The Committee will meet at 9.30 am in Committee Room 2, to consider the following agenda items:

1. **Budget Process 2002-03 (in private):** The Committee will consider possible areas of questioning for witnesses as part of its examination of the Scottish Executive expenditure proposals for 2002-03.

   *Not before 9.45 am*

2. **Budget Process 2002-03:** The Committee will take evidence as part of its examination of the Scottish Executive expenditure proposals for 2002-03 from—

   - Nick Goodall, British Wind Energy Association
   - Chris Bronson, Scottish Energy Environment Foundation
   - Robert Forrest, Scottish Renewables Forum
   - David Langston, Wavegen
   - Roy Pedersen, Highlands and Islands Enterprise
   - Councillor Charles King, Murdo Murray and Cameron Kemp, Highlands and Islands Integrated Transport Forum

3. **Water Inquiry (in private):** The Committee will consider a draft report on its inquiry into water and the water industry.

   Shelagh McKinlay
   Clerk to the Transport and Environment Committee
   Room 2.02, Committee Chambers
   0131 348 (8)5208
   e-mail Shelagh.McKinlay@scottish.parliament.uk

The following public papers are relevant for this meeting:

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Memorandum from the British Wind Energy Association to the Transport and the Environment Committee (Consideration of the Scottish Executive Budget 2002-3).

The British Wind Energy Association (BWEA) is the trade and professional association for individuals and companies involved in the UK wind energy market. BWEA has around 150 corporate members involved in all parts of the supply, development and generation chain, both on- and off-shore. Corporate membership of the Association has tripled over the past three years.

With membership of the Boards of the European Wind Energy Association, Confederation of Renewable Energy Associations (CREA) and the Scottish Renewables Forum (SRF), BWEA is actively involved in the promotion of renewable energy throughout the UK and beyond.

Utilizing wind energy is key to achieving the Government’s renewable energy targets. DTI estimates approximately half of the total, in the ‘high wind’ scenario.

Scotland has Europe’s best wind energy resource and, in addition to its own supply, has the potential to export significant volumes of electricity to England and Wales and to Northern Ireland. Development of projects is likely to bring with it significant manufacturing and employment opportunities.

The BWEA response to the Renewables Obligation (Scotland) consultation, together with other background documents, is available at www.bwea.com . Members may also find the sibling site www.offshorewindfarms.co.uk of interest.

Nick Goodall
Chief Executive
26 April 2001
HIGHLANDS AND ISLANDS ENTERPRISE

Written Evidence to the Transport and Environment Committee – Consideration of the Scottish Executive Budget for 2002-03

Highlands and Islands Airports Limited (HIAL)

The Unique Characteristics of the Area
With less than 10 people per square kilometre, the Highlands and Islands is the most peripheral deeply rural and sparsely inhabited region of the UK. Its ultra-low population density is exceeded, in the European Union, only by Northern Sweden and Finland. There is only one sizeable town, Inverness, which, in contrast to the rural hinterland, is evolving as a regional city of major Scottish strategic significance. The Inverness metropolitan area has seen its population double since the 1960s to around 60,000 today. Notwithstanding its extreme geography the region makes a substantial contribution to the wealth of the nation, e.g. £1 billion worth of exports (excluding oil).

Because of these unique characteristics the Highlands and Islands Enterprise Network (HIE) has been created to promote economic and social development in the area. While there are problems with a number of primary industries such as agriculture and fisheries, HIE has achieved considerable success in creating a new more diversified economy by attracting inward investment and developing indigenous businesses.

The Benefits of Air Services in the Highlands and Islands
Unlike any other region of the UK, the Highlands and Islands requires a network of internal air services and ferries to provide lifeline links. The Highlands and Islands has 23 airports with scheduled or regular air services. They vary in size from the ten airports owned by HIAL to grass strips on small islands. This is equivalent to one airport per 16,200 inhabitants, a provision unsurpassed in the EU. These rural airports, and to an extent air services, are subsidised by the public authorities. Without such subvention many rural air services would be unviable. These subventions are made because air services are vital to the well-being of the far-flung communities they serve and to the nation as a whole. Without air access the regional economy would stall.

From the perspective of the HIE Network as a development agency, good air transport links are vital for:
- the smooth, efficient conduct of business and public administration
- attracting inward investment
- developing inbound tourism
- speedy delivery of mail, newspapers and urgent freight
- improving quality of life by facilitating social, family and leisure travel and
- providing access to health facilities, education and services

The Role of HIAL
From HIE’s perspective the ultimate purpose for state support of air links is the economic and social development of the Highlands and Islands. HIAL is the key infrastructure provider without which air services, vital to this purpose, could not operate.
Under present circumstances, operating costs exceed the scope for generating revenue from user charges and other sources. Funding from the Executive is therefore essential to secure the continued operation of these airports and to enable capital works to be undertaken.

**Key Development Opportunities**

To aid the continued development of the economy of the Highlands and Islands, HIE and partners have identified the following HIAL initiatives as important.

- 24 hours opening at Inverness (with ILS) to enable growth in air freight and thereby stimulate inward investment
- Construction of new terminals at Kirkwall and Stornoway to cope with potential future growth resulting from new economic initiatives by HIE and partners
- Installation of ILS or similar at Kirkwall to enable more reliable service in anticipation of possible major traffic growth linked with the proposed Scapa Flow container hub
- Extension of runway at Sumburgh (Shetland) to accommodate regional jet aircraft on full load

**Funding**

The levels of grant set out for the years 2002-3 and beyond in the Executive’s Annual Expenditure Report appear to be in line with realising most of these opportunities. Within these financial parameters it would merit consideration of how to incentivise HIAL to lever in additional funding form non-Executive sources and to seek ways of minimising costs while maximising traffic growth.

Roy N Pedersen, HIE, 25 April 2001
AGENDA ITEM 2
THE SCOTTISH PARLIAMENT
TRANSPORT AND THE ENVIRONMENT COMMITTEE
CONSIDERATION OF THE SCOTTISH EXECUTIVE BUDGET FOR 2002-03
HIGHLANDS AND ISLANDS AIRPORTS LIMITED

Evidence from Highlands & Islands Strategic Transport Partnership

The Highlands & Islands Strategic Transport Partnership (formerly known as the Highlands and Islands Integrated Transport Forum) has compiled the following evidence for discussion at the Transport and Environment Committee on Wednesday 2 May 2001 in relation to the activities of Highlands and Islands Airports Ltd.

- Firstly we welcome the record levels of investment proposed by the Scottish Executive. This is helping to overcome long standing difficulties at the airports relating to passenger terminal facilities and instrument landing systems. We hope that these levels of investment can be maintained in future years because there are continuing constraints on runway capacity, hanger buildings and opening hours which need to be removed, and we list some of them below. Our airports are important economic drivers. A virtuous circle needs to be created where the quality of infrastructure encourages operators to provide better services which grows the traffic and increases the revenue to HIAL.
- There is major concern in the Highlands & Islands about the extremely high cost of flying and the restriction this causes to the growth of economies in the islands and remote mainland communities.
- There is a general consensus that longer opening hours at airports would be beneficial to the operation of aircraft and thereby bringing improvement to the economics of aviation and to the economies of the communities served. This is also the view of a major operator in the Highlands and Islands. The benefits would be increased frequency of flights, increased passenger numbers which would lead to lower fares. In addition to the 24 hour operation proposed for Inverness, extended hours are required at Stornoway and Kirkwall. Generally all airports serving traffic into the Inverness hub should be open longer to allow better utilisation of aircraft.
- There are specific investment needs to extend the runway at Sumburgh, to repair the cross runway at Wick, and to provide hangers for stabling aircraft overnight at Sumburgh, Kirkwall and Stornoway to encourage operators to base aircraft here.
- In Shetland there is a wish by the Council for them to take over the operation of Sumburgh airport. A business case has been submitted to the Scottish Executive to support this. This could be a pilot for consideration at other island airports.
- There is concern about the shortage of air traffic controllers in the Highlands & Islands and that this should be addressed by a training facility set up the area.
- There is a desire to landing aids suited to the conditions in place at the various airports because the knock on effects on diverted aircraft are major. Global positioning systems should be piloted in the Highlands and Islands.
- There is a perception that safety requirements at small airports are excessive. Risk assessments are required.
- The Partnership are of the view that HIALs objectives and targets should be more ambitious. Its mission statement should reflect its social and economic development function.
• Can HIAL take a more active role in attracting new business. We would support the development of its marketing functions, particularly for business and leisure tourism.

• There is concern that over the security of slots at London Gatwick and of the availability of suitably timed slots at Glasgow and Edinburgh. If these regional lifeline services are threatened the area’s economy will be put at risk as well as the revenues of HIAL. Non subsidised PSO’s are required for these routes.

• Finally we feel that the projected growth in passengers contained in the Budget statement is pessimistic. We should be aiming for 3% to 5% per annum growth.