Ministerial function of identifying the area and depositing a map of it. Regulation 2 of the amending Regulations amends that identification procedure for reviews of sensitive and high natural dispersion areas. It is necessary to make regulation 3(1) subject to regulation 2 to ensure that

the definition in regulation 3(1) takes account of amendments made to those areas as a result of the new review procedures.

Report 4

15. Again, the drafting of the Regulations could be clearer. The Executive has supplied the necessary clarification. **The Committee therefore draws the attention of the lead committee and the Parliament to regulation 4(2) on the ground that its meaning could have been clearer and to the Executive's clarification for information.**

The Agricultural Subsidies (Appeals) (Scotland) Amendment Regulations 2003 (SSI 2003/302)

The Oil and Fibre Plant Seeds Amendment (Scotland) Regulations 2003 (SSI 2003/304)

Question

16. The Committee noted that the principal Regulations and Order relating to the above instruments have been amended more than five times. The Committee reiterated the previous Committee's position that the number of amendments should amount to no more than four and that consolidation should be effected on the 5th amendment. The Executive was therefore asked to comment on the Committee's position on the matter, together with confirmation of any plans to consolidate the particular series of Regulations and Orders listed above.

Answer

17. The Executive's response is reproduced at Appendix 14. The Executive notes that the view of the Committee that the number of amendments to an instrument should amount to no more than four and that consolidation of the instrument should be effected on the 5th amendment. The Executive agrees that it is desirable to consolidate instruments that have been subject to a number of amendments and will continue to work towards consolidating such instruments.

18. The Committee will appreciate, however, that in practice it will not always be possible for the Executive to consolidate an instrument on the 5th amendment. The Executive's plans for consolidation of the instruments referred to in the Committee's letter are outlined below.

The Agricultural Subsidies (Appeals) (Scotland) Amendment Regulations 2003

The Executive is at present in the process of consolidating these Regulations.

The Oil and Fibre Plant Seeds Amendment (Scotland) Regulations 2003

Two further Community Instruments on oil and fibre plant seeds require to be transposed in the near future, namely Directive 2003/45/EC, amending labelling requirements for oil and fibre plant seeds, which requires to be transposed by 31 December 2003 and Commission Decision 2003/234/EC on

marketing hemp seed. The Executive intends to take that opportunity to consolidate the principal Regulations.

Report

19. The Committee thanks the Executive for a helpful and constructive response. Whilst consolidation on the 5th substantive amendment is the target, the Committee accepts that there may be occasions where this is not practical, for example, when an amendment needs to be made as a matter of urgency. The progress on the Agricultural Subsidies Appeals Regulations will be particularly welcome as these are of direct importance to individual members of the public who might wish to challenge decisions in the area covered by the Regulations.

20. **The Committee simply draws the Executive's response to the attention of the lead committees and the Parliament as providing the information requested.**

The Rural Stewardship Scheme (Scotland) Amendment (No. 2) Regulations 2003 (SSI 2003/303)

Question

21. The Committee asked whether these Regulations are the result of a change in policy or if they are required due to an omission in the previous amending Regulations (SSI 2003/177). If the latter, the Committee asked what steps, if any, had been taken to make them available free of charge to those who can show that they purchased the original Instrument.

Answer

22. The Executive's response, reproduced at Appendix 15, states that the Regulations were required due to an omission in the previous amending Regulations.

23. The Queen's Printer for Scotland will provide a free copy of the Regulations to any person who can show that they purchased a copy of the Rural Stewardship Scheme (Scotland) Amendment Regulations 2003 (SSI 2003/177).

Report

24. The Committee was grateful to the Executive for this explanation and is pleased to note that the Executive has made appropriate arrangements to make the Regulations available free of charge in the normal way.

25. The Committee observes, however, that the amending instrument should carry an italic headnote to this effect, which is missing from these Regulations. **The Committee therefore draws the Regulations to the attention of the lead committee and the Parliament for failure to follow proper legislative practice in this respect.**

Appendix 3

THE URBAN WASTE WATER TREATMENT (SCOTLAND) AMENDMENT REGULATIONS 2003 (SSI 2003/273)

On 17 June the Committee asked the Executive the following questions in respect of the above instrument:

- “1. The Committee asks why these Regulations have been drafted partly as free-standing regulations and partly by way of textual amendment to the principal Regulations rather than as is usual wholly by way of textual amendment.
2. It would be helpful for the Executive to explain what the purpose is of the full-out at the end of regulation 1(3).
3. The Committee enquires as to the purpose of regulation 2(3) which appears to be somewhat circular.
4. The Executive is requested to indicate why regulation 4(2) provides that the definition in regulation 3(1) of the principal Regulations is subject to regulation 2 of these Regulations.”

The Scottish Executive responds as follows:

1. The Executive notes the Committee's comments. Whilst it considers this to be a matter of style only, the Executive will bear the point in mind in any further amendment. The provisions have the intended legislative effect.
2. The full-out in regulation 1(3) is intended to ensure consistency between the 1994 Regulations and the amending Regulations.
3. Regulation 2(3) is intended to make clear the date on which a decision made as a result of a review of sensitive area or high natural dispersion waste takes effect. It also makes clear that that decision will remain in effect until a fresh decision is made as a result of a later review.
4. Regulation 3(1) of the principal Regulations defines sensitive and high natural dispersion areas by reference to the Ministerial function of identifying the area and depositing a map of it. Regulation 2 of the amending Regulations amends that identification procedure for reviews of sensitive and high natural dispersion areas. It is necessary to make regulation 3(1) subject to regulation 2 to ensure that the definition in regulation 3(1) takes account of amendments made to those areas as a result of the new review procedures.

Appendix 14

THE AGRICULTURAL SUBSIDIES (APPEALS) (SCOTLAND) AMENDMENT REGULATIONS 2003, (SSI 2003/302)

THE OIL AND FIBRE PLANT SEEDS AMENDMENT (SCOTLAND) REGULATIONS 2003, (SSI 2003/304)

On 17 June the Committee asked the Executive for an explanation of the following matters-

“The Committee noted that the Principal Regulations and Order relating to the above instruments have been amended more than 5 times. The Committee was keen to reiterate the previous Committee’s position that the number of amendments should amount to no more than 4 and that consolidation should be effected on the 5th amendment. The Executive is therefore asked for comments as to the Committee’s position on the matter, together with confirmation as to whether it has any plans for consolidating the particular series of Regulations and Orders listed above.”

The Scottish Executive responds as follows:

The Executive notes that it is the view of the Committee that the number of amendments to an instrument should amount to no more than 4 and that consolidation of the instrument should be effected on the 5th amendment. The Executive agrees that it is desirable to consolidate instruments which have been subject to a number of amendments. The Executive will continue to work towards consolidating such instruments. The Committee will appreciate however that in practice it will not always be possible for the Executive to consolidate an instrument on the 5th amendment. The Executive's plans for consolidation of the instruments referred to in the Committee's letter are outlined below.

The Agricultural Subsidies (Appeals) (Scotland) Amendment Regulations 2003

The Executive is at present in the process of consolidating these Regulations.

The Oil and Fibre Plant Seeds Amendment (Scotland) Regulations 2003

Two further Community Instruments on oil and fibre plant seeds require to be transposed in the near future, namely Directive 2003/45/EC, amending labelling requirements for oil and fibre plant seeds, which requires to be transposed by 31 December 2003 and Commission Decision 2003/234/EC on marketing hemp seed. The Executive intends to take that opportunity to consolidate the principal Regulations.

For Scottish Executive Environment and Rural Affairs Department

19 June 2003

Appendix 15

THE RURAL STEWARDSHIP SCHEME (SCOTLAND) AMENDMENT (NO. 2) REGULATIONS 2003, (SSI 2003/303)

1. On 17 June the Committee asked the Executive for an explanation of the following matter-

“The Committee asks whether these Regulations are the result of a change in policy or if they are required due to an omission in the previous amending Regulations (SSI 2003/177), and if the latter, what steps, if any, have been taken to make them available free of charge to those who can show that they purchased the original Instrument.”

The Scottish Executive responds as follows:

1. The Regulations were required due to an omission in the previous amending Regulations.
2. The Queen’s Printer for Scotland will provide a free copy of the Regulations to any person who can show that they purchased a copy of the Rural Stewardship Scheme (Scotland) Amendment Regulations 2003 (SSI 2003/177).

For the Scottish Executive Environment and Rural Affairs Department

19 June 2003

Agenda item 3

Environment and Rural
Development Committee

3rd September 2003
ERD/S2/03/3/3a

ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

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1 July 2003

Dear Professor McKelvey

I am writing to follow up the issues arising from the very useful evidence session that was held on Wednesday 25 June.

The Committee was presented with a great deal of evidence regarding the need for the College to rationalise its operations. The Committee notes the evidence that was presented, and, in particular, notes the evidence of falling student numbers, surplus physical assets and a 25% decline in SEERAD funding. Viewed against this backdrop, the Committee accepts that the status quo is not sustainable, and that action needs to be taken to secure the future viability of the College.

The Committee also notes the great concern expressed by a number of staff, students, and interested external stakeholders regarding the future of the SAC, and the current proposals for rationalisation. The case for the retention of SAC facilities in the regions was eloquently put by the witnesses that the Committee heard from, and members note the strength of feeling that exists on this issue. Members were concerned at the level of unrest that currently exists amongst these groups, and would urge the College management to do all that can be done to alleviate this. The Committee believes that consultation with staff, students and external interests could have been improved, and that a more consultative, accessible and transparent approach would benefit all groups, and greatly assist in moving matters forward. The Committee further believes that it is vital that the SAC clearly articulates its vision of the future and takes steps to involve all relevant groups in taking forward that vision together.

The Committee was concerned to note the level of uncertainty that exists in predicting future student numbers. The Committee was also concerned at the reduced time horizon for forward planning given the move to a two year funding process. While accepting that this uncertainty also exists in relation to other educational institutions, the Committee believes that this uncertainty makes it very

difficult for the SAC to plan ahead, and notes that these predictions are crucial to the current plans for rationalisation. The Committee also notes evidence from the NUS Scotland, which highlights the difficulties which students from the regions may face in transferring to Edinburgh. These difficulties include higher accommodation costs, and potential difficulties in combining full time study with family obligations, such as working on a family farm.

In the light of this evidence, the Committee believes that it will be vital for the SAC to market its educational services effectively and maximise opportunities for student recruitment. The Committee also believes that the SAC must be creative and flexible in its provision of educational facilities. The SAC must do everything possible to encourage not only full-time residential study, but also e-learning, distance learning, and the development of outreach services, (otherwise known as 'blended learning'). In order to do so, the SAC will need to investigate a number of possible delivery mechanisms for these services, and the Committee was pleased to note that the SAC has been engaged in preliminary discussions with other educational providers. The Committee encourages the SAC to investigate and pursue these opportunities for partnership working as soon as firm decisions on the shape of future services have been reached. The Committee believes that these delivery options should include on campus facilities where this is practicable and cost-effective.

The Committee was also concerned to note the difficulty in obtaining firm figures on the costs of educating students at the SAC. This information would be of assistance in benchmarking the costs of SAC services, particularly as funding levels are now being reduced to a level similar to that of other education institutions. While appreciating the benefits of the SAC's close working relationship with SEERAD, the Committee is of the view that a closer working relationship with SHEFC would be beneficial, and I will be taking this point up with the Minister. As you will have noted during the evidence session, the Committee also has questions regarding whether a private company is the best vehicle for delivering publicly funded educational services, and I will also be exploring these issues with the Minister.

The Committee also notes that Deloitte and Touche are currently engaged in a Phase 3 study which will consider additional retention of specific educational and research provisions at Craibstone and Auchincruive, and that the results of this study will be put to the Minister in mid-July. I will also be taking up the issue of the socio-economic impact of the rationalisation exercise with the Minister, although it may be that the retention of 'significant residual activities' in these regions will assist in reducing this impact. The Committee also notes that the SAC intends to retain research on a local basis. The Committee welcomes this clarification of the SAC's intentions, and welcomes the retention of local research such as crop trials, the upland farming unit and research on local climate areas. The Committee also welcomes the retention of advisory and veterinary services on a local basis, as it believes that these services play a key role in the agricultural sector right across Scotland.

I should be grateful if you could keep me informed of future progress on these proposals, and let me know if the timeframe for submitting the Phase 3 study result to Scottish Ministers changes in any significant way.

Yours sincerely

Sarah Boyack MSP
Convener
Environment and Rural Development Committee



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Our Ref: WMcK/ew

9 July 2003

Dear Ms Boyack

Thank you for your letter of 7 July summarising the views of the Environment and Rural Development Committee on the evidence provided on Wednesday 25 June.

I am pleased to note that the Committee concurs with the view of the SAC Board that the *status quo* is not sustainable, and that therefore action requires to be taken on the future viability of the organisation. We do accept of course that our proposals have caused some considerable concern amongst a number of staff, students and interested external stakeholders; given the geography of our organisation that is unfortunately inevitable.

However, I do accept your comment that consultation could have been improved; I am sure that consultation can always be improved in similar circumstances, but given the complexity of our organisation and the very broad range of stakeholders, I do not believe that additional consultation would have significantly allayed a number of concerns, given the degree of rationalisation which is going to be necessary. Nevertheless, I am pleased to confirm that we have opened up a new dialogue with stakeholders in the Aberdeen and Ayrshire areas, and their comments are being considered by Deloitte & Touche in the drafting of the Phase III Report.

In particular, the concerns of a number of students with regard to combining full-time study with family obligations, is an issue which we are attempting to address in the Phase III Report. We are only likely to properly address these issues through partnership working with other organisations on a widespread geographical basis and, as you say in your comments, we can only properly pursue those opportunities once firm decisions on the shape of future SAC services have been reached. It is therefore important that we come to a conclusion on this process as soon as possible. We do fully concur with the Committee's views on encouragement of residential study and distance learning, and already have a number of centres around the country developing this strategy.

SAC also concurs with your view that a closer working relationship with SHEFC would be beneficial for the SAC Education portfolio, given that we are the "odd man out" in the tertiary education sector in Scotland in terms of funding routes. I do have concerns, however, with regard to your comments about "whether a private company is the best vehicle for delivering publicly funded educational services". In essence, SAC is no different to any other HE or FE provider in Scotland; they are all in essence not-for-profit organisations, all of charitable status, and all operate according to similar governance procedures. SAC Directors have no equity interest; all operating margins are gifted to the



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SAC Foundation. The main difference is that SAC is funded through a different funding department. It is also interesting that SHEFC themselves wish to see the university sector move more into the SAC model of combining Research and Education functions with a strong commercial consultancy function.

Finally, I welcome your comments with regard to the retention of local research and local Advisory and Veterinary Services across Scotland. These are core to our forward strategy.

I also confirm that the timeframe for submitting the Phase III study to the Minister is as set out in my evidence, i.e. it will be presented in mid-July.

I will of course keep you updated on any significant new developments.

Yours sincerely



Professor W A C McKelvey
Chief Executive and Principal

ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

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29 August 2003

Dear Professor McKelvey

ISSUES ARISING FROM EVIDENCE ON 25 JUNE

I have received correspondence from members which raises a number of questions regarding the evidence given to the Committee by the Board of the Scottish Agricultural College on 25 June.

At Column 54 of the *Official Report* of that meeting, you stated that the student recruitment officer at Aberdeen had been replaced. However, further correspondence from members raises the question of whether this is the case. A press release issued by the SAC on 4 July reported that an acting Student Recruitment Officer had been appointed pending the appointment of a permanent member of staff and that another former SAC student would support this officer. It has now been suggested to me that the person appointed as temporary recruitment officer has resigned in order to take up another job, and that the former student appointed to assist her is only working on a part time basis. I would be grateful if you could clarify the following questions for me:

- On what date was the temporary recruitment officer appointed to her position?
- Is this post still occupied, or has it become vacant again?
- If the post has become vacant, have any decisions been taken as to when and how to fill the post again?

At Column 62 of the *Official Report*, you stated that the Scottish Organic Producers Association and the Soil Association had told the SAC that they wanted to establish the organic farm in the centre of Scotland and that they did not feel that the north-east was the proper site for it. Further correspondence that I have received from SOPA indicates that this is not in fact their position, and I am led to believe that the Soil Association has also raised concerns about your representation of their position. I would be grateful if you could clarify for me the basis on which your statement of their views was made, and whether you still believe this statement to be accurate.

These matters are, of course, of great concern to members, and I would be grateful if you could clarify the correct position in relation to them as a matter of urgency. It is obviously important that the Committee has access to the correct factual information on which to base its conclusions, and I would be gravely concerned if the Committee is found to have been acting on inaccurate information.

I look forward to receiving your response and trust that this will clarify the matter

Yours sincerely

Sarah Boyack MSP
Convener
Environment and Rural Development Committee

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Our Ref: DA/JS/1774

Date: 30th July 2003

Dear Ms Boyack

I have a copy of your letter to Professor Bill McKelvey, and note your concerns on a couple of his responses to questioning by the Environment and Rural Development Committee. Professor McKelvey will of course respond fully when he returns from a well-earned holiday with his family. However I am disturbed at the inference that he deliberately tried to mislead your committee and I believe this needs a response.

He did not, and he would not. On the two operational matters under discussion, his answers reflected both Executive and Board policy. Student recruitment at all three centres, regardless of long term restructuring, is a crucial requirement, and policy and actions have been aimed at doing all that is reasonably possible to attract students to all three sites. You will accept that in the current uncertainty over campus rationalisation that is no easy task. This is true both from the student and staff perspective. The detailed status of the latter, at the time of the question, will be clarified with you. You will thereby recognise the difficulty of making a good permanent appointment with the current level of uncertainty in relation to the Craibstone campus. The key issue is that during 2003, as in earlier years, there has been someone responsible for recruitment activities at all times and, recognising a potential problem in this year, student recruitment activities were expanded; witness the enhanced activities at this year's agricultural shows and the additional marketing and publicity in the form of SAC supplements in local newspapers covering the Aberdeen and Ayr campuses.

With regards to the organic programme, the relocation discussions have been part of my Board's agenda for at least the last two years. It had been clear for some time that the organic farming programme would benefit from relocation. SAC's discussions with Soil Association and Scottish Organic Producers Association as part of the Organic Scotland discussions in 2000/01 confirmed this view and fixed our organic planning decision. Discussion at management level established that a relocation to better land closer to the offices of the interested parties would be appropriate. With this development the Board's policy was to maintain the organic status and the programme at Craibstone. At this point in our forward planning, formal agreements with other bodies were not needed. Professor McKelvey's spontaneous answer reflected both this understanding with the organic organisations and Board policy on the matter. It is probably worth pointing out that our Vice-Principal, Professor David Atkinson, is an enthusiast for the pursuit of the science of organic farming and maintains regular contact with partner organisations.

My concern is to ensure that discussion and argument stays centred on the requirement to agree a radical restructuring solution that is strategically sound, and financially robust, with as much value for money to the taxpayer as possible. It will be tragic if this core fundamental issue gets lost in a debate over who said what about operational issues, that are at most, peripheral to the central issue. There does now seem to be a clear attempt to discredit senior management who have to implement the restructuring policy. I would ask that you help to draw the line at the pursuit of such tactics.

Professor McKelvey and his full executive and management team have a first class vision for and of a restructured SAC that is appropriate for the whole of Scotland, and which will deliver a presence throughout it.

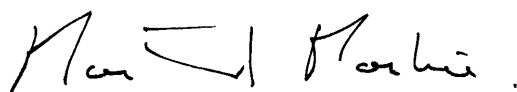
In the evidence he gave to the Scottish Parliament's Environment and Rural Development Committee, Professor McKelvey set out a major vision for a future SAC and the role it will need to play in aiding the adjustment of Scottish land-based industries to the changes inherent in the Mid-Term Review of CAP. Scottish land-based industries will need to diversify, build further upon their existing reputation for quality, and become even more responsive to consumer priorities. Past experience has shown that none of this will be simple. It is clear that it will need: a world class advisory and veterinary service; a programme of relevant and focused applied R & D; and an education system which skills new entrants to the industry and provides in-service updating for current practitioners. The role of SAC in helping land-based industries throughout Scotland realise the above, was what D & T was about. Their figures show that if SAC is to be able to invest in new services and to create a real national centre of excellence in agricultural education and applied R & D, it must reduce its fixed infrastructure costs and focus resources on that single national centre. This centre would then, of course, serve a network of enhanced area offices. The D & T report, which was fully endorsed by my SAC Board, showed both the importance of partnerships and how our vision might be afforded for the next 20 years and without the problems of an unsustainable reliance on government support.

Whatever plan for the future viability of SAC is finally adopted, it will not please everyone. In this fraught period of continuing uncertainty, there is much unhappiness amongst those most affected, and MSPs and the local press have continuing access to that disquiet. A balanced perspective on that is important. All staff understand that the rationalisation and restructuring of our academic activities is an essential. The majority of SAC staff are not affected by the proposed changes and not surprisingly support the preferred option. However the longer the period of uncertainty and indecision over the changes, the more morale will fall among affected staff and the more space will exist for animosity and disaffection. I would ask your help in achieving a speedy conclusion to current discussions. Discussions need to stay objectively focussed on the rationale behind our plans to create a national centre to deliver to all Scotland's land-based industries. Attempts to discredit the 'messengers' need to be discouraged.

It has been my Board's role over the last three years to put in place an executive team that was willing to face the restructuring issue, and to develop a financially sound solution which strategically meets the needs of Scotland. Ross Finnie and SEERAD have funded the D & T option review process and we are appreciative of that help. A third phase of D&T is now completed and with the Minister. It addresses the issues about which he was concerned. It would be wrong to divulge its content until he has had time to assess it. The Phase III report has not however changed my Board's unanimous endorsement of a national centre for the land-based industries located in Edinburgh but delivering to all of Scotland.

The SAC Executive needs to begin to implement the D&T solution soon. The D & T analysis shows SAC can deliver its current remit and with significant annual cost savings. We cannot realistically begin operational planning until we have Ministerial and SEERAD acceptance of the preferred strategic option. I believe your committee could be instrumental in facilitating that acceptance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Maitland Mackie' with a period at the end. The signature is written in a cursive, slightly stylized hand.

Maitland Mackie CBE LLD
Chairman

Ms Sarah Boyack MSP
Convener
Environment and Rural Development Committee
Room 3.19
Scottish Parliament
Edinburgh
EH99 1SP

Our Ref: WMcK/ew

29 August 2003

Dear Ms Boyack

Issues arising from evidence on 25 June

Thank you for your letter of 22 July, and please excuse my delay in replying due to my absence from the office on annual leave.

Your first point relates to the issue of replacement of our Student Recruitment Officer at Aberdeen. You will remember that this issue was raised by Peter Chapman in his evidence to the Committee, in which he stated, and I quote, "there are no plans to put someone in that post: That shows fundamentally what is going on at SAC". Later, during my own evidence, I contradicted this assertion and stated "that is entirely wrong; that officer has been replaced".

The decision to replace the Student Recruitment Officer in Aberdeen was taken by the Executive Management Team at SAC on the 26 May, at which time our Head of Human Resources was instructed to seek to fill the post by internal transfer of an existing member of staff; failing that, an external advertisement of the post would be approved.

It was initially thought that there was a suitable internal applicant, but she eventually turned down the post. The post is currently filled by two temporary part-time job-sharing staff. One works 3 days per week, and the other 2 days per week. One started on 8 July, the other on 21 July. The post has again been trawled internally with a closing date of 5th August, and with a view to making a full-time standard appointment.

The issue here is not whether or not someone was actually in post; the issue is whether or not the SAC policy was to fill that post. As I indicated to your Committee, that decision had already been taken prior to our presenting evidence on 25 June.

Your second query relates to the requirement for organic research and demonstration facilities in Scotland. I stated in my evidence that my understanding was that both SOPA and the Soil Association would prefer to see SAC's main resource located in central Scotland, rather than in the North East. As outlined in my Chairman's letter to you of 30 July, our understanding of SOPA's and the Soil Association's position resulted from discussions which took place as part of the proposals to form Organic Scotland, some two years ago. In the interim, neither organisation indicated to us that their preference with regard to a siting for new facilities had changed. Indeed, since those discussions, both organisations have now established offices in Edinburgh.

Discussions with the Soil Association and SOPA subsequent to 25 June have confirmed that both support our view of the importance of a dispersed structure of supervised organic demonstration farms across Scotland. That structure is already largely in place. I do not believe, therefore, that there is any variance between their position on organic resources and the position held by the SAC

Board. I enclose a statement from SAC to further clarify these issues. This statement has been drafted with the input of SOPA.

You can rest assured that, whatever the eventual outcome of SAC's strategic review in relation to its campus structure, SAC will maintain organic research resources which will properly support the needs of Scottish agriculture.

I trust that the above comments clarify for you the statements which I made at the presentation to your Committee on 25 June. I would like to reiterate that, at all times, SAC's Board and management, supported by evidence provided by Deloitte & Touche, have made every effort to provide factual and evidence-based arguments to support our overall strategy for restructuring SAC's business to best meet the future needs of Scotland's rural areas. Our critics will of course continue to dissect the minutiae of the arguments, but none of them have yet put forward coherent proposals for the strategic development of the business that are needed to sustain its future. I would therefore urge you, and your Committee, to concentrate on the strategic issues of importance in this decision-making process.

I would be pleased for you to share this letter with your Committee members and other interested MSPs.

Yours sincerely

Professor W A C McKelvey
Chief Executive and Principal

Enc. Statement on Organic Agriculture

SAC AND ITS INVOLVEMENT IN ORGANIC AGRICULTURE

Over its history SAC has had several phases of involvement in organic agriculture. The most recent began in the 1980's with a series of trials at Craibstone, followed by participation in the Organic Farming Centre at Jamesfield near Perth and the establishment of field trial sites at Aldroughty near Elgin and Tulloch (Craibstone) in the late 1980's. They became the field base for the Sustainable Farming Systems Initiative, SAC's joint venture with the University of Edinburgh, opened by the Prince of Wales in 1993.

During this period SAC attempted also to develop partnerships with organic producers and producer organisations. These culminated in discussions with the Soil Association and the Scottish Organic Producers Association, which took place in 2000 and 2001, as part of the 'Organic Scotland' initiative. The aims of these discussions were to develop a single integrated support system of demonstrations, advice, training and R&D which would provide for the needs of those concerned with Organic Farming in Scotland. There was general agreement in these discussions that physical proximity would benefit the delivery and integration of the services to be provided by SAC and the two producer organisations.

In the late 1990s SAC had identified that its R&D facilities available at Aldroughty were not meeting its needs and that their location precluded their being used easily by the organic industry. Following a decision to release the Aldroughty facility a search was begun for alternative accommodation, initially focused on the Old Meldrum area of Aberdeenshire. Following the 'Organic Scotland' discussions, and so as to aid liaison with the above producer organisations, SAC moved its search for a new organic research site to the South or the Centre of Scotland. This was not intended as an alternative to R&D facilities in Aberdeen which it was intended to continue.

These plans for a new R&D site, which were already in progress, were incorporated into the D&T Phase II plans for the development of SAC. They allow organic R&D and Consultancy to benefit from the creation of a national agricultural R&D base in Edinburgh. Since the end of the 'Organic Scotland' discussions SOPA have moved to Ingliston (Edinburgh) while the Soil Association have established their Scottish base close to Kings Buildings, Edinburgh. This will aid communication with the potential South Scotland base for SAC identified in D&T Phase II.

SAC remains committed to the development of the organic sector in Scotland and to working in partnerships with producer organisations and others. In May of this year it partnered the Soil Association in running, in central Scotland, a joint event, "Agriculture : the Primary Health Service". It anticipates having a significant role in the Soil Association's next winter meeting due to be held in Edinburgh in January 2004. It is currently beginning discussions with SOPA to identify other avenues of co-operation. SAC believes that the organic sector, in common with the rest of agriculture, requires a strong and appropriate R&D base, facilities for the demonstration of good practice, the provision of advice to practitioners and the availability of training for current producers and education for potential new entrants. At the present time SAC provides all of the above.

The D&T plan for the future of SAC will facilitate this occurring in the future.

ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

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1 July 2003

Dear Ross

As you may be aware, the Committee recently held an evidence session on the future of the Scottish Agricultural College (SAC). At this meeting, the Committee heard from representatives of the SAC Board and the consultants employed by them, along with staff, students and representatives of the wider communities affected by the current rationalisation proposals.

I have written to the Chief Executive of the SAC following this meeting, and I enclose a copy of this letter for your information. As you can see, the Committee accepts that the status quo is not sustainable, and that action needs to be taken to secure the future viability of the College. However, the Committee expressed a number of concerns regarding the consultation process undertaken by the SAC, the predictions for future student numbers, and the means by which SAC might deliver its services in future. The Committee was also concerned at the reduced time horizon for forward planning given the move to a two year funding process. Naturally the Committee would welcome any comments you may wish to offer on these matters.

The Committee was struck by the unique position of the SAC, which is the only body not funded through the funding councils. The Committee notes that this position, along with the funding differential, may well have caused tensions in the past, but that, in the view of the SAC, a level playing field may provide new opportunities for partnership with other educational providers.

The Committee has encouraged the SAC to vigorously pursue these partnership opportunities. Such a partnership approach has the potential to widen the access of students to agricultural learning, as well as allowing for a wider range of courses to be offered. The Committee believes that this will enable students to gain wider environmental land management skills, as well as core agri-business skills. These skills are likely to be increasingly important following the CAP Mid Term Review and the enactment of the Land Reform Act.

However, the Committee also has more fundamental questions regarding whether a private company is the best vehicle for delivering publicly funded educational services. While noting that this is simply the structure arising from the merger of the three previous colleges in the 1990's, the Committee believes that there is a need to consider whether, in terms of education and research, money could be better spent within another model.

As set out in the letter to the SAC, the Committee was also concerned to note the difficulty in obtaining firm figures on the costs of educating students at the SAC. This information would be of assistance in benchmarking the costs of SAC services, particularly as funding levels are now reducing to a level similar to that of other education institutions. While appreciating the benefits of the SAC's close working relationship with SEERAD, the Committee is of the view that a closer working relationship with SHEFC would be beneficial. The Committee would be grateful if you could take steps to ensure closer relations between the SHEFC and the relevant SEERAD officials.

The Committee is aware that following the debate on the SAC's proposals, you wrote to the SAC, requesting that they give further consideration to the wider impacts of the proposals on local communities. While the Committee has not seen this correspondence, I note that Deloitte and Touche are currently engaged in a Phase 3 study, considering additional retention of specific educational and research provisions at Craibstone and Auchincruive. I understand that the results of this study will be put to Scottish Ministers in mid-July.

In assessing these proposals, the Committee would urge you to consider the available evidence of the socio-economic impact of this rationalisation exercise on the associated communities in Ayrshire and Aberdeenshire. While noting that the retention of 'significant residual activities' in these regions may assist in reducing the impact, the Committee believes that any decision on the future of the SAC must take the wider socio-economic implications into account. This is particularly important given the level of funding which the SAC receives from the Scottish Executive.

As noted in the letter to the SAC, the Committee welcomes the commitments made by the SAC to retain frontline advisory and veterinary services in the regions, along with a number of research services. Members believe that these services play a key role in the agricultural sector right across Scotland.

I should be grateful if you could keep me informed of future progress on these proposals, and let me know the timeframe for making decisions on the rationalisation proposals once the Phase 3 study result have been submitted to you.

Yours sincerely

Sarah Boyack MSP, Convener



SCOTTISH EXECUTIVE

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Our ref: URL 001/008/003

9 August 2003

RECEIVED
13 AUG 2003
SARAH BOYACK

Dear Sarah,

I refer to your letter of 7 July 2003 about the Scottish Agricultural College's Strategic Review. I welcome that the Committee has taken evidence on this topic and let me have its views. I have also noted the content of the Committee's letter to Professor McKelvey who has provided me with a copy of his reply.

In your letter the Committee makes a number of points which I will certainly wish to take into account in my further consideration of SAC's proposals. On the specific question of comparisons with the funding of other education providers by the Scottish Higher Education Funding Council, I can assure you that my officials are working closely with the Scottish Funding Councils on a range of issues. These include the benchmarking of SEERAD's funding of SAC with SHEFC funding levels. As you are aware my intention is to bring the current high level of SAC's funding into line with that of other providers.

Your letter also asks that I should keep you informed of future progress on these proposals and let you know the time-frame for making decisions once SAC had submitted further information to me.

RF

As the Committee knows, I conveyed a number of concerns to the College about its proposals to consolidate its main education and research facilities in the Edinburgh area and asked it submit revised proposals. The current position is that the College has recently submitted its response to my concerns which is now receiving consideration together with representations Ministers have received about the College's proposals. I expect to form a view on the College's proposals in the near future.

I hope this is helpful.

Yours ever
Rm






ROSS FINNIE

Extracts from "A partnership for a better Scotland"

ENTERPRISE

We will work towards our target for 40% of Scottish electricity generation to be from renewable sources by 2020 as part of our commitment to addressing climate change. We will work with business to develop and implement a green jobs strategy.

Promoting sustainable growth

-  We will work towards our target for 40% of Scottish electricity generation to be from renewable energy sources by 2020. We will support the development of wave, tidal and solar energy and support the development of technologies to promote the greater use of fuel from wood and other energy crops. We will press the UK Government and electricity companies to strengthen the electricity grid. We will encourage participation in renewable energy projects by communities and local authorities.
-  We will create significant opportunities for new products manufactured from waste by tasking Scottish Enterprise to assist the development of such facilities.
-  We will assess economic development policies against their impact on targets set through the Scottish Executive's sustainable development indicators.
-  We will return vacant and derelict land to productive use, opening up opportunities for businesses and communities.
-  We will not support the further development of nuclear power stations while waste management issues remain unresolved. Where decommissioning of nuclear power stations occurs, we will aim to use and develop best practice in decommissioning and high energy technologies.

Sharing the benefits of economic growth

- We will pilot a scheme in Scotland's rural communities to allow public sector workers to test out good business ideas while retaining security of employment.


TRANSPORT

We will improve access for our rural communities by:

- Expanding the Rural Transport Initiative and developing its qualifying criteria innovatively to meet further identified needs
- Working to reduce the cost of lifeline air links within, to and from the Highlands and Islands by suitable use of Public Service Obligations to improve services, increase frequency and reduce the cost to individuals, businesses and public agencies. We will fully evaluate the current HITRANS proposals for a Highlands and Islands air network


- Ensuring sufficient resources are available for the non-trunk road network, particularly recognising the needs of pressured rural roads affected by timber production and other primary industries

We will protect the environment and improve safety by:



-  Taking more action to get freight off our roads, by using Freight Facilities Grant to encourage freight carrying by rail and water

Supporting activity

Improving infrastructure

-  We will learn from experience overseas with a view to setting a minimum standard for the planting of trees to act as carbon sinks beside new road developments.

Protecting the environment and improve safety

-  We will ensure that car fumes are reduced by supporting the use of emission reducing equipment.
-  We will reduce light pollution and save energy by specifying appropriate lighting standards.

RURAL

Introduction



We are committed to maintaining strong, prosperous and growing communities in rural Scotland.


We will work to ensure that the rural economy continues to provide jobs and opportunities for all. We will secure a sustainable future for our rural industries.

We will champion Scotland's interests by continuing to participate fully in EU business, including policy development on the future of agriculture and fisheries, working at all levels of government to secure sustainable and properly funded reforms.

High level commitments

We will ensure that rural and remote communities have their distinct needs reflected across the range of government policy and initiatives.


-  We will support the more rapid development of environmentally sustainable farming that provides consumers with quality products.
-  We will implement Land Management Contracts to deliver reformed Common Agricultural Policy (CAP) support which takes account of the diversity of Scottish agriculture and its economic, social and environmental impact.

-  We will implement the Organic Action Plan to develop the infrastructure needed to increase Scotland's share of the organic food market and increase the proportion of organic food available in Scotland. We will increase the finance available for farmers wishing to convert to organic farming.



We will continue to work to protect the interests of our fishing industry.

- We will implement the reformed Common Fisheries Policy (CFP) founded on relative stability, maintenance of 6 and 12 mile limits, the Hague Preference and the Shetland Box and promote conservation measures based on sound, independent science and the involvement of industry stakeholders through CFP regional advisory councils. We will work at UK level to secure a sustainable future for the industry.
- We will support the growth of an aquaculture industry in salmon, other fin-fish and shellfish that is sustainable, diverse and competitive. We will reduce the number of bodies involved in regulating and controlling the aquaculture industry.
- We are committed to sustainable local management and control of the fishing resource in inshore waters. We will set in place an urgent review of the management of all fisheries within the 12-mile coastal zone with a view to delegating responsibility to local stakeholders, if necessary through reform of the Inshore Fisheries Act and other regulatory measures for inshore fisheries.

We will support Scotland's food and drinks industry to build on its reputation for high quality and its strong export record.

-  We will work with the industry to ensure that more Scottish produce is processed in Scotland.
- We will continue to take every opportunity to expand the export potential of Scottish produce through the marketing opportunities of 'Scotland the Brand'.





We will support the development of environmentally sustainable and competitive forestry.

-  We will seek to increase forestry and primary wood processing production over the next 15 years.
-  We will promote diversification in the use of forests and of timber; a greater use of native species; and continue to encourage the use of forest products in buildings.



Supporting activity

Supporting rural Scotland

- We will provide practical support for innovation and enterprise in our rural communities. We will promote better collaboration between agencies with expertise in rural development, including the Scottish Agricultural College and the Enterprise Networks, and examine the longer term case for the establishment of a Rural Development Institute combining their functions and responsibilities.
- We will encourage local authorities to protect and develop rural services by utilising their community planning powers.

- We will ensure that rural Community Planning Partnerships work with and report to their local communities. We will encourage them to work together to develop best practice and share ideas on rural development.
- We will continue to develop, and keep under review, a scheme to assist users of water supplies not connected to the public system to bring those supplies up to modern standards and to ensure that rural consumers are not disadvantaged.
-  We will implement the Water Environment and Water Services Act to ensure the sustainable management and integration of all policies affecting Scotland's water environment, including aquaculture, planning, land management, flood prevention and environmental policies.
-  We will consult on the best strategy for protecting and enhancing all of Scotland's coastline, building on existing policies and including the options of establishing a national coastline park and marine national parks, and consideration of current management and rental arrangements for the sea-bed.
-  We will develop the core path network to promote and provide access to the countryside and mountain areas throughout Scotland.
-  We will maintain our protection for the rare bird species found in Scotland through our moorland management schemes.




Supporting agriculture

-  We will seek reform of the Common Agricultural Policy to secure improvements for Scotland and to shift subsidies away from merely supporting production to those that recognise the economic, social and environmental contribution agriculture makes to rural development.
-  We will encourage more sustainable agricultural activity on 13,500 farm businesses in Scotland's remote hills.
- We will implement a Crofting Reform Bill, while supporting the retention of a grant scheme for crofting counties.
- We will rigorously apply the precautionary principle in our approach to the planting of GM crops. We will assess the results of the GM farm scale trials ensuring that there are opportunities for peer review and assessment by others including environmental organisations. Until this process is concluded, we will not permit further GM trials or commercial growing of GM crops.
- We will introduce a Protection of Animals Bill.
- We will retain the current practice of widely dispersing Government Veterinary Centres and improve animal health and surveillance services.

Supporting the fishing industry and aquaculture

- We will continue to promote access for anglers to watercourses and the removal of prohibitive restrictions; promote the local management of watercourses and a proper balance between exploitation and conservation of freshwater species; and seek enhanced access whenever public investment improves fisheries.
- We will legislate to permit enforcement of regulating orders within the range of activities of the SFPA.
- We will continue to support research into fisheries including the development of centres of excellence and innovation.




Supporting the food industry



- We will continue to support the enforcement of food safety standards and high quality in the food chain through improved farm standards, rigorous monitoring of food quality control regimes and more effective restaurant and food premises inspection. We will ensure that the Animal Waste Directive is effectively implemented.
-  We will encourage localised food distribution systems involving more local processing of produce.
-  We will support local marketing schemes, with clear accreditation and labelling of local produce to increase consumers' power to identify and choose Scottish produce. We will work with supermarkets and farming representatives to encourage greater sourcing and clear labelling of local food items and food produced by organic and sustainable farming methods such as LEAF (Linking Environment and Farming).
-  We will support regional marketing co-operatives where this is necessary to enhance the marketing strength of food producers.

EDUCATION

-  We will develop curriculum materials to promote environmental awareness.

JUSTICE

- We will take strong action to reduce environmental crime through:
 -  increased training and support for prosecutors and police in dealing with environmental and wildlife crime
 -  consulting on access to courts for NGOs on environmental matters under the Aarhus convention
 -  legislation on nature conservation

-  strengthening the enforcement of environmental law including consideration of the establishment of environmental courts and other options for improving prosecution and dispute resolution.
-  We will complete the introduction of environmental information regulations to improve public access to environmental information.




SOCIAL JUSTICE

High level commitments




We will regenerate communities and secure a decent environment through reforming our planning laws.


Supporting activity

Improving quality of life

- We will pilot an extension of the Land Fund to include communities not currently covered to assist the purchase of land for community activity.
-  We will set targets for local authorities to recycle 25% of waste by 2006 and 55% by 2020 through increasing use of doorstep collection and through provision of recycling facilities in every community.
-  We will require the production of a pollution inventory for every community, accessible through the Internet.
-  As part of our commitment to sustainable economic growth, we will require public bodies to conduct waste minimisation audits to reduce the amount of waste produced.

Enhancing the environment and reforming planning


-  We will increase protection for communities affected by flooding through investment in flood alleviation measures and flood defences. We will support planning controls on building on flood plains.
-  We will strengthen building standards to ensure that energy conservation levels improve to high and effective levels and consult on ways to ensure that new homes and public buildings increasingly incorporate solar power or other renewable energy sources.
-  We will reform planning guidelines to ensure that new housing includes provision for separating waste, and space for kerbside collection of recyclable material.

-  We will encourage awareness of the benefits of grey water schemes in new developments.


GOVERNANCE


Scotland's place in Europe and the wider world


- We will continue to champion Scotland's interests in appropriate EU Council meetings and inside the UK and will work with Scotland's MEPs to help promote a united voice in the European Parliament.
- We will assist the Scottish Parliament in its role in scrutinising European legislation.
- We will promote the need for an effective regional policy in Europe.

-  We will build on our participation at the Earth Summit held in Johannesburg by working with the UK Government, where appropriate, to meet our commitments to tackle climate change, and promote renewable energy and other aspects of sustainability.

Environment in the public sector

-  We will take measures to reduce energy use, including the increased use of solar power and the introduction of energy conservation measures, throughout the public sector.
- We will retain Scottish Water in public ownership and will support it with the resources necessary to invest in our public water and sewerage services so that they meet health standards.

-  We will legislate to introduce strategic environmental assessment to ensure that the full environmental impacts of all new strategies, programmes and plans developed by the public sector are properly considered.

-  We will use the public purchasing rules to enhance the status of recycled goods and those capable of reuse.

INZI



SCOTTISH EXECUTIVE

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Our ref: jh-ltrerdic

3 July 2003


Dear Sarah

Reform of the Common Agricultural Policy (CAP)

A major reform of the CAP was agreed on 26 June at the Agriculture Council in Luxembourg. The key outcomes from this were reported to Parliament the same day (S2W-01179). We have prepared a summary of the main elements of the reform package and a copy is enclosed for your information.

The agreement provides Member States and regions with flexibility in some aspects of decoupling and a number of options. Consultation of a wide range of interests will be undertaken this summer, seeking views on the various options.

Copies of this letter and the enclosed summary go to the European and External Relations Committee.

Yours are 

ROSS FINNIE

THE CAP REFORM AGREEMENT

A major reform of the Common Agricultural Policy (CAP) was agreed on 26 June 2003. This will provide a more sustainable basis for European agriculture and reflects wider environmental and rural development objectives. It should strengthen the EU's negotiating hand at the WTO talks in September and pave the way for the 10 Accession countries joining the CAP next year.

The final agreement provides flexibility for Member States, and regions, on a number of key issues. These mainly relate to: partial decoupling options and national envelopes; regional implementation; transitional arrangements on modulation; and the addition of new rural development measures. The Executive will be working closely with all interest groups to examine the available options, and the overall package, to shape the reforms in a way which provides the best outcome for Scotland.

This note describes the main elements of the reform and includes the following sections:

- decoupling, including regional implementation;
- the single farm payment;
- cross compliance;
- farm advisory service;
- set-aside and land use;
- modulation;
- financial discipline;
- commodity regimes (dairy and cereals);
- the Rural Development Regulation.

Decoupling

Decoupling means providing support to farmers in a way which is not linked to what they produce. All Member States can fully decouple and this would mean all the main subsidy schemes at present will be replaced by a new Single Farm Payment. This new payment will be introduced from January 2005, but Member States may, if they wish, delay this until 2007 under certain conditions.

Decoupling will allow farmers to respond to market signals and consumer requirements and will reduce bureaucracy and red tape. Payments will be subject to cross compliance conditions related to environmental protection and public and animal health and welfare. Member States and regions can choose fully to decouple from the outset, and this includes the dairy sector.

Member States who so choose may, at national or regional level, maintain the link to production for:

- up to 25% of arable payments;
- up to 50% of sheep and goat premia, including the supplementary premium in less favoured areas;
- for beef
 - up to 100% of the Slaughter Premium Scheme; or
 - up to 100% of the Suckler Cow Premium Scheme plus up to 40% of the Slaughter Premium Scheme; or
 - up to 75% of the Beef Special Premium Scheme.

There is also an option to retain 10% of payments to establish a National Envelope to assist transition or to encourage specific types of farming which are important for the protection or enhancement of the environment and of improving the quality and marketing of agricultural products. The 10% limit counts towards the other limits mentioned above.

Member States may adopt a different approach to the normal single farm payment by opting for regional implementation. There is a broad spectrum of options to re-distribute direct payments at regional level, including a uniform payment entitlement for all eligible land, and different per unit values for grassland and arable land. The regional implementation option does not require these options to be taken up.

The single farm payment

The new Single Farm Payment will be based on the average of direct payment receipts under the main subsidy schemes during the reference period 2000-2002. This payment will be broken down into entitlements by dividing it by the number of hectares which gave rise to the reference amount. It will replace payments under the existing schemes - subject to take up of the production-linked payments noted above.

There is special provision to help farmers who took up occupation of land during this period or up to 31 May 2003, along with other transitional issues. A national reserve of single payment entitlements will operate under rules (to be set later by a new Commission Management Committee). The national reserve will be generated by a levy of up to 3% of entitlements in the first year and certain other sources.

Payments will be based on land use, and a farmer would have to link entitlements to the same number of eligible hectares, but not necessarily the same actual hectares from the reference period. Payment entitlements may be transferred by sale, with or without land, but can only be leased with land.

Farmers who have no land, eg intensive beef feed lots, are covered by special rules. These will mostly be in other Member States.

Cross compliance

Cross compliance is the principle that farmers should have to adhere to certain standards or face a penalty of partial or complete withholding of the single payment. There are two aspects to cross compliance. The first of these is compliance with a range of European regulatory requirements covering the environment, food safety, animal and plant health, and animal welfare. The second is compliance with a requirement to maintain the land in good agricultural and environmental condition, which will be defined at the national or regional level. This is intended to ensure that the decoupling of subsidy from production does not simply lead to the abandonment of land, and to ensure that agricultural activities continue in a way which maintains their contribution to environmental sustainability.

A sample of farms will be inspected each year on a systematic basis to ensure that standards are met.

Farm advisory services

By 2007 Member States must set up a farm advisory service that will be available to farmers to help them meet their cross-compliance obligations. Member States will have some flexibility to implement this in line with any similar schemes they already have. The farm advisory service will be subject to an EU-wide review in 2010 with a view to deciding whether participation should be compulsory for certain categories of farmers.

Land use and set-aside

Land covered by the single payment must be farmed in accordance with the cross compliance rules and must not be used for permanent crops, except for energy crops (short rotation coppice), nor for growing fresh fruit and vegetables, including potatoes.

The set-aside obligation is maintained. It will be based on the amount of land a farmer had in compulsory set-aside during the reference period (2000-2002). This land is covered by the same payment system, but subsidy is only paid if the land is kept in set-aside, although rotation is allowed and non-food crops can be grown.

The rules for set-aside have been relaxed to provide more flexibility in ways which help to deliver environmental objectives (eg in relation to strip widths for conservation headlands - the strips of uncultivated land around the edges of a field).

Energy crops

An aid of €45 per hectare for land used to produce energy crops has been agreed (this will not apply on set-aside land, though certain energy crops - short rotation coppice - on set-aside land will be eligible for set-aside payment). Energy crops include crops for the production of biofuels and electrical and thermal energy from biomass. A maximum guaranteed area of 1.5m hectares is fixed for the EU and aid will be reduced if production

exceeds that area. By December 2006 the Commission will report on the implementation of the scheme, taking into account progress with the EU biofuels initiative.

Modulation

The agreement aims to strengthen EU rural development policy through modulation arrangements. This involves the reduction of direct payments and the transfer of the money to Rural Development expenditure (Pillar 2). Modulation will start in 2005, one year earlier than originally proposed, and at a higher rate for the earlier years. The new rates are 3% in 2005, 4% in 2006 and 5% from 2007 onwards. The first €5,000 of direct payments for each farmer will be returned to the farmer (so, in effect, no cut is applied to that element of the payment).

The first 1% of the modulation rate will be used to fund rural development spending in the Member State where the money was raised. The remainder of the modulation monies raised will be redistributed on the basis of criteria related to the relative shares of agricultural land, agricultural employment, and GDP per capita, with the proviso that a Member State will receive at least 80% of the total money raised in that Member State. This is an improvement on the original proposal, which envisaged all of the money being allocated on the basis of the Commission's criteria. It means that more of the money raised in Scotland is spent in Scotland.

As part of the overall package we will be able to apply an additional level of national modulation, the proceeds of which we can retain to assist with the transition to the new arrangements.

Financial discipline

A new financial discipline mechanism (previously referred to as degressivity) has been agreed to ensure CAP expenditure does not exceed agreed limits. The arrangements will be introduced from 2007 and only when the Commission judges that expenditure on CAP (budget category 1A) is within €300 million of the budget ceiling. It will involve reducing direct payments by a fixed percentage in all Member States.

Commodity regimes

The main changes for dairy (apart from the decoupling option referred to above) and cereals are outlined here, although it should be noted that changes have also been made in other sectors (eg rice, durum wheat, protein crops).

Dairy. The support price cuts now agreed have been eased back from those proposed in January 2003. The intervention price for butter will be reduced by 25% (compared with 35%) over 4 years, while for skimmed milk powder the price cut will be 15% (compared to 17.5%) over 3 years. These cuts will be compensated for through an increase in the single payment over a 3 year period. The level of compensation will be paid at a slightly higher rate than in the January

proposals. The proposed additional two 1% quota increases have been dropped pending further review and the milk target price has been abolished. The general quota increases agreed in Agenda 2000 have been delayed for a year and will now take place from 2006 onwards.

Cereals. The final agreement removes the proposed 5% cut in the cereals intervention price but halves the monthly increments. Intervention for rye is abolished. Set-aside continues, but with much greater flexibility which will help maximise the environmental benefits (rotational options, non-food/energy crop use, narrower strip widths).

The Rural Development Regulation

Changes on rural development were mainly to add new options for spending – to provide support to producers to improve the quality of agricultural products, to meet demanding new legislative standards - and to give greater visibility to animal welfare issues. These additional measures are optional on Member States.

One significant change is an increase in the percentage level of EU co-financing up to a maximum of 85% in Objective 1 areas and 60% in other areas as alternative to the fixed rates of 75% and 50% respectively.

SEERAD
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