The Committee will meet at 10 am in Committee Room 4.

1. **Item in Private**: The Committee will consider whether to take Item 5 in private.

2. **Inquiry into Changing Employment Patterns in Rural Scotland**: The Committee will hear evidence from Mr Allan Watt and Councillor Andrew Campbell of COSLA.

3. **Petitions**: The Committee will consider Petition PE 51 from Friends of the Earth and Petition PE 138 from Mr Andrew Stuart Wood.

   The Committee will also consider PE 113 and the basis for a possible debate in the Parliament on this petition.

4. **Subordinate Legislation**: The Committee will consider the Scotland Act 1998 (Cross Border Public Authorities) (British Wool Marketing Board) Order 2000 (SI 2000/1113) and an explanatory note from the Scottish Executive.

5. **Land Reform**: The Committee will consider a draft paper summarising the outcome of their recent fact finding visit to the Highlands and Aberdeenshire.

   Richard Davies
   Clerk to the Committee

The following papers are relevant to this meeting:

- **Item 1**: Paper from COSLA
- **Item 2**: Petition 51, cover note and briefing (private paper)
  - Petition 138, cover note, PPC briefing and Official Report of 27 March
- **Item 3**: The Scotland Act 1998 (Cross Border Public Authorities) (British Wool Marketing Board) Order 2000 (SI 2000/1113) and an explanatory note from the Scottish Executive
- **Item 4**: Draft paper from SPICE and Clerks to the Committee (private paper)
  - Advice on PE51
1.0 Introduction

1.1 It is clear that the future of Rural Scotland will revolve around the ability to deal with a fundamental shift from an over reliance on agriculture and agricultural policy, towards a wider concept of rural development.

1.2 Whilst UK Governmental responses to the above challenges will clearly be required it will be imperative that there is a particular Scottish response to these rural development issues. Such a response will require to be flexible enough to take account of regional differences within Scotland and, capable of taking a holistic perspective which addresses the inter-related issues of economic development, sustainability, health and social inclusion, housing, transport, consumer and business services, leisure, tourism and recreation. This may prove to be the greatest challenge as the delivery of policy has become increasingly fragmented.

2.0 The Major Challenges Facing Scotland’s Rural Communities

2.1 As a country Scotland has a sparse population – especially within the European context. Average EU population density is 1.1 people per hectare, almost double the Scottish average of 0.65. Whilst population sparsity is an intrinsic characteristic of the rural environment enhancing the appeal to urban dwellers and for some environmental objectives, it can lead to problems for rural communities in terms of accessing services. Such fragile conditions mean that basic services such as post offices, shops and community centres become difficult to access and are often difficult to maintain. These fragile communities are generally reliant on a narrow employment base (principally agriculture) and any decline in the viability of the primary sector will have serious consequences for associated ‘downstream’ service activities. This in turn will threaten the sustainability of such areas and lead to greater population loss thereby further increasing the fragility of local communities.

2.2 Many public service providers especially those dealing with major infrastructure, e.g. railways and health authorities will require a substantial critical mass of demand before it is cost effective for them to provide services. In the face of such cost calculations rural communities can often be quite isolated from access to mainstream public services. The more remote rural areas, such as for example the Western Isles and Argyll & Bute, have experienced population losses over the last ten years. Much of this is the result of underlying economic problems that cause young people to leave rural areas in search of employment and higher education opportunities, with many choosing not to return. Although this has been offset by population gains in other parts of rural Scotland part of this increase can be accounted for by an increase in the number of retired people migrating in to rural areas. The consequences of this are that there will be relatively fewer people in the 18-25 age group but probably more people in the 60+ age groups with implications for the age structure of the population as a whole and associated additional demands on service providers in those areas.
3.0 Employment Impacts

Agriculture

3.1 A principal characteristic of traditional rural areas was that they were dependant on primary production particularly agriculture and fishing. Employment in these sectors has been declining steadily during the past fifty years and this trend looks set to continue. In agriculture the number of farm workers required to operate a farm has declined and part time or seasonal working is now an increasing feature of agricultural employment. The agriculture industry, however is more than just a means of producing food, it is bound up in the environment, culture and way of life in rural communities which can impact upon a range of downstream activities. The future viability of rural communities is highly dependent upon the extent to which the industry is integrated within the wider rural economy.

3.2 Agriculture is sustained in much of rural Scotland by a framework of subsidy that the EU is unlikely to sustain at current levels in the medium to long term. In particular there is already strong pressure to change the market regulation mechanisms under CAP to create wider environmental benefits in addition to curbing over-production and expenditure.

3.3 Sustainable land use in environmental, social and economic terms must be the cornerstone of any future way forward for agriculture. In this respect the EU must give its fullest consideration to the need to promote the principle of cross-compliance and link price support, direct payments and investment aids with the production of environmental benefits.

3.4 Whilst farm diversification can offer some scope for broadening the rural economic base, it is likely that those farmers that are most successful will be those with viable farm businesses, with access to capital, good business management skills etc.

3.5 However, it is the wider diversification of the rural economy to become sustainable, which requires the greatest emphasis of support. Particular attention must be given to integrating agriculture with the wider rural economy in view of its wider impact on food supply, processing sectors and on tourism. The continuing reduction in employment levels in agriculture in Scotland reinforces the need to encourage growth in theses related sectors, as well as the wider rural economy.

Fishing

3.6 Like agriculture, Scotland’s fishing industry is subject to structural change. It is important that a balance is struck between direct assistance to the fishing industry (to manage the change which it faces as it adapts to a sustainable level) and the diversification of fishing based economies, through business development, the promotion of tourism etc. It is felt that those two objectives could be mutually beneficial – for example, over-production in the fishing industry could be reconciled through small scale, village based fishing, in areas such as the East Neuk of Fife, which can also offer tourism potential.

3.7 A range of diversification measures are required to enable fishing based economies to become more robust. These include fishing based diversification measures to promote local added value for example, through local landing, processing etc. COSLA would suggest that possible policy responses would include the need to provide direct resources to the fishing industry to help it restructure to a sustainable level; promote environmentally sensitive
measures to conserve fish stocks; and the promotion of measures to diversify fishing dependent economies.

3.8 It is clear from the above that a large number of issues surround the management and conservation of marine environments around Scotland before the goal of sustainable development can be achieved. This is important because the marine environment, properly managed is one of the greatest resources for island and coastal communities.

3.9 Fishing, shellfishing and aquaculture, including both fin fish and shellfish, produce high value products that could become a continuing source of employment for local communities. The growth in employment in aquaculture industry, including graduate calibre jobs, indicates the potential that the industry has to support some of the most remote communities in Scotland. At the same time the continuing difficulties with fish diseases and the environmental impact of fish farming point to the need to improve our understanding and better management in the industry.

**Forestry**

3.10 Approximately half of all wood production in Great Britain originates in Scotland and the vast majority of this output (over 95%) is softwood, from conifer species. Whilst forestry increasingly covers more of rural Scotland it employs fewer people in the countryside than a decade ago. Timber harvesting and extraction is now largely mechanised and the main centres of processing are often well away from the areas of production – it appears that the growth in forest related employment is now non-rural based. Timber and paper production is carried out in larger units competing against low cost foreign imports. The local implications of this are that while vast areas of rural Scotland are major centres of production, relatively little processing takes place within them and consequently the employment benefits are often lost to much of rural Scotland.

3.11 This is disappointing since forestry and the management of woodlands offer a range of appropriate opportunities for rural development, including on-farm diversification; added value processing; resources for recreation and tourism; and energy production. Policy issues to be addressed include the need to develop initiatives to maximise local economic benefits, such as training and support schemes for forestry contractors; and the resource implications for local authorities of forestry road infrastructure and the development and maintenance of public access woodlands.

**Tourism**

3.12 Scottish tourism now competes in one of the most open of global markets. The industry remains one of the biggest in Scotland and is characterised by a large number of small businesses widely distributed across rural Scotland. The quality of the product that draws tourists to Scotland is mixed. While the landscapes, seascapes and opportunities for outdoor recreation can compete internationally, it is widely recognised that the quality and cost of services often leaves much to be desired. It will therefore be important to build on both the natural and competitive advantages of rural areas whilst ensuring that an expanding tourism industry helps sustain the environment and maintain indigenous culture. The role of Scotland’s cities as a gateway to rural Scotland must also be acknowledged.
4.0 Telematics

4.1 Telematics is likely to have a profound effect on the rural economy. Initial advances, such as the introduction of ISDN needs to be capitalised upon and future investment is required. Amongst the telematics issues most greatly impacting on rural areas are: transport substitution (with a corresponding impact on settlement patterns and development pressures); employment development (and its quality – with the possible division between higher order and lower order functions); service delivery and remote access/participation; and a possible division between the information rich and the information poor.

4.2 Policy responses supporting information and multi-media technology as part of rural development must recognise and account for both the advantages and disadvantages of telematics and the requirement for dedicated resources. In particular emphasis should be placed on telematics as a medium for the integration of rural development measures, including economic development, service delivery, and community development. The planned introduction of new telematics measures must be appropriate to local needs-economic and social- and that local people themselves have the capacity to utilise it.

5.0 Centralisation of Services

5.1 In order to maintain and enhance the viability of rural communities there must be a minimum level of service provision, and it must be recognised that there will be a cumulative impact on the decline of an area if these services are closed or withdrawn. A number of studies have revealed a marked reduction in the local availability of services in rural Scotland since the early 1980’s.

5.2 Consumer services such as small shops, rural petrol stations and garages, rural banks and pubs have closed because a significantly greater population threshold is required to maintain their viability. As part of the same trend public services continue to centralise in response to public expenditure constraints. Should these processes of centralisation continue then this will have the sharpest impact on those distant from access to the larger towns.

5.3 Whilst the retention of the Royal Mail and Post Office Counters Limited in the public sector has done much to lessen the concerns of the rural population. There remains much concern that the financial return to rural sub post officers is not sufficient to support this essential local service with its crucial social role. The recently announced Postal Services Bill may apply additional pressure on the viability of those sub post offices with a potential loss of up to 40% of business as a result of the direct payment of benefit payments in to bank accounts rather than being cashed at post offices.

5.4 There has also been a tendency for doctors to close out based surgeries due to the need to reduce costs and the need for practices to amalgamate so that cover can be provided for emergencies. Rural Schools have also suffered from the process of centralisation and as a result of value for money considerations. In terms of service provision by the former public utilities – gas, electricity and telephone-substantial costs are often made to rural residents for the provision of basic services.

5.5 In addition what is often overlooked is the direct role of public services in rural Scotland in supporting and creating viable communities through the number of public service employees in those areas. The fundamental problem in delivering services in rural areas is the high unit cost incurred largely because of the dispersed population. One way to overcome such problems is by integration of service delivery. It is interesting to note that
the Scottish Executive in inviting submissions from councils to inform their review of Local Government Finance specifically asked councils to “comment on the impact of deprivation and poverty on the need for and cost of local authority services and the account taken of these effects within the grant distribution system”. Of real interest to rural councils will be the way in which the review takes cognisance of: a) the impact of low-incomes in rural areas on access to services, b) the increased cost of living in rural areas associated with accessing services, and c) the increased cost of delivering services to rural populations.

6.0 The Challenge of Integrating Rural Policy and Actions

6.1 The changes outlined above are not necessarily negative but they do imply a period of continuing change. The challenge will be to ensure that rural communities benefit and flourish during the rapid changes now taking place and that policy responses to those challenges and changes are more integrated and therefore more effective.

6.2 In 1998 the Scottish Office reflected this viewpoint in their document ‘Towards a Rural Development Strategy for Rural Scotland - The Framework’ by advocating that the most appropriate mechanism for delivering a ‘joined-up’ policy response in rural Scotland would be rural development strategies delivered by strategic partnerships at local authority level.

6.3 In recognising the need for such a strategic framework the Scottish Executive, local authorities and their key partner organisations are increasingly focussing their attention on developing Community Planning as a means of providing an integrated policy framework for joint action at local authority-wide level throughout both urban and rural Scotland (with several Community Plans currently exploring the potential of developing a rural strategy to highlight the particular rural issues within the overall framework of a Community Plan).

COSLA believes that Community Planning provides a vehicle which has the potential to:-
- overcome the increasingly fragmented landscape of public policy and service provision;
- establish a joint vision shared by partner organisations; and
- streamline, integrate and improve partnership working and community consultation and involvement

All of which are clear benefits of the emerging approach to Community Planning.

6.4 The Scottish Social Inclusion Strategy, published in March last year, also recognised the importance of community planning as an effective tool for integrating service delivery actions designed to promote social inclusion and confirms the potential for community planning to deliver “joined-up” action in tackling social and economic exclusion.

6.5 With particular regard to the economic development activity of councils it is clear that Community Planning will increasingly provide a strategic framework for this key activity with the LECs already identified as one of the key partners for Councils in developing Community Plans. Whilst councils are focussed on meeting the particular needs and opportunities that exist locally, This is not being done in a vacuum. It is done in the context of national policy priorities and frameworks and often in partnership with Local Enterprise Companies. The recently announced recommendations of the Enterprise and Lifelong Learning Committee for the establishment of Local Economic Forums further strengthens the partnership approach to the delivery of economic activity. This strategic approach offers the opportunity for a rationalisation of plans and strategies and should enable the key public agencies a framework for jointly focussing on the key rural issues.
6.6 A range of national policy frameworks guides the economic development activity of councils. These include the social inclusion strategy; the economic strategies which the Government charges Scottish Enterprise and Highlands and Islands Enterprise to lead on; European regional development and social fund programmes (structural funds) together with the EU Rural Development Programmes; the national tourism strategy; national transport, housing strategies, planning and resource use strategies; etc.

6.7 A further challenge and potential opportunity for rural Scotland well rest upon its relationship with urban Scotland. The reason for this ‘new’ challenge is that it is becoming increasingly difficult to distinguish between the two or to draw a clear demarcation between rural and urban Scotland. Environmental differences clearly remain: rural Scotland will continue to have a relatively low population density and will continue to be the principal reservoir of biodiversity in Scotland, but it is suggested that economic and social convergence is taking place. Indeed demonstrating for example, the significance of the rural economy of regional economies may engender a healthier symbiosis between the development needs of rural areas and the renewal of urban areas. Some examples of this ‘convergence’ have already been highlighted above but clearly they are worth revisiting and will tend to revolve around:

- a growth in the service industries
- increased migration between urban and rural areas
- the domination in all parts of Scotland of global media and communications

7.0 Concluding Remarks

7.1 In seeking to tackle rural employment issues we would strongly recommend that any policy response takes due cognisance of the potential of Community Planning to enable a more robust, holistic and integrated approach to addressing the challenge of securing a sustainable future for the people of rural Scotland. Without such a framework it is unlikely that the current fragmented approach to rural employment issues will be capable of providing a sustainable future for many of Scotland’s rural communities.
PETITION PE 138: Andrew Stuart Wood

Date Received: 20 March 2000

Date Referred: 27 March 2000

Subject: Scottish Quality Beef Lamb Assurance (SQBLA) powers

1. Petition PE 138 calls for the Scottish Parliament to alter the constitution of the Scottish Quality Beef Lamb Assurance (SQBLA) giving it independence and asking for statutory powers to be granted to SQBLA.

2. A copy of the Petition, Public Petitions Committee - Members Briefing is attached, along with the Official Report of the meeting of the PPC attended by the Petitioner, who made a submission to the PPC.

Options

3. The Committee may wish to consider whether it wishes to request a briefing from the Scottish Executive on this matter.

Tracey Hawe
Assistant Clerk
May 2000
PETITION PE 51: Friends of the Earth Scotland (4500 signatories)

Date Received: 11 January 2000

Date Referred: 21 January 2000

Subject: Release of Genetic Crops into the Environment

1. Petition PE 51 calls for the Scottish Parliament to "(1) exercise its powers not to permit the release of GM crops into the environment by way of trials or commercial planting and, (2) establish a mechanism in Scotland which will address the concerns regarding the impact of such releases on the environment and human health, (by way of an inquiry; an independent Commission or Advisory body)". This note sets out some background material for Members.

2. This petition was considered on 29 February by this Committee, who deferred further consideration pending receipt of legal advice and the debate of the full parliament on this matter. Legal advice is appended to this paper (members only briefing).

3. This Committee is required to pass any comments on this petition back to the Transport and the Environment Committee.
RURAL AFFAIRS COMMITTEE

Scottish Statutory Instrument 2000


General Procedure note

1. The Rural Affairs Committee have been assigned this instrument.

2. This order comes into force on 3 May 2000 and was laid under a "negative procedure" which means that the Parliament has power to annul the order by resolution within 40 days, excluding recess. In the case of this order therefore, the time limit for Parliamentary action expires on 11 June 2000. Any MSP may lodge a motion to propose to the lead committee that the order be annulled.

3. Should an annulment be required, under Rule 10.4, the Rural Affairs Committee would have to debate the issue and then report to the Parliament with its justification. Either way the Rural Affairs Committee is obliged to report to the Parliament with its recommendation. In practical terms this means producing a report by 5 June 2000.

Actions required on 23 May 2000

4. A SERAD Executive Note is attached. Officials have not been requested to speak to this Order.

Tracey Hawe
Rural Affairs Committee
Assistant Clerk
May 2000
EXECUTIVE NOTE


Introduction

1. This Note covers the above Order in Council which is made under section 89 of the Scotland Act 1998. It is intended to clarify a provision which relates to the British Wool Marketing Board contained in Schedule 5 to the Scotland Act 1998 (Cross-Border Public Authorities)(Adaptation of Functions etc.) Order 1999 (S.I. 1999/1747), which was made on 22 June 1999.

Background

2. The British Wool Marketing Board carries out functions in relation to a UK wide Wool Marketing Scheme and, prior to 1 July 1999, UK Ministers, including the Secretary of State for Scotland, exercised various functions in relation to the Board. These functions relate to devolved matters.

3. As such the Board was specified as a cross-border public authority and paragraph 2 of Schedule 5 to S.I. 1999/1747 modified Ministerial functions relating to the Board. In general the role of the Secretary of State for Scotland, whether acting alone or in concert with other Ministers, was taken over by the Scottish Ministers.

4. An exception was made (see paragraph 3 of Schedule 5) for functions of modifying “the principal Order”, that is the British Wool Marketing Scheme (Approval) Order 1950 (S.I. 1950/1326). This order-making function was to be exercised by UK Ministers with the consent of the Scottish Ministers, rather than by the UK Ministers and the Scottish Ministers acting jointly. (This exception, which is also to be found elsewhere in S.I. 1999/1747, was intended to reflect the view that it would not generally be constitutionally proper for UK and Scottish Ministers to act jointly in making orders.)

5. The use of the term “modify” in paragraph 3 was intended to reflect its use in the Scotland Act itself, where it is defined as including amendment and repeal. However the Agricultural Marketing Act 1958 provides for a complex series of procedures for orders relating to the British Wool Marketing Board, including separate powers to make, modify, amend, consolidate and repeal orders. Given the separate uses of the terms “modify” and “amend” in the 1958 Act, there is doubt to which of these powers would be covered by paragraph 3.

Need for the Order

6. Following a review of the British Wool Marketing Board in 1996 it was concluded that the Board should rationalise its structure and organisation and improve its communications with wool producers. These changes will be implemented through an amendment of the 1950 Order by a British Wool Marketing Scheme (Amendment) Order.
this now allows us to finalise the agreement on the budget documents.

Yours sincerely,

JACK McCONNELL
Minister for Finance
At its meeting on 4 July 2000, the Rural Affairs Committee agreed to publish the advice it had received from Parliamentary staff in respect of Petition PE51, submitted by Friends of the Earth (Scotland). This is reproduced below.

Background

1. Petition PE 51 calls for the Scottish Parliament to "(1) exercise its powers not to permit the release of GM crops into the environment by way of trials or commercial planting and, (2) establish a mechanism in Scotland which will address the concerns regarding the impact of such releases on the environment and human health, (by way of an inquiry; an independent Commission or Advisory body)".

2. Members will recall that further discussion on the Petition was deferred pending briefing from Director of the Parliament's Legal Services regarding the *vires* situation of actions proposed by the Petitioners in respect of:-

   (i) cessation of GMOs release via trial plantings,

   (ii) cessation of GMOs release via commercial plantings,

   (iii) establishment of a Commission/Advisory Body.

   This has now been received and is incorporated below.

Overarching Legislative Framework

3. In terms of Directive 90/220 on the deliberate release into the environment of GMOs, Member States must ensure that they take all appropriate measures to avoid adverse effects on human health and on the environment which might arise from the (i) deliberate release of GMOs into the environment (Part A of the Directive) (ii) placing on the market of products containing, or consisting of GMOs (Part B).

4. The Directive follows the principle that preventive action should be taken. To this end it creates a system of notification, assessment and approval within the Member States. The purpose of the procedure is to ensure that an "environmental risk assessment" is carried out before GMOs are released in to the environment or placed on the market.

Cessation of Trial and Commercial Plantings

5. Neither the Parliament nor the Scottish Ministers have the power to ban trials and commercial plantings altogether. The release into the environment of GMOs is a field regulated by Community Law. Community law lays down conditions for the granting of consent for both trial release and commercial planting. The Scottish Ministers and the Scottish Parliament must comply with Community law.
Trial planting

6. The Directive provides that, save in exceptional circumstances, where the requirements laid down in the Directive are observed, consent to the release must be granted. The Scottish Ministers however can and indeed must impose domestic sanctions if the conditions of use are not adhered to.

Commercial planting

7. Once a product has received a written consent, it may be used without further notification throughout the Community provided that the specific conditions of use and the environment and/or geographic areas stipulated in these conditions are strictly adhered to (Article 13 (5)). This free circulation of GMOs products however is not entirely unlimited. Article 16 provides that a Member State may provisionally restrict or prohibit the use/sale of that product on its territory if it had justifiable reasons so to do. The Member State must immediately inform the Commission and the other Members States of its proposed course of action and give reasons for its decision.

8. Therefore, the Scottish Ministers would have the power to prevent the commercial use in Scotland of GMOs, previously and properly certified within the EC, if they had justifiable reasons for considering that such a product constituted a risk to human health or the environment, and provided they notify the Commission and the other Member States.

9. The test of objective justification, is a standard test under Community Law. It is fair to say that it has often proved difficult to satisfy. However, it is arguable that in this field the precautionary principle, and the principle that preventive action should be taken are particularly relevant. In addition, the declared objective of the Directive is to secure a high level of protection of public health. It might therefore make it easier to demonstrate the necessary objectivity in any decision by the Scottish Ministers to exercise the discretion conferred by Article 16.

Petitioners’ requests

10. The Petitioners’ first request is that the Parliament “exercise its powers not to permit the release of GM crops into the environment by way of trials or commercial planting”. As far as commercial plantings are concerned, it is apparent from the above that, subject to the limited discretion allowed to Member States under Article 16 of the Directive, such a provision would be clearly incompatible with Community Law. Equally, where certain specific conditions are observed, Community law authorises trial releases. Accordingly the proposed course of action would be outwith the legislative competence of the Scottish Parliament.

11. The Scottish Parliament could call upon the Scottish Ministers (i) to ensure that, in the case of trial plantings, the conditions laid down in the consent are
strictly observed and/or (ii) in the case of the placing on the market of products containing, or consisting of GMOs, to make full use of its powers under Article 16 of the Directive

12. The Petitioners also request that the Scottish Parliament "establish a mechanism in Scotland which will address the concerns regarding the impact of such releases on the environment and human health, (by way of an inquiry; an independent Commission or Advisory body"). Leaving aside the existing framework of advisory bodies in this area, the power to establish advisory bodies is within devolved competence. The Scottish Ministers could therefore establish an appropriate body if they were so minded. Indeed the Parliament itself could for example establish its own subject Committee or legislate to set up an independent Commission. The Committee has also the power to carry out an inquiry into the subject (mindful of the current GMO Inquiry by the HoC Agriculture Committee). It could also by motion to the Parliament call for the establishment of an Advisory body.

Richard Walsh
Senior Assistant Clerk
Rural Affairs Committee

March 2000