



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 15 May 2019

Session 5



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CONTENTS

	Col.
TRANSPORT (UPDATE)	1
ANNUAL REPORT	26
EUROPEAN UNION WITHDRAWAL (IMPLICATIONS FOR SCOTLAND)	27
SOUTH OF SCOTLAND ENTERPRISE BILL: STAGE 2	49

RURAL ECONOMY AND CONNECTIVITY COMMITTEE
16th Meeting 2019, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

- *Peter Chapman (North East Scotland) (Con)
- *John Finnie (Highlands and Islands) (Green)
- *Jamie Greene (West Scotland) (Con)
- *Richard Lyle (Uddingston and Bellshill) (SNP)
- *John Mason (Glasgow Shettleston) (SNP)
- *Mike Rumbles (North East Scotland) (LD)
- *Colin Smyth (South Scotland) (Lab)
- *Stewart Stevenson (Banffshire and Buchan Coast) (SNP)
- *Maureen Watt (Aberdeen South and North Kincardine) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Finlay Carson (Galloway and West Dumfries) (Con)
- Fergus Ewing (Cabinet Secretary for the Rural Economy)
- Rt Hon Michael Gove MP (Secretary of State for Environment, Food and Rural Affairs)
- Andrew Mackie (Scottish Government)
- Michael Matheson (Cabinet Secretary for Transport, Infrastructure and Connectivity)
- Chris Wilcock (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 15 May 2019

[The Convener opened the meeting at 08:10]

09:22

Meeting continued in public.

Transport (Update)

The Convener (Edward Mountain): We move into public for item 2. I welcome people who are watching and taking part in the Rural Economy and Connectivity Committee's 16th meeting in 2019. Will everyone please ensure that their mobile phones are on silent?

Item 2 is a transport update. We are somewhat late in starting, which I understand is due to traffic problems this morning—no doubt the cabinet secretary will update us. I will try to structure the meeting so that we get to the broadband issues that members want to raise, but there might be other questions that we do not get to and we might ask the cabinet secretary to write to us on those. I am sure that the cabinet secretary will be happy to acknowledge that at the outset.

With that in mind, I welcome Michael Matheson, Cabinet Secretary for Transport, Infrastructure and Connectivity, and Scottish Government officials Alasdair Graham, head of planning and design; Alison Irvine, director, transport strategy and analysis; Chris Wilcock, director, aviation, maritime freight and canals; and Andrew Mackie, head of rail franchising.

Given that we are so short of time, we will go straight to questions.

John Finnie (Highlands and Islands) (Green): Good morning, cabinet secretary. I have questions about the delay in the delivery of the new ferries. Have you received a response to your letter to Ferguson Marine Engineering Ltd that sets out the new programme and the cost of MV Glen Sannox and hull 802? If not, when do you expect to have that information?

The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson): Let me first apologise for the delay in arriving. If, after this part of the meeting, there are outstanding questions that need a response, I will of course be more than happy to provide the committee with a written response.

On John Finnie's question, at the beginning of May, the director of economic development in the Scottish Government received a response from FMEL to our request for further information on its planned programme. She has since had to go back to FMEL for further details on the timetable for the continuing work on both vessels and the associated costs, and she is waiting for those details to be provided.

John Finnie: Caledonian Maritime Assets Ltd has rejected a claim for additional costs from Ferguson Marine. Assuming that Ferguson Marine continues to claim those costs, how will the dispute resolution process progress and—this is important for my constituents—what impact will that have on the delivery of the ferries?

Michael Matheson: The committee will be aware that we have appointed someone to look at both sides of the dispute between CMAL and FMEL and to provide ministers with an impartial, independent view of the dispute. The process has already started and that work will probably take about four weeks to complete.

If the outcome is that there are costs that are attributable, the normal process of loans from the Scottish Government to CMAL would have to be gone through. However, it would be premature for us to say that will be the position, given the independent review that is being undertaken.

John Finnie: How confident are you that the fixed cost of £97 million will be realised?

Michael Matheson: It is a fixed-price contract for both the vessels. That remains the sum for their construction. Anything over and above that would have to be identified as an additional cost that was fully attributable to actions on the part of CMAL.

We are not yet at that point. The independent review will allow ministers to evaluate both sides of the dispute and come to a decision on the issue. However, if there were any additional costs that taxpayers have to meet through CMAL, they would have to go through the normal process of how loans are provided to CMAL for the construction of vessels.

John Finnie: Were that to be the case, what implications would that have for further ferry investments, which are much needed, as it is an ageing fleet? In the longer term, what would the implications be for the planned improvements to the ferry service?

Michael Matheson: At this stage, we are not anticipating it having any immediate impact on our ferry procurement programme. We will have to wait for the final outcome of the independent review to see whether there are any additional costs for CMAL associated with that. I do not want

to prejudge that; it will have to be dealt with then. There is a potential impact but we have not arrived at that point.

In relation to the impact that the dispute has on services, it is disappointing that the MV Glen Sannox and hull 802 are so delayed. That means that we are not able to provide the additional services that we wanted to provide. On the Arran and Campbeltown route, the intention was to have two vessels throughout the year. That has not been possible because of the delay. The delay of the planned deployment of the additional vessel, hull 802, on the Outer Hebrides service has also had an impact.

You will be aware that in order to try to mitigate some of that impact, last August, we provided CalMac Ferries with a £3.5 million resilience fund to assist it in maintaining its existing vessels, to improve reliability. We have provided a further £4 million this financial year to continue to support that maintenance work and try to mitigate some of the risks associated with vessels going off-service. There has been an impact on our ability to provide greater resilience on some routes and to enhance services on other routes.

John Finnie: Will you please undertake to keep the committee updated on developments?

Michael Matheson: Of course. I am more than happy to make sure that you are kept informed as progress is made.

Jamie Greene (West Scotland) (Con): When did you last visit the yard to inspect progress on the two vessels? Can you confirm to the committee that work on both vessels is on-going?

Michael Matheson: I have not visited the yard; my ministerial colleague Paul Wheelhouse, alongside Derek Mackay, is engaging with the trade unions and the advice that we get on the progress of the two vessels is through CMAL. There is also an appointed independent individual who evaluates the work and the progress that has been made on the vessels. That information is fed back to the ministers to give them an update on progress.

09:30

Jamie Greene: My second question was on whether you can confirm that work is taking place on both hulls.

Michael Matheson: My understanding is that work is being undertaken on the MV Glen Sannox, but I cannot give you exact details on hull 802. Chris Wilcock can perhaps do that.

Chris Wilcock (Scottish Government): The latest figures that we have from CMAL indicate that people are still working on both vessels.

Jamie Greene: So the resource has been spread across both.

Chris Wilcock: According to the latest figures that I had from CMAL, which are probably a couple of weeks out of date, people are still working on both vessels.

Jamie Greene: Is CMAL on site to monitor progress, or is the Government just sending people periodically?

Chris Wilcock: CMAL has a permanent presence on site.

Jamie Greene: I want to ask about the potential impact on the cost. I appreciate that there is an independent arbitrator involved in identifying the cost overruns, but we already know that the cost overruns are in the tens of millions, and that does not include any future additional cost to the build. Given that it was a fixed-cost design and build contract, if CMAL is found to have liability for the overruns, will they be met by the Scottish Government—that is to say, by the taxpayer? Why would that be done in the form of loans to CMAL, and how does that relate to the loans that have already been given to Ferguson Marine? Is there any correlation between the two?

Michael Matheson: One of the loans that was given to Ferguson Marine was to provide it with working capital for the build, and the other part of the loan was to help it to diversify and develop as a business. That was the purpose of the loans that were provided.

I will ask Chris Wilcock to cover the exact process of the CMAL funding and the loans arrangement that would be necessary. The independent reviewer has been appointed to look at the dispute between FMEL and CMAL and to give ministers an independent view and evaluation of that.

As I said to Mr Finnie, if liabilities are found on the part of CMAL, we would need to consider providing funding in order for CMAL to meet those. However, I do not want to get into speculation on the costs of that. We want the review process that we have set in place to be undertaken impartially and independently, to give ministers an informed position from which we can make a decision. I ask Chris Wilcock to talk about the process of the loans that had to be provided to CMAL.

Chris Wilcock: On a technical point, the standard way that we fund the construction of vessels is through loans to CMAL that are then recovered over time though the charter agreement with the operator.

We would have to revisit that funding. I absolutely second the cabinet secretary's point about speculation being premature. I am keen to maintain the integrity of the on-going work.

The Convener: Sorry, I want to come in because I am completely unclear. When those loans were first announced—the £47 million pounds that was lent to Ferguson Marine—we were told in Parliament that they were to develop further business and allow the company to expand. Are you now confirming that those loans were working capital to allow them to build the ferries? The two statements do not tie up.

Michael Matheson: Two separate loans were provided to FMEL. One element was to develop and diversify the business and the other was to support the company with working capital.

The Convener: So there were two loans of £47 million.

Michael Matheson: No. A loan of £15 million was provided for working capital. A loan of £30 million was provided to help to develop and diversify the business.

The Convener: Thank you.

Jamie Greene: By default, that is an admission that the £97 million was never the fixed price. You just said that the Government gave an additional loan directly to the yard and not through the due process, which would presumably be via CMAL. Why did you give the money directly to Ferguson Marine, rather than to CMAL to give to Ferguson Marine? It seems like an anomaly in terms of how such projects are funded.

Michael Matheson: No. The funding that has been provided for the two loans came through a different route altogether, which is why the finance secretary is involved. It was provided through agencies for the purpose of supporting the business. It was not about ships or anything else; it was about supporting Ferguson Marine as business and supporting shipbuilding on the lower Clyde. Given the nature of the work that Ferguson was getting into in developing its ideas, the company had financial challenges around working capital, which is why the loan was provided. There is a measure in that loan for the money to be recovered to the taxpayer.

The loans that were provided to CMAL were provided through a separate process altogether. The process that has just been outlined to you is how we have funded the construction of ships and how we continue to fund them.

Jamie Greene: We agree that at the heart of all this, what matters to folk is that the ferries are delivered. They are clearly way over schedule. When CalMac was before the committee previously, they explained the extent to which that delay would put pressure on the existing fleet, given that the vessels operating on those routes are ageing and go offline on occasion.

Can you give us, or the people living in our island communities, any indication of when they might expect the new ferries to be in operation? You must have a rough idea.

Michael Matheson: I completely agree that where we are with these two vessels is certainly not where any of us want to be. We want to see the new vessels being used on routes.

As things stand, indications are that both vessels are expected to be completed next year. One will be completed in the earlier part of the year, prior to the summer, and the other will be later in the year. However, there are still some questions about the company's ability to keep to that timetable, which is why I said in my response to John Finnie that the director of economic development will seek further details and assurances about the timeframes that have been set out.

Richard Lyle (Uddingston and Bellshill) (SNP): I know why we saved Ferguson Marine, and I do not want to get into that. However, we ordered two new ferries, which are delayed. The fleet is getting older—we know that. Do you have any plans to order new ferries in the future? If the ones that are on order just now are delayed, should we not be ordering future ferries right now?

Michael Matheson: The next ferry that was due to be replaced was the one that operates on the Islay route, and the specification for that particular vessel is being done at the moment. The process is on-going with a view to finalising the specification and putting it out to procurement. That is the next vessel that is planned.

You might be aware that we are undertaking wider work through our review of the ferries plan, with a view to developing a new ferries plan. The current one goes up to 2022, and we are doing a range of work to prepare for the next stage of the new plan.

The process for the next ferry to be replaced is on-going. The work has not come to a halt. We are just waiting for the first two ferries to be completed.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): When do you expect to consult on the ferries plan?

Michael Matheson: We are scoping some of the process at the moment. Some evaluation has already been undertaken of the ferry services in Orkney, Shetland and the Western Isles. We are also carrying out some research on the road equivalent tariff and we will feed all that into the process.

The process is due to be discussed again at the islands transport forum in August this year. That will be chaired by the islands minister, Paul

Wheelhouse. We will then be in a position to set out the timeframe for the normal public consultation exercise.

A number of the stakeholders who have an interest in these matters are already engaged in the process and are looking at some of the scoping work and the issues that need to be addressed in the next ferries plan.

The Convener: You said earlier that both ferries will be delivered next year. Could you write to the committee with some dates? It seems odd to me and I am struggling to understand how a ferry that was launched 18 months ago and is floating will be completed at the same time as a ferry that does not have bows or a stern. If they are truly to be delivered at the same time, I am confused. I am not sure that that is what you meant, but we do not have time to probe further on that. Please could you write to the committee with the exact dates when those ferries will be delivered as soon as you know them?

Peter Chapman (North East Scotland) (Con): The Aberdeen western peripheral route is now fully open and that is welcome. Are any snagging works on-going and, if so, how long might those last and what impact might they have on the travelling public?

Michael Matheson: I am glad that you are enjoying the benefits of the AWPR. All the feedback that I have had from people in the north-east is that they welcome the new road. With any major piece of infrastructure, snagging or tidying-up works always have to be completed after it is opened, and that is the case with the AWPR. There is still some planting to take place and some bits of work around junctions with local roads that have to be updated. My understanding is that that work will be carried out during the summer months and, once it is complete, the outstanding snagging and tidying up work will be complete.

Peter Chapman: There has been some criticism—rightly so, I believe—that the signage on the road is not particularly clear or beneficial to drivers who are new to the road. Is anything being done to consider how the signage could be made better?

Michael Matheson: I am sorry, but I missed out the second part of your earlier question, which was on delays from the snagging work. Most of the snagging work will not involve any delays. Where there is a need for a bit of a road closure, it will take place at night and will be of a limited nature, so I do not expect it to cause any particular difficulty for those using the AWPR.

The process for any major road of this nature is that a detailed audit is undertaken of the signage before the road opens. The signage has to go through a standard process of checking it to

ensure that it complies with the requirements for a road of this nature. That process was carried out prior to the AWPR opening, and all the signage was found to be compliant. If people have concerns about particular signage, I am always happy to ask for those to be looked at. However, the signage went through the audit process that is laid down for major roads of this nature and complies with the requirements. The appropriate signage is all in place. If the member wants to draw particular issues to my attention, I am more than happy to make sure that they are looked into.

Peter Chapman: Fair enough. Thank you.

Mike Rumbles (North East Scotland) (LD): When the AWPR contractors came before the committee on 5 December, they told us that they had lodged a claim against Transport Scotland for additional costs incurred in the construction of the road, which were primarily due to delays in the delivery of utility diversion works and extreme weather. What is happening with that claim and how is it being addressed?

Michael Matheson: The claim is still outstanding, but I can give you the most up-to-date information that I have from officials. I have said previously in Parliament and in the committee that it is down to the contractors to substantiate their claim. To date, they have not been able to provide a sufficiency of evidence to substantiate it. Therefore, the onus is still on them to demonstrate any additional costs and provide evidence to support that. There is on-going dialogue between Transport Scotland officials and the AWPR companies on the matter.

Mike Rumbles: We are operating in the dark a little, because nobody on the committee knows what level of claim the contractors have put in. I could understand that if the claim was commercially confidential because a contract was about to be awarded—that would be perfectly fine—but we are talking about work that has been completed. The public and members would like to know what level of compensation we are talking about. I do not want to know the exact figure in pounds, shillings and pence, but it would be helpful to know what level of claim the contractors have lodged against Transport Scotland.

09:45

Michael Matheson: That is commercially sensitive information. It is important to keep in mind that the onus is on the contractors to demonstrate any additional costs that they have incurred. It is not for me to sit here and accept any liability without the contractors providing the evidence to substantiate their claim. I am prepared to update Parliament should any final outcome to the claim be arrived at, but I will not get drawn into

providing figures. If the companies that have lodged the claim choose to do that, that is a matter for them, but the process that is involved is one that is normally dealt with in confidence because of commercial sensitivities and the potential impact on the companies.

The onus is very much on the companies to demonstrate liability and the evidence to support their claim.

Mike Rumbles: We were told that the contract was a fixed-term contract and in the normal —

Michael Matheson: It is a fixed-price contract.

Mike Rumbles: Yes. That was a slip of the tongue—it is a fixed-price contract.

The layman would normally assume that a fixed-price contract is just that. It is a bit puzzling that the contractors think that they have a claim, given that it is a fixed-price contract, the contract has been completed and delivered and the price has been paid. I am trying to get a handle on why, if it is a fixed-price contract, they would put in a claim.

Michael Matheson: That is a question for them, because it is a fixed-price contract. Such contracts protect taxpayers. The contractors were told about the construction project that they were being asked to undertake and they came back with a cost, which was agreed as the fixed cost. As I said, the onus is on them to demonstrate any liability that has resulted in their drawing in additional costs. Clearly, the collapse of Carillion had an impact on them, as it was one of the main contractors in the joint venture, and weather events had an impact on the timeline, which will have had an impact on the contractors. However, any additional costs for the taxpayer have to be evidenced and demonstrated. To date, the companies have not been able to do that.

Mike Rumbles: In that case, I think that we need to have the contractors back to the committee.

The Convener: I am sure that the committee can consider that in due course.

John Finnie: Cabinet secretary, can you provide as with updates on the A9 and A96 dualling projects?

Michael Matheson: In the A9 project, one section has been completed and the second section is under construction. Balfour Beatty secured that contract last year and progress has been made on it. For the remaining sections, 95 per cent of the orders for the route have been issued. Some will potentially go to local public inquiries, but others will not. The one section remaining is the Tay crossing area at the Pass of Birnam, for which there is a co-creative process, which takes longer to undertake. However, we

expect the preferred route on that section to be finalised by the end of this year, which means that all parts of the finalised route will have been agreed by then. Good progress has therefore been made and the project is where we would expect it to be at this point.

John Finnie: Are you a fan of the co-creative process?

Michael Matheson: We want to evaluate it, given that this is the first time that it has been utilised. It is a longer process and more time consuming, but we want to learn from the use that we have made of it in that section of the A9 and evaluate how it could be used again in the future. Clearly, the process has merits and we want to understand how we can make more use of it.

Would it be helpful for me to speak on the A96 as well, or do you want to stick to the A9?

John Finnie: I have a supplementary question on the co-creative process, as I suspect that you knew I might. We have been assured of an evaluation of that process for a long time and there is great frustration, particularly in relation to the A96—as you may be aware—that the same level of engagement has not been afforded other communities. When will that evaluation be complete and when can you roll the process out to ensure that there is maximum citizen involvement in these major capital projects?

Michael Matheson: As you will be aware, the section of the A9 in question has not been completed yet, so the whole co-creative process is not yet at an end, because the final route choice has not been made.

John Finnie: What is the timeframe for that?

Michael Matheson: That should be completed by the end of this year. A consultation exercise is being undertaken on the route options that came from the co-creative process and other options that have been identified. That will start this month and there will be a number of events that will allow members of the public to get involved and to feed into the process on the identified routes.

When we have completed the route selection process, we will be in a position to carry out an evaluation of the co-creative process to see what lessons can be learned from it and how it can be used in the future. However, it adds a significant amount of time to the process so we want to make sure that we learn from that.

John Finnie: I want to draw your attention to an email about the A96 that the committee has received from a member of the public. I will summarise the main points. They are concerned that the A96 project is being pursued in isolation from wider transport developments in Moray; that co-operation between Transport Scotland and

Moray Council on tackling key transport problems in towns such as Elgin and Lossiemouth has been limited; and that the public benefits of the project have been overstated. They also say that the A96 is used as a series of local roads rather than being used for end-to-end journeys and that dualling of the A96 was rejected by a range of community organisations.

When you give an update, could you say whether you believe that the co-creative process being applied across the A96 would have addressed some of those concerns? Will you comment on the point that this is a major project that is being carried out in isolation?

Michael Matheson: The co-creative process is looking at the particular route options and engaging the community in the process. That is how it was utilised on this occasion.

For the A96, there has been a rolling programme of engagement over an extended period of time. So far, 5,700 people have participated in that. They have attended events that Transport Scotland has organised to look at the dualling of the A96. That has resulted in a significant amount of feedback from local communities.

I recognise that undertaking any major infrastructure project will mean that some are not happy with it happening in the first place, and some will not be happy with the decisions that are made about the routes that are in and those that are out, or with the route that is finally chosen. However, I strongly dispute any suggestion that communities have not had an opportunity to be fully involved in the process and not been able to feed their views into it. The number of people who have attended the events that were organised around the A96 process demonstrates the level of public input that we have had so far.

John Finnie: Do you have evidence that that public input has been reflected in the decisions that have been made? A significant percentage of the public who engage feel that their engagement is academic because this big juggernaut of government will do what it was going to do anyway.

Michael Matheson: We can evidence that through what will be undertaken during the next couple of weeks. Part of the public engagement programme will look at the routes that remain as possible choices and give details about the routes that have been excluded and say why they have been excluded. That means that those who are disputing the issues around some routes will have the details set out about why routes have been excluded. It is not just a case of pushing on with the routes that have been chosen; it is also about explaining the routes that have been removed

from the process. That is an opportunity for the public to understand that and feed back into the process by making their responses known.

Peter Chapman: On the A96, there is great concern about the routes that are still on the table for the Inverurie bypass. I met members of a group the other week. They were very professional and had a well-argued case that dualling the existing route was far and away the best option. I do not know whether you are aware of this, but I have asked for a meeting with you as soon as possible, to discuss the matter. I invite you to allow those people to come and speak to you, because they are professional people with a well-argued case that needs to be heard. I am talking particularly about the Inverurie bypass section of the A96.

Michael Matheson: I have had engagement on that specific issue, and I have answered questions in the chamber on it in the past couple of weeks.

The public consultation process that I think will start in the next couple of weeks—my officials are confirming that—will set out the clear reasons why the online route to which you referred has been excluded. A key factor is the space that is available to create the carriageways. It is to do with the number of houses that would have to be demolished and the gardens of people who live adjacent to the road that would have to be removed to create carriageways of the necessary size and the embankments that would be necessary.

There are good, practical reasons why that route has been ruled out, but the people who are involved in the campaign that you mentioned will have an opportunity to feed into the public consultation process, which will explain the situation in detail, in the next couple of weeks. There is a process whereby the individuals can engage, and I encourage them to do so.

I also encourage people who are in favour of routes other than the online dualling route to express their views. The process that is in place is robust, thorough, detailed and fair, and it allows people to express their opinions.

The Convener: Mr Chapman, I must ask you to take up the issue with the cabinet secretary later, given that time is short.

Maureen Watt: Cabinet secretary, can you confirm that it is still the Government's intention to ensure that all our cities are connected by dual carriageways?

In relation to parts of the A96, is it not the case that we are seeing a kind of nimbyism, with people saying, "I have the dual carriageway as far as my place and it doesn't need to go further"? Is it not important that we get on with the work, regardless of the actions of a number of landowners around

Inverurie who do not think that the dual carriageway should go further?

The Convener: I understand that there is a difference of opinion here. Can you give a short answer, cabinet secretary?

Michael Matheson: The dualling of the A96 is a major part of our transport infrastructure and improving the local economy, given the economic benefits that come from better connectivity.

There is a robust and thorough process for considering all proposed routes. I am very conscious that when a major piece of transport infrastructure is upgraded or put in, there will be people who are not in favour of particular routes, people who are not in favour of the development at all and people who are in favour of the development and want particular routes. There is a thorough process that considers all the issues—as has been happening—and people who have opinions have the opportunity to use the consultation process, as any member of the public does, to express their views.

The Convener: Thank you.

I want to ask about the Queensferry crossing. In response to a question from Peter Chapman, you referred to snagging. Can I confirm that your definition of “snagging” is the same as mine? I am using the definition

“minor defects or omissions in building works for the contractor to rectify”

after completion of the project. Is that the definition that you are using?

Michael Matheson: By and large.

The Convener: Okay, perfect. There were 23 issues on the list that was submitted to the committee earlier this year. Will all that work be completed by October this year?

Michael Matheson: The contractor is still working to that timetable. For example, the painting of the cable guide pipes is complete, the snagging work on the windshield is complete, the issue to do with the construction of the tower lifts, where there was—

The Convener: We will come back to the tower lifts. An omission from the contract is hardly snagging.

Michael Matheson: The lifts are being manufactured, given the previous technical issues.

The under-deck painting is now under way. Architectural lighting is operational, and the commissioning of internal mechanical and electrical equipment is progressing well. The contractor continues to make good progress on the mobilisation of the workforce, which was a challenge in relation to some of the work that had

to be undertaken, and is still working to a timetable for completion this year.

The Convener: So it should be completed by October.

Michael Matheson: That is the timetable that the contractor is working to. As you will appreciate, some pieces of work are weather sensitive, which could have an impact on the completion of that work. For example, some aspects of the painting work are weather sensitive. If we get weather that allows the contractor to complete it all by October, it will be in that position, but there is always potential for delays if the weather has an impact.

The Convener: I want to go back to your comment about the lifts and look specifically at that issue. The lifts had not been put in when the bridge was opened. It seems to me that that cannot be classed as snagging. If a major part of the contract was not built, that is more than snagging. Do you agree?

Michael Matheson: You understand the reasons why the lifts were not installed.

The Convener: There will always be a reason for something, but when the contract was completed, we were told that there was just minor snagging to be done. Actually, one of the main parts of the contract was omitted—there were no lifts. It is rather like saying that a house has been completed apart from minor snagging when there is no staircase.

Michael Matheson: It would be difficult to live in a house without a staircase if you had to live upstairs. The difference is that the bridge can be used without the lifts being in place—

The Convener: You still believe that that is minor snagging, even though—

Michael Matheson: The bridge is perfectly safe and able to be used without the lifts being in place. It is a bit different from a staircase in a house.

The Convener: The next issue with the bridge, which was highlighted earlier in the year, is that cars were damaged by ice dropping off the cables. It was reported that cars were hit by ice and there was significant damage. How are you resolving that?

Michael Matheson: My understanding is that contractors have been appointed to monitor the issue, identify the exact source of it and look at what mitigation may have to be put in place if that is the case.

The Convener: Okay, but the problem has been identified on other cable bridges like the Queensferry crossing where it is cold. Should it not have been foreseen on the Queensferry crossing?

Michael Matheson: I cannot comment on other bridges. The issue was not anticipated for this bridge, and that is why the contractors are trying to identify the exact source of it and what measures could appropriately be undertaken to try to address the issue.

The Convener: It is of concern, because last winter was not a particularly cold one. We had colder winters in 2010 and 2011. In those years, the problem would have been significantly greater, resulting in the bridge being closed. Do you foresee that happening in the future?

Michael Matheson: That is why the contractors are looking to identify exactly what the source is and what measures can be put in place. Clearly, if there is an issue with ice gathering at particular points on the bridge frame, it may be that they have to take measures to address that.

The Convener: When are the contractors due to report?

Michael Matheson: Part of the challenge is around the time when they can identify exactly where the ice is forming. They have work in place to identify where they believe it may be occurring and to look at what measures can be put in place, but I cannot give you a specific timeline for when the matter will be resolved. I am more than happy to keep the committee up to date as to when it is identified and what measures are undertaken.

The Convener: It would be of serious concern if we had to wait for more ice to form before they could identify where the problem is. You are not suggesting that that is the case, are you?

Michael Matheson: I am not. I am just saying that it may take them a bit of time to identify exactly where the main areas of risk are and what appropriate measures can be put in place. They are already taking forward work to try to identify that, and I am more than happy to keep the committee informed of progress.

The Convener: When do you believe the lifts will be completed?

Michael Matheson: The work is all due to be completed this year. The lifts are under manufacture at present. The most up-to-date information that we have from the contractors is that they expect the work to be completed this year.

The Convener: We will move on to the next question, but I have to say that the omission of the lifts seems to me to be more than minor snagging, which is what we were told was outstanding. It is fundamental, and it will be difficult to identify the ice if people cannot get up to the top of the bridge to see where it is forming. However, so be it.

Colin Smyth (South Scotland) (Lab): Good morning, cabinet secretary. Will you update us on implementation of the first of the two ScotRail remedial plans on performance? The remedial plan was called for to improve performance, but the agreement does not introduce any new performance requirements. What would happen in the event of the plan being implemented in full only for performance to be still below breach level, as it currently is? Would that constitute default on the agreement?

Michael Matheson: As I told the committee previously, yes, it would.

Colin Smyth: Will you clarify what the performance requirements are within the remedial agreement?

Michael Matheson: The purpose of the remedial agreement is to get ScotRail out of breach. If it does not implement the remedial plan effectively and remains in breach, it will fall into default.

Colin Smyth: The plan runs until 2020; at what point during the time until then should we see improved performance? If performance continues to fall and it is clear that it will not rise above breach level by the end of the plan, when will you intervene? What action will you take? Will you just wait until the end of the plan?

Michael Matheson: Do you mean in relation to the areas of breach that the remedial plan exists to address? That is what the remedial plan is for.

Colin Smyth: Yes, the remedial plan is to improve performance. The plan is set to run until 2020, but if it becomes clear during the course of the plan being implemented that performance is not improving but continues to be below breach level, what action will you take? Will you simply wait until the end of the plan to see whether performance is above breach level then, or will you intervene earlier if it is clear that performance is not improving?

Michael Matheson: One of the aspects that are set out in the remedial plan is completion of crew training by the end of this month. The most up-to-date information that we have from ScotRail is that it is on track with that. That will have an immediate impact on passenger services.

Services that have been being cancelled as a result of a lack of train crew, because crew have been in training, will no longer be cancelled. That was a specific problem on the eastern part of the network. We will see improvements in that respect.

In fact, over the past three weeks we have seen improvements. The number of cancellations resulting from crews being in training has been reducing week on week, as they have completed

the training programme. That is a practical example of the benefits that will come from implementation of the remedial plan. I do not expect there to be no improvements, given that improvements have already started as a result of implementation of the plan. However, that breach is specific to the eastern sector and results from cancellations due to a lack of train crew. The specific purpose is to get ScotRail out of that position. The progress that we have seen in the past couple of weeks indicates that we are already starting to see some signs that that is happening.

Colin Smyth: You are correct that the breach is very much in the eastern region.

On a general point, ScotRail should be hitting a performance target of 92.5 per cent as part of dealing with the breach. When you last came to the committee, you indicated that you believe that the target will be reached by March 2021. Do you stand by that?

Michael Matheson: That is still the target that has been set—

Colin Smyth: Is it your belief that ScotRail will hit that target?

Michael Matheson: I want to see ScotRail reach that target: we are continuing to press it to make sure that it does—

Colin Smyth: Do you think that ScotRail will hit that target?

Michael Matheson: Once all the rolling stock is in place, the crew issues are resolved and there is greater resilience in the infrastructure, ScotRail can hit the target.

However, 65 per cent of all cancellations and delays result from infrastructure problems; if they are not addressed, that will inevitably impact on ScotRail's ability to reach the target. As I have said many times, both parts of the railway need to play their parts to ensure that passengers get the best possible service. If they do that in delivering a more consistent and reliable service, the target can be reached.

Colin Smyth: The remedial plan does not say that ScotRail will reach the target by March 2021. There is a difference—it says that performance will still be below 90 per cent at that point, whereas the Donovan review says that it will reach that target.

Michael Matheson: The remedial plan is not to get ScotRail to that point. The remedial plan is to get it out of breach.

Colin Smyth: The projections in the remedial plan say that ScotRail will not reach that 92.5 per cent target across Scotland. Why is there a difference?

Michael Matheson: I explained this the last time I was at the committee. There is a difference between what is in the remedial plan and what is in the Donovan review; the Donovan review work will take longer to implement, which is why there is a different target.

The Convener: You said that it is possible that ScotRail could reach the target, but the question was whether it will. Do you think that it will? That needs a yes or no answer.

Michael Matheson: ScotRail can and will do that, if all parts of the rail network, including Network Rail, ensure that we have greater consistency on the network, particularly in infrastructure.

The Convener: I will take that as a yes.

Richard Lyle: I have been labouring that point for month upon month. ScotRail is doing a good job. I was on a train a couple of weeks ago—it was on time, it did not skip stops and it had an excellent conductor. ScotRail has problems, but its major problem is the fact that we do not control Network Rail. Every day, 950 trains go into Glasgow Central station; they are affected if a signal is down or something else is wrong that is the responsibility of Network Rail. What are we doing to get control of Network Rail? Will we never get control of it?

Michael Matheson: The Williams rail review is taking place. Our view is clear—the Scottish network needs to be controlled in Scotland, so that decisions about timetabling and all infrastructure matters are made here and not in Milton Keynes, as they are at present.

As I have said repeatedly—I know that the convener did not like to hear this in the chamber—the reality is that Network Rail plays a key part in delivering reliability on our railways. That is not just an issue for the Abellio ScotRail franchise. The impact of Network Rail failures on ScotRail's performance today alone are marked. The failures include signalling failures, points failures and debris on the line. A major signalling failure occurred at Busby yesterday and went on for hours. That had a major impact on what had been a good day: performance suddenly dropped right off.

People who point the finger at Abellio ScotRail and the Scottish Government miss the point that ScotRail and Network Rail both have parts to play. We can do everything that we can to upgrade the rolling stock—we are doing that with the new Hitachi trains and the new high-speed refurbished trains, which are coming online but have been delayed by Wabtec Corporation—but we cannot ignore the fact that 65 per cent of delays and cancellations are caused by infrastructure failures. That has a direct impact on passengers'

experience. That is why the Office of Rail and Road has recognised that Network Rail's performance is not good enough and has issued it with notice to address that.

If we are serious about delivering better services for the public, both parts of the railway system need to play their parts, as I have repeatedly said. We will do everything that we can to ensure that ScotRail plays its part, but we need Network Rail to deliver, too.

Richard Lyle: If you are pressed today to promise that ScotRail will meet this, that or the other target, does that depend on Network Rail—yes or not?

Michael Matheson: Yes—and I do not control Network Rail.

Richard Lyle: I think that I have proved my point that ScotRail is saddled with Network Rail.

On 8 February, Transport Scotland issued Abellio with a second remedial plan notice for failing to meet the customer satisfaction targets that are set out in the franchise agreement. Will you provide an update on Abellio's development of the second remedial action plan, which is to improve customer service?

Michael Matheson: We received the draft second remedial plan from ScotRail on 3 May. It is being evaluated and assessed in the same way as the first remedial plan was. We will look to embed the second plan as a contract requirement for ScotRail, and we will publish what the plan contains to address the deficiencies.

Richard Lyle: Does the plan deal with car parks, litter and the state of the outside of stations? Some car parks are not even near the stations. Should we really be assessing ScotRail based on how a car park looks?

The Convener: I do not want to cut you off in full flow, Richard, but I am concerned, because we have lots of questions to get through.

Richard Lyle: Other members have asked questions, and I am asking mine.

The Convener: Mr Lyle—please.

I ask for a brief answer so that we can move on to other questions and all members get a chance to ask a question.

10:15

Andrew Mackie (Scottish Government): The remedial plan relates to Transport Focus's national rail passenger satisfaction survey, which has a wide scope. The areas that it covers include station facilities such as car parks. Separately, we audit ScotRail through SQUIRE—the service

quality incentive regime—on car parking and so on.

The Convener: Jamie Greene has a brief follow-up question.

Jamie Greene: The cabinet secretary will be aware that this is mental health awareness week and that ScotRail recently announced that it will train 50 of its staff in mental health first aid, which is to be welcomed. Are you aware of any other publicly funded or subsidised travel operators in your portfolio that are looking to do the same?

Michael Matheson: No—I am not aware of any, at present.

Jamie Greene: Will you press other operators to think about that?

Michael Matheson: I certainly want to encourage them to do that. The work that ScotRail intends to undertake is positive and sends out a strong message. I encourage it to consider extending the programme beyond the 50 staff that it is initially setting out to train in mental health first aid skills.

Mike Rumbles: The "Cycling Action Plan for Scotland" says that 10 per cent of all journeys are to be made by bike by next year. The latest figures that we have are that the figure for journeys to work has risen from 2.3 per cent to 3 per cent, although there is wide variation by area in that. The target obviously will not be met, although the whole point of having a target is to work towards it.

There are practical ways to do that. In 2017, I moved an amendment in Parliament that said that we should give schoolchildren access to cycling proficiency training, but the latest figures show that most children do not have access to it. As transport secretary, how can you make a practical difference in order to get the figure up to 10 per cent, rather than just setting a target and saying that that is what you want to do?

Michael Matheson: I agree that it will be extremely difficult to achieve the target within the timescale that we now have. You are right that there are variations across the country: for example, in Edinburgh, the number of residents who cycle to work has increased to 9.8 per cent, so there has been a marked increase there. However, the average is about 4 per cent, so we are well off target and are not where we want to be.

A number of key things are important. There is no doubt in my mind that cycling infrastructure is an important element in helping to encourage and support people to choose to cycle. That is particularly the case with parents who are trying to encourage their children to cycle.

Our active travel budget has doubled to £80 million a year, and we should keep in mind that the money from the Scottish Government is matched by local authorities so, in any given year, we could have up to £135 million being invested in cycling infrastructure. That is a key part of supporting people to take up active travel options such as cycling.

I recently visited the south side of Glasgow, where a major cycleway is being put in. There are plans for several other major cycle routes throughout the city to make cycling easier. That work is being supported by our active travel budget and funding from Glasgow City Council.

A second important element is cycling proficiency. You are right that some local authorities are more proactive than others in supporting cycling proficiency training. I would like a more consistent approach to cycling proficiency being taught in schools, so that young people have confidence in their ability to cycle and have the necessary road sense.

One thing that I want to happen as a result of where we are with the target is consideration of how we can better achieve an increase in cycling by increasing the number of people who are confident about being able to cycle to work. We are presently looking to undertake that work.

Mike Rumbles: I understand entirely that the infrastructure has to be there, that you are focusing on trying to achieve that and that a lot of progress has been made. However, the Parliament and the Scottish Government are in agreement—you just repeated it—that we have to get our kids into the way of cycling.

I know that your focus is on the infrastructure, and obviously the Cabinet Secretary for Education and Skills is focused on schools. Have you had discussions with him about trying to get our schools to increase their uptake of cycling proficiency learning, because it is about joined-up government, is it not?

Michael Matheson: It is about joined-up government—it is not just about education, but is about sport and physical activity, so there is a health element that we should acknowledge. A number of Government portfolios therefore have an interest in the matter. We have had initial discussions about how we can try to address that, particularly on the health side and the sport side.

Mike Rumbles: Would you take that up and act as a catalyst?

Michael Matheson: I have already identified cycling as an area in which I think that we need to do more. Of the £80 million a year that we provide, about two thirds is capital investment and the rest is revenue funding. We support a range of

organisations and initiatives to support walking and cycling. For example, near my constituency office is an active travel hub that is funded by the active travel scheme to help and support people in getting information and advice if they are looking to take up an active travel option. It is proving to be very popular.

I accept that we clearly need to do more, and I accept your challenge that it be taken up on a cross-portfolio basis.

The Convener: Thank you, cabinet secretary. I would have liked to bring in John Finnie, because I know that he has a question, but we are pressed for time. I am sorry, John.

I invite John Mason to ask his question succinctly, because I would like to get something in about the reaching 100 per cent—R100—programme.

John Mason (Glasgow Shettleston) (SNP): Can you update us on the national transport strategy and the strategic transport projects review? Will the Glasgow metro be part of that?

Michael Matheson: The NTS process is on-going and the public consultation process will start in the summer, which will allow people to feed in. We have up to now engaged with stakeholders and a range of interested parties, but the engagement will be more intensive over the summer months, which will allow us to consider finalising the NTS by the end of this year. That will, in part, allow us to undertake the STPR 2 process.

We have already started some of the work on STPR 2—for example, the Borders transport corridor study, work that we are doing in the south-west of Scotland and work that is being done in Argyll. That is all pre-appraisal work that is necessary to feed into the STPR 2 process.

We are also in the process of setting up the regional transport working groups, which are bringing together stakeholders in the regions to identify the transport issues and feed into the STPR 2 process, which will be completed during this session of Parliament. The work is on-going and the consultation this summer will allow people to feed into the NTS process specifically and then the STPR processes.

John Mason: And Glasgow might not be forgotten about.

Michael Matheson: No, Glasgow will not be forgotten about, Falkirk will not be forgotten about, Paisley will not be forgotten about, Lanarkshire will not be forgotten about, the Highlands will not be forgotten about and the north-east will not be forgotten about. It is a national process, so all parts of the country will be given due consideration.

The Convener: I am sure that somebody will scrutinise the *Official Report* to find out what area you left out.

Michael Matheson: The islands will be included as well. [*Laughter.*]

The Convener: There are some very important questions on climate change that, unfortunately, we are not going to get to, so the clerks will write to you with members' questions on that.

We move now to the R100 programme. I welcome Robbie McGhee, who has joined the panel. Gail Ross will ask the first question.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Good morning. Cabinet secretary, can you or your officials provide the committee with an update on the completion of the R100 tendering process? At the Conveners Group last week, the First Minister implied that it would be completed later this year.

Michael Matheson: The First Minister was correct: the procurement process will be completed later this year. The dialogue process is complete and the companies that are involved in the procurement process are working up their bids, which are due to be submitted this summer. That will allow them to be evaluated and allow us to appoint a preferred bidder later in the year.

Gail Ross: Without prejudicing that process, can you give us any insight into the delay?

Michael Matheson: There have been a couple of factors. Early in the process, one of the bidders raised a complaint about one of the other bidders breaching the code of conduct. That had to be investigated, which caused a delay in the process.

As we took forward the gainshare process from the digital Scotland superfast broadband programme, a number of areas were identified where additional investment could be made. The commercial market then identified areas that matched some of the areas that we were planning to go into. The United Kingdom Government then slightly changed its position on how some of its funding could be used in the gainshare element, which meant that properties that were in had to come back out, and we then had to allow the companies time to take that information back into their modelling processes.

At the core of all that is our keenness to get the best possible deal for the delivery of superfast broadband. This is the only project of its type and size in the UK. It is a complex project, so it has resulted in some real challenges for the industry. The geographical challenges that it will face, including the civil engineering challenges, must be looked at. As a result, the industry has asked for a bit of extra time to undertake those evaluations more fully.

Rather than pushing the companies to the point of disengaging from the process, we have sought to give them additional time to allow them to go through what they need to do more thoroughly. We want to keep them engaged in the procurement process and, to date, our approach has been effective. That is why we have given additional time and why the process is slightly behind the original timeframe.

Gail Ross: I just want to make a quick request for you to write to tell the committee what the gainshare is at the end of the process.

Michael Matheson: I am more than happy to do that.

Gail Ross: Thank you.

The Convener: Cabinet secretary, we were expecting the contracts to be awarded and agreed in February, but they were delayed until May. It was then announced that they would be awarded in the summer. You are now talking about later in the year, which obviously means after the summer. I am just trying to understand specifically when we think the contract will be announced and when who has got it will be made public.

Michael Matheson: We expect that to happen in the autumn. Once the process has been completed, we will be in a position to look at awarding preferred bidder status.

The Convener: You know that I have a problem with seasons, cabinet secretary—they stretch over three months. Could you give me some clarity? Are you talking about the end of the autumn?

Michael Matheson: You will understand my reluctance to give you specific timescales when there are issues that lie outwith my control.

The Convener: We failed to get a date earlier. Autumn is the closest that we are going to get.

Michael Matheson: It will be in the autumn—around September or October, we expect. That is the timeline that we are on with the contractors just now. However, I need to emphasise that we are giving the contractors the additional time that they need to undertake the procurement process as thoroughly as possible, so that we can get the best deal possible.

The Convener: I will let Peter Chapman ask one brief question, and then we will close the discussion on time.

Peter Chapman: The timescale is obviously slipping. Even before these delays, Audit Scotland said that it would be difficult to deliver 100 per cent superfast broadband by 2021. It is pretty obvious that that timescale is not going to be achieved. To me, "by 2021" means by the end of 2020. Is that what you believe?

Michael Matheson: No—otherwise we would say “by 2020”. When we say “by 2021”, that refers to the year 2021.

Peter Chapman: Is there any chance—

The Convener: I am sorry to interrupt but, to add clarity, when I asked the First Minister that question, she made it clear that the timescale that the Government is working to is “by 2021”, and she intimated that it would be May—about the time of the election.

10:30

Peter Chapman: When can we realistically expect the R100 programme to be completed?

Michael Matheson: Peter Chapman raises a reasonable point. As the Audit Scotland report highlighted, the timescale is challenging and will be difficult for us to meet. The contractors will be presented with challenges, given the nature and complexity of the contract and the civil engineering that will be needed in some rural areas. We will have a more accurate picture once we have the final tenders from the companies, which will give us a clearer outline of the timeframes within which they believe the work can be achieved.

Given the nature of the R100 programme, we are not working to the UK Government’s target of connecting all UK premises to a full-fibre network by 2033. That would be far too long for us to wait, so we have stepped in, in an area that is wholly reserved to the UK Government, in order to ensure that Scotland has the right digital connectivity. The R100 programme is important to our rural communities and to our economy in ensuring that the country has the right digital connectivity. We will certainly not wait until 2033, which is the timeline that the UK Government has set out. The R100 programme is very ambitious.

The Convener: Unfortunately, we are out of time. I thank the cabinet secretary and his officials for their evidence.

Normally, I would suspend the meeting at this point, but given that we are pushed for time, I will move straight on to agenda item 3, so I would appreciate it if the cabinet secretary and his officials could leave quietly.

Annual Report

10:31

The Convener: Members of the committee have received a copy of the draft annual report in their papers. We are struggling for time, and I do not think that there is any reason why the committee cannot agree to the report by email, if it is minded to do so. Committee members can make brief general comments if they wish to, but I am happy to promote the option of dealing with the matter by email.

No members have any comments, so does the committee agree to approve the report by email?

Members indicated agreement.

The Convener: I would be grateful if the committee could now move to committee room 1 for a videoconference with the Rt Hon Michael Gove, which will start at 10.45.

10:32

Meeting suspended.

10:46

On resuming—

European Union Withdrawal (Implications for Scotland)

The Convener: I welcome everyone back to the meeting and invite committee members to declare any interests.

Peter Chapman: I am a member of a farming partnership in the north-east of Scotland.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I am the joint owner of a small registered agricultural holding.

The Convener: I am a member of a farming partnership.

I welcome the Rt Hon Michael Gove, the Secretary of State for Environment, Food and Rural Affairs for the United Kingdom Government. He is giving evidence to us, via videoconference, on the implications for Scotland of the UK's departure from the European Union. Mr Gove, we will go straight to questions.

Peter Chapman: Good morning, Mr Gove.

I will start by asking about fisheries, which is an important issue in the north-east, where I stay. On 24 April, Mr Ewing told the committee:

"It would be premature to bring fisheries legislation before the Scottish Parliament when we do not know what additional powers the UK Fisheries Bill would confer on Scotland."—[*Official Report, Rural Economy and Connectivity Committee*, 24 April 2019; c 15.]

What additional powers will the UK Fisheries Bill confer on Scotland, and how could they benefit the Scottish industry?

Rt Hon Michael Gove MP (UK Government): Thank you, Peter. I apologise to the committee for not being able to be with you in person, as I would have wanted to be. I had the opportunity to be in Scotland—in Aberdeen—just under a fortnight ago, when I met representatives of the fish processing and catching sectors, and I am looking forward to being back in Scotland at the end of this week.

The Fisheries Bill will provide an opportunity for the Scottish Government to manage Scotland's fisheries resources more effectively. We are in conversation with Fergus Ewing about exactly what powers he thinks are necessary to make sure that Scotland can benefit.

The Scottish Government itself has acknowledged, in the work that it has done, that leaving the EU, taking back control of our waters and leaving the common fisheries policy will mean thousands of additional jobs and that hundreds of

thousands of additional pounds can be injected into the UK economy.

I am open to any proposals that Fergus has to make sure that the bill works for all parts of the United Kingdom, and, in particular, that the coastal communities of the north-east can benefit more.

Peter Chapman: The fishing industry in the north-east looks forward to that happening. The basic question is this: do we still feel that we can come out by the end of 2020, as was originally envisaged?

Michael Gove: I hope so. That is absolutely the UK Government's plan. It all depends on whether our Parliament in Westminster passes the withdrawal agreement bill. Last night, the Prime Minister signalled that she will bring it forward—God willing—in the first week after our Whitsun recess. All Scottish Conservative MPs voted to support the withdrawal agreement at the last time of asking, on March 29, because there is a recognition that, if we can secure that withdrawal—

The Convener: We have lost the signal. I will suspend the meeting briefly so that we can re-establish communication.

10:50

Meeting suspended.

10:51

On resuming—

The Convener: We have re-established contact. You were in mid-flow Mr Gove.

Michael Gove: I was responding to Peter Chapman's point about the transition period into 2020. We anticipate that we will have a transition period up to the end of 2020—provided that the UK Parliament lets us. We will then be fully outside the common fisheries policy and can take full advantage of the sea of opportunity that will exist.

Peter Chapman: Let us hope that we can achieve that. I have another very important question. What will replace the European maritime and fisheries fund? How will that be administrated in Scotland, and what sums of money might be involved? Will they be similar to those that we are receiving through the EMFF at the moment?

Michael Gove: I hope that they will be more. We want to replace the EMFF with a fund to ensure that coastal communities can invest in a way that allows them to take full advantage of the opportunities that will exist initially. Just last December, the UK Government made available an additional £37 million on top of EMFF funding.

That was distributed in accordance with EMFF rules so that the Scottish Government could ensure that its priorities were properly reflected. We want to ensure that more money is available and to respect the legislative and administrative competencies of the Scottish Government, so that it can spend that money as it thinks appropriate.

As I discussed in a different committee, there may be areas—for example, investment in the redevelopment of Fraserburgh Harbour—in which the UK Government could go above and beyond in making sure that everything that the community there wants to see happen, to which I understand that the Scottish Government is sympathetic, can occur. My approach is to absolutely respect the devolution settlement; however, where the UK Government can go above and beyond in helping Scotland, we should.

The Convener: I will bring in Stewart Stevenson.

Stewart Stevenson: Mr Gove, it is clear that there are considerable opportunities for the catching sector to increase the quantum of what it catches, but the economic value is delivered through the rather larger processing industry. Even at the moment, there are significant vacancy levels in a number of processors—I am sure that you will have heard about that—and the proposed immigration rules that the UK Government is currently engaged in set an income floor that is somewhat above the level of many of the people who come and work in the industry in the north-east. With a 30 per cent vacancy level in certain processors already, how can the UK Government respond to ensure that we will actually be able to capture the full economic value of the access to greater catches? The processing sector needs to be part of that.

Michael Gove: That is a good point. As you may know, I was in Aberdeen just under a fortnight ago, and I visited Nolan Seafoods, an exemplary fish processing company. In talking to Michael Park, its chief executive officer, I appreciated how important it is to the company that it has access to a wide range of sources of labour. While I was there, I met one member of the team who, a long time ago, worked for my dad. Another member of the team had come over from Poland and had been trained by my uncle. I appreciate the vital importance of ensuring that people have access to talent, both home-grown and from abroad.

You make a good point about the migration advisory's committee's recommendation that we look at ensuring that it is easier to get skilled workers. It is true to say that defining a skilled worker as someone who earns more than £30,000 a year is not responsive to the particular needs not only of the fish processing sector but of the food and drink sector overall. There are people working

in processing who are highly skilled but who earn less than £30,000 a year, and we must have access to that talent. Anyone who has seen the state-of-the-art facilities at places such as Nolan Seafoods will appreciate that they are absolutely at the cutting-edge of technology. However, we also need to place skilled manual labour alongside that technology to ensure that high-quality seafood is delivered in a way that the customer wants.

You are absolutely right in what you say. I have made the point to the Home Secretary and others that we need to be flexible in how we define what a skilled worker is in the light of the needs of specific industries.

Maureen Watt: As a result of leaving the EU, the processing sector will require export health certificates for every batch or every shipment of fish. The estimated cost of that process is £15 million. Will the UK Government pick up that tab?

Michael Gove: I have said to Fergus Ewing, the Cabinet Secretary for the Rural Economy, that, if he lets me know what the Scottish Government needs, the UK Government stands ready to support it.

The Convener: If there are no further questions on that area, we will move on.

John Mason: My question is on policy frameworks, common frameworks and so on. Can you give us some idea of your thinking about what will need legislation and what will not? The Scottish and UK Governments have been co-operating in some areas without legislation. Do you anticipate that we will need a lot of legislation or really not very much?

Michael Gove: It is a case-by-case issue. I think that all of us would like the internal market across the UK to be preserved. That means that we need common frameworks on issues such as animal health, so that Scottish farmers and food producers will continue to have access to the UK market and so that we all, collectively, will benefit from the high reputation that the whole of the UK enjoys. I am grateful to the Scottish Government for the fact that it has made its officials available for a variety of meetings, which has enabled us to put in place some of the statutory instruments and secondary legislation that will ensure that we can deal with whatever outcome results from EU exit.

I have also said to the Scottish Government that we are always ready to provide additional time for our Agriculture Bill, so that a schedule can be attached that makes provision for whatever legislative changes the Scottish Government needs to be made. I think that the Scottish Government is planning to introduce its own bill, and we will do whatever we can to support it in that regard. We will liaise with it to ensure that the legislation works in the interests of all.

John Mason: I hope that all of that can be done through negotiation and that there will be a good relationship between you, Fergus Ewing and others in the other two countries. However, if there was disagreement around the formation of a framework, whether or not it was legislative, how would you see that being resolved?

Michael Gove: I think that it could be satisfactorily resolved only through consensus and agreement. Without wanting to be too starry-eyed about it, I would say that, although Fergus Ewing and I have disagreements, I cannot fault him or the Scottish Government for the way in which, when it comes to the practical implementation of all the measures that are required to ensure that we retain the benefits of the union, he and his team have been principled and determined to work in a constructive and pragmatic way.

John Mason: That is encouraging, but I wonder what would happen in a situation in which we could not reach agreement. For example, if Scotland wanted to have slightly higher standards than the rest of the UK in agriculture—because agriculture is so important to us—would there be flexibility for that, or do you think that the UK would impose the standards that it wanted on Scotland?

11:00

Michael Gove: No. There are some areas in which it is absolutely right for different parts of the United Kingdom to want to do their own thing. That is the principle behind the devolution settlement, which I completely respect.

If, for the sake of argument, Fergus Ewing—or any other cabinet secretary in the future—wanted particular standards to apply in any area in Scotland, we would do everything possible to facilitate that. It would, of course, be a matter for the cabinet secretary and Scotland's food processing or production sector to decide on the extent to which there might be economic challenges. However, I would do everything that I could—and I am sure that my colleagues across the UK Government would do everything that they could—to make sure that the ambitions of any future cabinet secretary could be met as well as to protect the interests of everyone across the United Kingdom.

Stewart Stevenson: Mr Gove, international treaties are clearly a matter for the UK Government to deal with—I am thinking of the World Trade Organization rules in the specific context of agriculture. However, there is open disagreement, I think, about devolved versus reserved implementation of the rules. The Scottish Government tabled some amendments to the UK Agriculture Bill, which the Environment, Food and Rural Affairs Committee has rejected. Is it still on

the agenda for ministers to consider responding to and taking forward the amendments that the Scottish Government proposed, or close variants of them?

Michael Gove: You describe the situation perfectly. Notifying the WTO about the level of agricultural support that we provide within the amber box and making sure that we are WTO compliant is the UK Government's responsibility for the reasons that you point out. That is the relevant body for concluding international treaties and satisfying international obligations. However, within that, both the Scottish and UK Governments recognise that it is for the devolved Administrations to decide how the amount that is allocated should be spent.

The disagreement, or difference of views, over how to achieve that should in no way obscure the basic agreement that we all have on the underlying principles. We have reached a satisfactory arrangement with the Welsh Assembly Government on the issue, and conversations are continuing with the Scottish Government, to make sure that our shared ambitions can be met and that any difference of interpretation or opinion can be reconciled, whether through amendment or through a deeper shared understanding of what both Governments want to achieve.

Stewart Stevenson: I understand the issue around the amount, which will always be the subject of vigorous debate. I am more focused on the incorporation of rules into domestic law. Under the common agricultural policy—and, indeed, a range of policies—the Scottish Parliament, working with the Scottish Government, has been responsible for the incorporation into Scottish law of the obligations to which the UK has committed, as is the case in Wales. That is the area that I am trying to probe, and I am relatively encouraged by what you have said. Do you think that we will get to a resolution that will recognise that, when the Scottish Parliament and Government do that—which will save work at Westminster, to be blunt, or there is a danger that work will be done twice—they are doing so in order to help the UK to meet the international commitments to which it properly has signed up?

Michael Gove: Yes, that seems very fair.

Stewart Stevenson: Thank you.

The Convener: Yesterday, in a statement to the Scottish Parliament, the Minister for Rural Affairs and the Natural Environment said that the Scottish Government had submitted amendments to the UK Agriculture Bill, and that that bill is holding up construction of a Scottish Government agriculture bill. Do you support that assertion, or is it not true?

Michael Gove: I do not support that assertion. I was struck by what Jonnie Hall of NFU Scotland

said at its recent meeting, when he suggested that the Scottish Government has not provided as much detail about the future of agriculture in Scotland as those of us south of the border have provided there. The Scottish Government has both the means and the ability to do so. As I mentioned earlier, we have said that we would be more than happy to provide a schedule to our Agriculture Bill, as we have done for the Welsh Government, in order to meet all Scotland's requirements for putting the future of farming on a firmer legislative framework.

Again, I am more than happy to consider any suggestions, thoughts or recommendations from the Scottish Government. However, I certainly do not think that there has, on the part of the UK Government, been a lack of willingness to help the Scottish Government to move on and to provide farmers with greater certainty.

The Convener: There has also been a question about whether the Scottish Government needs to introduce an agriculture bill in order to continue to make payments here. Will you clarify your position on that?

Michael Gove: The Scottish Government could have co-operated with the UK Government on the Agriculture Bill in order to provide the greater certainty that has been sought. However, if it wishes to introduce its own bill, we will do everything possible to facilitate that. Such certainty could have been provided had the Scottish Government opted to use the UK legislation, but that was a decision for the Scottish Government.

Gail Ross: Where exactly is the Agriculture Bill in the system? Is it one of the pieces of legislation that must be passed before we leave the EU? If so, will it be passed?

Michael Gove: The Agriculture Bill has completed all its stages in the House of Commons, apart from the report and third reading stages, in which we can consider amendments, including those that have been proposed by the devolved Administrations and to which UK parliamentarians have put their names. The UK Parliament needs to pass the bill on the withdrawal agreement before it can pass the Agriculture Bill. Of course, we can formally leave the European Union without the Agriculture Bill having been passed. If we leave in accordance with the withdrawal agreement, we will enter a transition period, during which we will have the necessary powers to continue to provide payments.

Richard Lyle: I want to continue on the CAP convergence review. The UK Government has initiated an independent review into the factors that should be considered to ensure that funding for domestic farm support is fairly allocated to the

Administrations of England, Scotland, Wales and Northern Ireland. We all know that Scotland is at the very bottom of the league table of payments per hectare to farmers in the EU. Mr Ewing has told the committee that it is

“unthinkable that the review would not result in additional money coming to Scotland.”—[*Official Report, Rural Economy and Connectivity Committee*, 24 April 2019; c 23.]

Is his view right, and do you agree with it? If there is additional money, when will it be allocated?

Michael Gove: The review is an independent one, so I cannot pre-empt its conclusions. I am very grateful to the Scottish Government for recommending Jim Walker, who is an excellent member of the panel. We have representatives from each of the constituent parts of the United Kingdom. The chair of the review, Lord Bew of Donegore, is a cross-bench peer of unimpeachable integrity who, as it happens, lives in Northern Ireland and works in London, but hails originally from the Irish Republic.

The review has been designed to ensure that it is an objective and inclusive look at all the issues that have arisen. The setting up of the review was a commitment that was undertaken by one of my predecessors in this role. Its terms of reference have been agreed, and our work is proceeding.

The UK Government knows the history of the matter; we know that concern has been expressed in Scotland that convergence money that was made available because of Scotland's unique geography should have been allocated in a different way. As I have said, I do not want to pre-empt the review's conclusions, and I believe that its independence is important. However, whatever its conclusions are, of course the Government will take them seriously. We know that hard work is being undertaken by every member of its panel.

Richard Lyle: You have expressed a personal desire to support hill farmers in Scotland. What does that mean in practical terms? What do you intend to do to ensure that it happens?

Michael Gove: The first thing is that, obviously, the allocation of support for farmers across Scotland is a matter for the Scottish Government. Once we leave the EU, the Scottish Government will decide how it allocates the money that we will provide to it. As you know, agriculture funding is not subject to the Barnett formula. However, because of its particular needs, Scotland—as, for that matter, do Wales and Northern Ireland—enjoys a greater level of support for agriculture and the rural economy than strict application of the Barnett formula would allow. That is a good thing and it will not change. Therefore, the first thing to say is that we guarantee the funding, and the Scottish Government decides how to use it.

The second thing is that, south of the border, we recognise that upland farmers face particular challenges. They farm in less favoured areas and they have less capacity to increase productivity. However, they contribute not just to food production, with high-quality red meat, but to maintaining iconic landscapes and enhancing our environment in a number of ways. In addition, in terms of social ecology, parts of this country—the southern uplands and the western Highlands—depend on upland farmers. We recognise that upland farmers, livestock farmers and others who are critical to the health of our rural communities need support for the future. Fergus Ewing recognises that and, in respecting the competence of the Scottish Parliament, I will do everything that I can to work with him in order to help. I stand ready to do what is required at any stage.

Richard Lyle: Can I take it from your comments that, once we leave the EU, the UK Government will give Scotland all the funding that we presently get from the EU?

Michael Gove: Yes—we have guaranteed to preserve funding until 2022.

Richard Lyle: Thank you very much.

Maureen Watt: You know that the EU is the largest export destination for Scotch lamb. If we come out of the EU with no deal, exporters will face a tariff of 40 to 50 per cent. We have heard some awful scare stories about there having to be mass slaughter of sheep. Based on the UK Government's modelling, what impact will a no-deal EU exit have on the Scottish sheep sector?

Michael Gove: You are right to point out that sheep meat is the sector of UK farming that will most immediately be affected by EU exit. The principal export destination for sheep meat from the United Kingdom is the European Union—in particular, France, although it goes to other European nations, as well.

We have developed a scheme that would, in the event of a no-deal exit, ensure that we support sheep farmers' income. One of the models that we have in mind is payment according to the number of breeding ewes that a farmer has. We believe that that is one of the most effective models, but there might be alternative methods of providing support. On that basis, there should be no need for the measures that Maureen Watt mentioned, because the income of hill farmers—and, more generally, sheep farmers—will be protected from the initial shock that EU exit will bring to the sheep-meat sector.

Maureen Watt: Thank you for that answer. Can you be more specific about what you mean by—I think that you said this—protecting breeding ewes?

Michael Gove: The scheme is a way of making sure that we safeguard the income of upland farmers and, more generally, sheep farmers, by providing additional support for their income. One of the ways we can do that is by providing an additional payment that is related to the number of breeding ewes that each farmer has.

There are some arguments about the different ways in which we can allocate support. The Scottish Government will be able to decide on the method of support that it thinks is appropriate for sheep farmers. I will work with the Scottish Government to demonstrate how we apply the scheme south of the border. If the Scottish Government wants to apply the scheme—or any parallel scheme—in a different way, we will look at that. As I said to Fergus Ewing, the UK Government stands ready for any specific requests for additional funding to help the Scottish Government.

11:15

Again, one of my strong beliefs is that we should respect the competence of the Scottish Parliament and the devolution settlement. It is working very well, but I do not think that there should be any bar to the UK Government stepping in at any point and providing the Scottish Government with additional resource or help. That is one reason why we are stronger together—the UK Government's capacity to help the Scottish Government to achieve what it wants is one of the virtues of the devolved settlement in our strong United Kingdom.

Maureen Watt: With all due respect, I do not think that what you have said will be very welcome to the sheep farmers who are listening to the meeting. Given the huge uncertainty that they face in planning their agriculture businesses, would not it be wise to give the upland farmers the £160 million convergence money that they are due?

Michael Gove: First of all, I say that it is the UK Government that can make resource available to support upland farmers and sheep farmers more generally, and we stand ready to provide that support in any eventuality.

Secondly, if we want to avoid a no-deal exit—as you quite rightly point out, a no-deal exit would be particularly challenging for the sheep sector—voting for the Prime Minister's deal is one of the best ways to do that: all 13 Scottish Conservative MPs voted for that deal, while other Scottish representatives in the UK Parliament did not. Were they to do so, that would provide Scottish farmers with a degree of certainty for the future.

Thirdly, the Bew review is looking at all the issues on convergence funding. As was mentioned earlier, that review is independent, and the representatives include the very excellent Jim

Walker, who was the Scottish Government's nominee.

I think that the right thing to do in order to provide farmers with certainty is to vote for the Prime Minister's deal, recognise the strengths that the UK Exchequer can bring in supporting agriculture overall, and work with the independent Bew review so that we can give farmers—not just in Scotland, but across the UK—a fair allocation of funding in the future.

The Convener: There are a few follow-up questions on the issue.

John Finnie: I have a couple of short supplementaries. Good morning, secretary of state. You recently stated—indeed, you have repeated it today—that the UK Government should be able to spend additional money in areas of devolved competence, such as Scottish farming, fishing and, indeed, education. You will be aware that the UK ministers do not have legal powers to interfere in devolved areas, unless the UK Parliament were to choose to amend the Scotland Act 1998. Is it your intention to undermine Scotland in that way?

Michael Gove: I would never undermine Scotland. Throughout my political life, my commitment has been to strengthening Scotland's position. Scotland is stronger in the United Kingdom. The Scottish Parliament and the Scottish Government were granted, by the UK Government that was led by David Cameron, additional powers, which were confirmed by Theresa May. We have done that because we believe in devolution, but we also believe in the union.

We think that it is important that where the United Kingdom Government can support the Scottish Government in discharging its responsibilities, it should do so. I absolutely respect the legislative competence and the administrative autonomy of the Scottish Government—it is a good thing. However, I also think that—I have said this to Fergus Ewing—if the Scottish Government needs support at any point, we stand ready to provide it.

You mentioned education. The education system overall in the United Kingdom benefits from the freedom of academics and students to study across the UK. One of my concerns is that, over the past few years, Scotland's schools have been falling behind those in the rest of the United Kingdom, particularly those in England. I want to help the Scottish Government and work with John Swinney and others to see whether some of the reforms that have helped to raise standards internationally can be introduced in Scottish schools. That, of course, is a matter for the Scottish Government. However, some of the

proposals that Ruth Davidson outlined just under a fortnight ago on how we can improve vocational education seem to me to provide a brighter future for Scotland's students—not least when it comes to land-based education.

The Convener: I encourage Mr Gove and Mr Finnie to stay within the remit of the committee.

Michael Gove: Absolutely.

The Convener: I will allow John Finnie one more question.

John Finnie: Forgive me, convener. Although I had struck out the words “and, indeed, education” from the question that I had written down, I went on to say them. We are concerned with farming and fishing here, secretary of state.

Michael Gove: Absolutely.

John Finnie: I take no reassurance whatsoever from what you have said. If Scotland's devolution settlement can be treated so lightly—that is how I view much of what you have said—how can we ensure that our interest in matters such as high agricultural and environmental standards will be respected in any future UK trade deals?

Michael Gove: I disagree with your initial premise. I cannot see how the UK Government saying that it respects the devolution settlement and that it wants to provide additional resource and work for the Scottish Government in order to put the interests of Scotland's citizens first undermines the devolution settlement in any way. That reinforces the devolution settlement. What undermines the devolution settlement is an argument for separation and independence for Scotland, which would mean that the powers that the Scottish Parliament currently has—

John Finnie: So you know better than the Scottish Government on devolved matters.

Michael Gove: No, I—

John Finnie: You know better than the Scottish Parliament on devolved matters.

Michael Gove: No, but I think that—

John Finnie: That is reassuring.

Michael Gove: I have repeated to the committee what I have said to committees previously, which is that I respect the devolution settlement. One of my concerns is that the Scottish Parliament and the Scottish Government sometimes have opportunities to improve things and, although I completely respect the devolution settlement, I am not sure that all their powers are used in the right way. However, that is a matter for the Scottish Government.

I thought that it was very interesting that Jonnie Hall from NFU Scotland, for example, recently

pointed out that the Scottish Government has not provided the same degree of clarity, detail and future vision that the UK Government has on farming, agriculture and the environment in England. The Scottish Government must decide what approach it believes is right, but as someone who loves Scotland and wants to see it succeed, and who wants an effective Scottish Government, I listen with interest when voices such as Jonnie Hall's are raised.

I absolutely respect the devolution settlement. The key phrase is, "Let's make it work." One way in which we can make it work is by no longer having a divisive debate about separation, independence, another referendum and a separate currency. Instead, the powers that the Scottish Government already has should be used—

John Finnie: Mr Gove, there is nothing more divisive than Brexit.

The Convener: I do not want the discussion to become a political one; I want to get back to the questions.

Mike Rumbles: I want to follow up on your response to a previous question from Maureen Watt about a no-deal Brexit and its implications for Scotland's agricultural industry.

I know your position: you want a deal, and you want all your colleagues to vote for a deal to get things through. However, let us assume that that does not happen and that the alternative is a no-deal Brexit. In my view—I do not want to put words in your mouth—a no-deal Brexit would be devastating for Scotland's agricultural industry, with, for instance, the tariffs for the sheep sector that have already been mentioned. I think that you have already accepted that. Are you doing all that you can, as the minister responsible for the UK's agricultural industry in the UK Cabinet, to argue that whatever happens—I know what your preference is—we do not leave the European Union with no deal and have subsequent devastation of our agricultural industry? I hope that that is your position. Will you confirm that?

Michael Gove: Even though we are in different parties, we find ourselves agreeing on a lot. I agree with you—but not quite with the language, although I understand why you used it. If we were to leave without a deal, there would be real risks and challenges for the whole UK economy; in particular for agriculture, farming and—as you and Maureen Watt have pointed out—for the more vulnerable sectors, such as upland farmers in the sheep-meat sector. We—the UK Government and the Scottish Government—can and have put in place measures to mitigate the impact of that.

One of the reasons why I strongly advocate a deal is that I recognise that, although the UK could

get through the initial turbulence that no deal would cause, none of us wants that turbulence because of the impact that it would have on the people whom you represent.

Mike Rumbles: With your particular responsibilities, do you not feel obliged to fight the corner in Cabinet to prevent a no-deal Brexit, whatever else happens? That is my question.

Michael Gove: I have made the case that the best answer is a deal, and I will make that case on any platform that I am given. When I spoke at the NFU conference in Birmingham in February, I made the point that there would be real challenges with no deal.

During the course of parliamentary debate in the UK Parliament, when the Prime Minister was indisposed for health reasons and I stood in for her, I also explained some of the difficult consequences that no deal would bring about. I and my colleague—and our mutual friend—David Mundell make the same arguments.

However, one thing that I have to acknowledge is that no deal is one of a number of possible scenarios for which we have to be prepared. Although it is far from being the scenario that I prefer, it is my responsibility to make sure that we are ready for whatever is the outcome of the process.

Jamie Greene: Good morning, Mr Gove. I would like to expand the discussion on access to the labour markets, which we touched on earlier. It is quite an important issue for agriculture. Notwithstanding the issues for the fishing industry, I want to talk a little bit about the soft-fruit industry and seasonal workers in farming. I appreciate that immigration policy is a matter for your colleague in the Home Office, but I suspect that you have a strong interest in the issue.

Can you update me and the committee on how the industry is responding to the pilot scheme for migrant workers? We could probably approach the matter in two ways. One is to ensure access to labour from within the EU, and the other is to ensure access to labour from outside the EU, which will not be affected by Brexit in the same way. It would be helpful to get an update on that.

Michael Gove: There has been an enthusiastic take-up of places on our seasonal agricultural workers pilot and, as you quite rightly point out, we have been recruiting from places just beyond the EU, such as the Ukraine and Moldova. At the moment, the pilot is smaller than some would have wanted it to be, but the enthusiastic take-up helps us to make the case for the potential expansion of the numbers who will come in through the seasonal agricultural worker scheme.

One of the arguments that is made is that, although the seasonal agricultural workers pilot for people from outside the EU is a good thing, we are still in the EU and, if the withdrawal agreement bill is passed, even though we will be out of the EU free movement will continue during the transition period, which means that workers from Romania, Bulgaria and elsewhere can still come and work in the UK.

As countries such as Romania and Bulgaria become wealthier, of course, more individuals who have worked in the UK might want to work in their home country. Also, as the value of sterling in the immediate aftermath of the referendum fell a wee bit—which was a help to exporters—the earnings of some of those workers diminished in relative terms. That also had an impact.

We need to keep all these things in balance. I think that we need to take an open approach and that the soft-fruit sector, which is so important in Angus and Perthshire, needs to make sure that it has access to all the labour it needs.

Jamie Greene: Thank you for that detailed response. It is fair to say that the needs of soft-fruit growers in Angus are not dissimilar to the needs of those in Ashford, so the issue is UK-wide.

Michael Gove: I agree.

Jamie Greene: You touched on the numbers there. Industry is saying to us that the number of seasonal workers that it needs to pick the fruit is somewhere in the region of the tens of thousands. Is there scope for the pilot scheme to be expanded?

There have also been one or two pieces of anecdotal evidence of delays in processing the visas for some workers. I hope that you might be able to take that up with the Home Office so that we can see the timely processing of visas and get people on the ground doing the job that we need them to do.

Michael Gove: I certainly will, and thank you for bringing that to my attention.

I am open minded about how the scheme might develop in future. One of the reasons why we were able to get the scheme in place so quickly was because of the advocacy of Kirstene Hair, who did a brilliant job in making sure that the Home Office appreciated the vital importance of having a pilot scheme. I hope to see Kirstene Hair and visit Angus later this week. We will keep the evidence on the ground and what might be required in the future under review.

Jamie Greene: I add my commendation of the work of my colleague Kirstene and that of any MP who is working on behalf of constituents across the UK on the matter.

What are your thoughts on how we could grow a local workforce for seasonal agricultural work? I appreciate that, traditionally, we have relied on people from the parts of the EU that you mentioned, but there has been a change of course and we are now looking beyond Europe's borders for seasonal workers. Are there roles for both Scotland's Governments to play in trying to encourage people who already live and work here to take up that work as a potential career, or to look at it as a potential employment opportunity? What can we do to help to grow that workforce?

11:30

Michael Gove: You are absolutely right; we need to consider how we can make agriculture overall an even more attractive profession. I want to work with Scotland's Rural College and others to make sure that attractive career paths are open to people who want to work on the land and in agriculture. Some of the work that organisations such as the James Hutton Institute are doing is scientifically exciting, and it also holds open the prospect of growers being able to produce soft fruit, salad vegetables and other fresh produce in exciting new ways.

As technology advances, the opportunity for enterprising and innovative Scots to make a career in agriculture and in growing increases, so it is important that both Governments work together to support those who are at the cutting edge of innovation and to take account of the specific concerns of people who are already making a success of producing some of the highest-quality produce in the world.

Jamie Greene: Thank you.

The Convener: We will move on to the next question. I am conscious that I need to get all committee members in, so short questions and answers would be good.

Stewart Stevenson: Other members will ask about international trade and geographical indications, but I will ask a narrow question that relates to the US trade report and negotiating position for a trade deal. In particular, the US wants to bring in whisky that has not been held in bond for three years. We do that under the Immature Spirits (Restriction) Act 1915, which my father's cousin was responsible for in Asquith's Government.

There are also issues around food hygiene and the use of hormones, which from our perspective relate to public health concerns. We know that the US is 27th in the world when it comes to perinatal deaths, that it leads in opioid addiction and that obesity is a huge problem. Therefore, it is not a leader on those issues. In any negotiations, we would strongly resist the imposition of the ideas

that it is putting forward, and we would make sure that the jurisdictions across the UK were involved in setting the terms of any debate on the subject.

Michael Gove: It is fair to say that the US's initial ask in the trade negotiations is probably designed more to appeal to aspects of the domestic audience in America than to work for us.

Stewart Stevenson: That is fine, thank you.

Jamie Greene: I also sit on the Parliament's Culture, Tourism, Europe and External Affairs Committee, which has been doing a lot of work on the role of the devolved Administrations in future negotiations and trade deals, both bilateral and otherwise.

Agriculture and fisheries are pertinent issues when we negotiate trade deals with countries such as New Zealand and the US. What role could and should the devolved Administrations play in the process? Should they be at the table before the negotiations begin, talking about the needs and wants of the various constituent parts of the UK to ensure that those needs are reflected in the UK Government's negotiating position when it enters into conversations with the other side?

Michael Gove: That is critical, and your approach is absolutely the right one. We want to make sure that the negotiating mandate that we have in those trade negotiations is as widely understood as possible, that we involve people from across the United Kingdom and that we take advantage of the expertise and commitment of the devolved Administrations. It is the UK Government that has to be in the room to take part in the negotiations because they will relate to an international treaty, but it is absolutely critical that we make sure that any trade agreement works for all parts of the United Kingdom.

Jamie Greene: Thank you for that answer.

I appreciate that environments such as the joint ministerial committees are designed to facilitate those conversations. Are there any other practical measures that the Governments could participate in, perhaps to get over any disagreements on strategy or to formalise a process that meets the various needs of each of the Governments? The Welsh Government may have a view on a certain strategy, the Scottish Government may have another and you might be going in a different direction. How do you square that circle to ensure that there is a strong, unified single voice negotiating before you go into the room?

Michael Gove: We do everything that we can to make sure that every sector that has particular interests is effectively represented. Recently, representatives of Plaid Cymru raised the particular impact of our relationship with South Korea and the trade terms for whelk exports. It is

critical for parts of Wales that we maintain good access, and we are determined to take account of that.

With respect to Scotland, two of the UK's most important exports are salmon and whisky, and we want to make sure that the high standards that we maintain are in no way undermined. Of course, I am happy to meet not just representatives of the Scottish Government, who have a critical role to play, but other members of the Scottish Parliament and representatives of individual sectors. For example, the Royal Highland Show at Ingliston is an opportunity for me to hear directly from people in aquaculture and agriculture what their particular concerns—and hopes—might be around future trade arrangements, and to incorporate that into the UK Government's approach.

Jamie Greene: Thank you. I look forward to seeing you at the show.

Colin Smyth: I turn to the issue of geographical indications and access to markets. GIs are clearly important to products such as Scotch whisky, which you mentioned. How will the UK's GIs be treated in the EU market in the event of a no-deal Brexit at the end of October?

Michael Gove: It will be the case that, under EU law, the EU will continue to respect our geographical indications.

Colin Smyth: In going forward and negotiating any trade deals, would continued protection of UK GIs in the EU market be a red line for negotiations with the EU? Would continued protection be a red line in negotiations with the United States on any trade deal?

Michael Gove: We are absolutely committed to making sure that the benefits of geographical indications continue to be available to producers across the United Kingdom.

Colin Smyth: Which do you think would be the best for Scottish produce such as Scotch whisky, in terms of access to markets: a no-deal Brexit or a deal that includes a permanent customs union?

Michael Gove: One of the interesting things about whisky is that it does not have tariff barriers, but I would say—I suppose that you would expect me to say this—that the best deal is the one that the Prime Minister has negotiated, which manages to ensure that we have tariff and quota-free access for goods and agrifoods while, at the same time, having an independent trade policy when it comes to services.

The Convener: Gail Ross wants to ask a follow-up question.

Gail Ross: I do. I commend my colleagues Deidre Brock and Emma Harper for all the hard

work that they have done on protected geographical indication status.

Mr Gove, the UK Government stated that, in the event of a no-deal Brexit, existing holders of protected status should prepare to reapply to the EU for protection and the use of the EU logo. Is that still the case? If so, will it involve a cost? If it will, who is going to pay for that?

Michael Gove: The UK Government stands ready to make sure that we take into account all additional unnecessary costs that business bears.

Gail Ross: Sorry, but what is the difference between an unnecessary cost and a necessary one?

Michael Gove: Again, we will look pragmatically at each of the individual challenges that business has to bear. As I mentioned earlier, we are seeking to do everything that we can to avoid a no-deal exit, but we are also capable of making sure that the impacts of a no-deal exit in particular sectors and for particular producers are mitigated.

Gail Ross: We have heard about the bill being picked up for health certificates in the fish sector and compensation being given to the sheep sector, and now there is money for protected status. Do we have a final cost for all of that?

Michael Gove: If we leave the European Union, we will no longer pay into the European Union, which would result in a net benefit equivalent to at least £10 billion a year.

John Mason: My question is on our preparedness for EU exit in relation to borders. The National Audit Office published a report in October 2018. I realise that, at that point, it expected that March 2019 would be the exit date, so things might have changed since then, but its report says:

“Defra has done well in very difficult circumstances ... What really matters now though is that Defra accelerates its medium-term planning for the Withdrawal Agreement while finalising its contingency plans.”

Can you give us an update on where we are with borders and border controls?

Michael Gove: Yes. Thank you very much for your very fair summary of the National Audit Office report. The report thanked officials from the Department for Environment, Food and Rural Affairs for their hard work, but it acknowledged that there was much more work to do. The report was very helpful in marking our homework and telling us where we needed to work harder, which we have done.

If we had left the EU on 29 March, we would have had in place the information technology systems and the other organisational preparations. As I mentioned earlier, there would, of course,

have been some turbulence and bumps on the road. Indeed, if we leave on 31 October without a deal, there will be some turbulence and bumps on the road. However, we are confident that DEFRA and other Government departments are taking the appropriate steps to mitigate the risks.

John Mason: The report said that some of the controls at the border would be “less than optimal”, which sends up at least some amber, if not red, lights. Given that we have been in the EU, is the suggestion that we would carry on in a more relaxed way after we leave, before things gradually tightened up? If that is the case, do we expect EU countries to be equally relaxed about our exports to them?

Michael Gove: That is a very big and important question. The UK Government’s approach is that there should be continuity wherever possible. If a no-deal exit were to occur, we do not expect that, the next day, France, Germany or Austria would suddenly lower their animal welfare or environmental standards when exporting to the UK. We can have confidence that we could continue to allow exports from EU countries into this country without the need for the same level of checks that we might apply to non-EU countries.

The EU has said that, in the event of a no-deal exit, it would insist on not only the common external tariff but a battery of other checks, including sanitary and phytosanitary checks, being applied to UK exports, which would mean that UK exports would need to go through a border inspection post. It is within the EU’s power to apply such rules with a greater or lesser degree of flexibility. That is one of the known unknowns—as someone once said—about a no-deal exit. For example, to what extent would the French Government prioritise speed of flow over the most comprehensive checking that is possible? There were lots of signals from people in the French Government that it would prioritise speed of flow, but we had to take into account that not everything might have been in place to guarantee that.

John Mason: If we allowed food from France and other EU countries, which would probably be of a perfectly high standard, to come into our country, that food would be able to compete with Scottish products and those from the rest of the UK. However, if our products were delayed at the border—and some would not survive more than a few days—I presume that Scottish farmers would fear that they would not be able to compete in European countries.

Michael Gove: That is a concern. However, in relation to fair competition, we published an indicative schedule of the tariffs that we would apply in the event of a no-deal exit, in order to ensure appropriate protection for UK agriculture while balancing the need for price stability for the

consumer. French consumers, for example, would have an interest in ensuring that the shellfish that they enjoy, which is provided in abundance from Scotland and Cornwall, get into French restaurants as quickly as possible. Therefore, across Europe, there would be a strong commercial incentive to ensure the unimpeded supply of produce that people could not replicate from any other source.

11:45

The Convener: The final question is from Peter Chapman.

Peter Chapman: Mr Gove, you recently published a tariff schedule for use in the event of a no-deal exit that, in my opinion, showed a great lack of fairness, given that the tariffs on our food exports to the EU are generally much higher than the tariffs that you are proposing to level on imports. That would have a catastrophic effect on our farming industry. Surely there should be parity of tariffs for exports and imports for the system to be fair? Will you reconsider that approach?

Michael Gove: Our approach to tariffs was designed to protect the most vulnerable sectors in agriculture and, at the same time, safeguard prices for consumers. We discussed the particular vulnerability of the sheep meat sector earlier, and some of the most vulnerable sectors would have exactly the same protection outside the EU as they have inside the EU. Other red meat sectors, such as beef, will also enjoy appropriate protection.

We also believe that it is right to have an overall approach to tariffs that leads to a greater degree of liberalisation. If you compare the agriculture sector with other sectors in our economy, you will see that our approach in a no-deal scenario would be to protect agriculture much more energetically and vigorously than any other sector, for the reasons that we know well.

Peter Chapman: I do not accept that. The levels of protection for sheep meat are similar, but the tariff rates for imports are much less for everything else than the tariffs for our farmers' exports. How can that be fair? It would help to keep food prices down, but it would do nothing to give the agriculture industry any kind of secure future.

Michael Gove: There are other ways in which we can support the agriculture sector. There are ways to make sure that farmers in some of the more exposed sectors are helped through the initial challenges, and there are ways in which we can invest in improved agricultural productivity overall.

You and I agree that we must deliver Brexit—that is what folk across the United Kingdom voted for. A no-deal Brexit would cause particular challenges and, in that context, we need to work together across the United Kingdom to make sure that UK farmers and food producers are protected. One of the best ways of doing that is to make sure that the shared muscle of all the countries of the United Kingdom working together helps us through whatever challenges we face.

The Convener: Unfortunately we have come to the end of our time. Mr Gove, I thank you for all the evidence that you have given the committee.

I suspend the meeting to allow the cabinet secretary and his officials to arrive for the next item.

11:47

Meeting suspended.

11:52

On resuming—

South of Scotland Enterprise Bill: Stage 2

The Convener: Item 5 is day 2 of our consideration of the South of Scotland Enterprise Bill at stage 2.

I welcome the Cabinet Secretary for the Rural Economy and his supporting officials: Karen Jackson is south of Scotland economic development team leader; Sandra Reid is bill team leader; Felicity Cullen is from the Scottish Government directorate for legal services; and Fraser Gough is parliamentary counsel. I also welcome Finlay Carson MSP.

We will resume where we left off.

Section 14—Annual report

The Convener: Amendment 42, in the name of John Mason, is in a group on its own.

John Mason: As members can see, section 14 states:

“South of Scotland Enterprise must, after each financial year—

(a) prepare and publish a report of its activities during the year, and

(b) send a copy of the report to the Scottish Ministers.”

Amendment 42 would require the report also to be laid before the Parliament, which will ensure that members are regularly informed about the agency’s activities and that the agency is accountable for its actions, to enable members to build up a picture of activity over time. I think that such an approach is standard practice for most non-departmental public bodies and would bring the new agency’s reporting requirements into line with those of the existing enterprise agencies. I hope that members will support amendment 42, which will increase transparency.

I move amendment 42.

Peter Chapman: Amendment 42 would increase the accountability of the board. We would expect such accountability from any public service body, and we think that it is the correct approach. I support amendment 42.

The Convener: No one else wants to speak, so I will bring in the cabinet secretary.

The Cabinet Secretary for the Rural Economy (Fergus Ewing): Thank you, convener. I am pleased to support amendment 42, which will bring the new enterprise agency’s reporting requirements into line with those of the existing enterprise agencies.

Amendment 42 agreed to.

Section 14, as amended, agreed to.

Before section 15

The Convener: Amendment 43, in the name of Colin Smyth, is grouped with amendment 44.

Colin Smyth: Amendment 43 would give ministers a duty to set up a framework to ensure that the new agency interacts effectively with the many existing bodies that cover the south of Scotland. As members know, one of the big concerns that was raised with the committee by stakeholders in the south of Scotland was about how the new agency will interact with other bodies working in the region. That issue dominates the views of many businesses and organisations that I speak to regularly in the south of Scotland. I presume that that is why committee members agreed to recommend in our stage 1 report that there should be an amendment to the bill regarding that issue.

The agency will operate alongside councils, Scottish Enterprise, the Scottish Further and Higher Education Funding Council, VisitScotland, whatever governance is put in place regarding the Borderlands growth deal and so on. In practical terms, we need to ensure that there is no duplication or no gap in the work being done and that there is clarity about who is responsible for what.

More broadly, we need to ensure that there is collaboration and coherence across the bodies. The new agency will have a crucial leadership and co-ordinating role to play in that regard. The existing duties that are set out in the Community Empowerment (Scotland) Act 2015 require co-operation, but that is at local authority level. The new agency will work across local authorities, and community planning partnerships will not be sufficient to cover the need to co-ordinate that work. Amendment 44 is consequential on amendment 43.

I move amendment 43.

Stewart Stevenson: I am one of two constituency MSPs whose constituencies cross the Highland and Islands Enterprise and Scottish Enterprise boundaries, so I see how the two agencies work together. As far as I am aware, they work together not because of a requirement in a piece of legislation but through concordats and formal agreements. I suspect that that might be a better way of working together.

More specifically, looking at the way in which Colin Smyth has constructed his amendment 43, I wonder whether the phrase

“which operate in the South of Scotland”

is a bit restrictive. There are public authorities whose effects are in the south of Scotland but which do not necessarily meet the test of operating in the south of Scotland. I think that there is a wee issue in that regard, which Colin Smyth might be able to address in his concluding remarks.

The phrase that I quoted is qualified by the phrase

“and which have functions relevant to the aims of South of Scotland Enterprise.”

Again, I suspect that that is more restrictive than would likely be the case with the agreement that I would expect to be reached between the new body and whatever bodies it is relevant for it to have agreements and to co-operate with.

I will listen to the debate, but what I have said about amendment 43 means that I am not sure that I should support it at this stage.

Jamie Greene: Amendment 43 is interesting, and I thank Colin Smyth for lodging it. He raises an important issue, and the premise behind the amendment is something that the committee discussed and reflected on at stage 1. One of the conundrums that we face is how the new agency will work with other bodies and agencies. We had a lengthy discussion last week about the agency's aims and the areas of portfolio interest that it will reflect. We looked at transport, digital connectivity and so on.

I support the principle of what Mr Smyth is trying to achieve with amendment 43, but I have some questions for him that he can perhaps reflect on in summing up. His response might influence how I—or, indeed, committee colleagues—vote on the amendment.

First, can Colin Smyth provide me with any comfort that the amendment will not place any additional duties on the new agency to deliver the functions of any other agency that operates in the south of Scotland, or indeed, as Mr Stevenson stated, any other agency that has functions relevant to the new agency's aims? I appreciate that the agency's final aims have yet to be agreed at stage 3. I look for comfort that the amendment would not place an additional duty to deliver things that other agencies should be delivering.

12:00

What does

“co-operates and co-ordinates activities with”

mean? The statement is valid, but it is vague. What is the definition of co-operation and co-ordination? What would be the consequences of not co-operating or co-ordinating? I am slightly worried that there would be recourse to the

agency's board, the agency and ministers if they were deemed not to have co-operated with and co-ordinated other agencies' work, although that work will be largely outside the agency's control.

Would Colin Smyth be willing to work with other committee members to tighten the wording, if we felt that it did not achieve his premise technically? Would he work with us to develop a watertight amendment for stage 3 that we could support?

John Mason: To build on what Jamie Greene said, I share some of his concerns about the phrase “co-operates and co-ordinates”. I understand that, if three of us are co-operating, we are all equal and working together to find a solution. If three of us are together, the person who co-ordinates is taking a lead. Mr Smyth used the word “leadership”, which suggests that south of Scotland enterprise's position would be above that of the local authorities. That might not be the member's intention, but it is my reading, which suggests that local authorities' autonomy would be undermined.

Mike Rumbles: The duties are

“to ensure that South of Scotland Enterprise co-operates and co-ordinates activities with other Scottish public authorities”.

That is clear and is the whole point. I am relaxed about the proposal, but do we need the Scottish Government to make regulations on that? That seems to be overkill.

John Finnie: I share some of the concerns that other members have expressed, although I do not doubt that amendment 43 is entirely well meant. If the two local authorities in the area took diametrically opposed positions on an issue—I cannot think of an example at this juncture—how would the co-ordination and co-operation work? What additional pressures could that place on the new agency?

Finlay Carson (Galloway and West Dumfries) (Con): I share the concerns of a lot of committee members, but I think that amendment 43 could be important, with changes. We do not want money that the board allocates to be used in areas in which other public bodies—such as the Scottish funding council, Skills Development Scotland and VisitScotland—have the funding for delivery. We want accountability and co-operation to ensure that money comes out of the right pot. There was an argument that, although the £6.6 million that was allocated to colleges in Dumfries and Galloway and the south of Scotland was greatly welcome, some of it should have come from the funding council. The amendment could enable us to hold board members to account and ensure that money is allocated from the right pot.

Fergus Ewing: I have listened with great interest to the discussion. I agree with the

principle, which Mr Smyth is to be commended for introducing, that it is essential for south of Scotland enterprise to work closely with other public bodies across the south of Scotland. I would go further and suggest that it is equally important for the agency to engage with businesses, education institutions, communities and—as Mr Stevenson said—public bodies that do not operate in the south of Scotland but whose influence and decisions have an impact on the area.

I am cognisant of the fact that, earlier in stage 2, Claudia Beamish moved a similar amendment about a duty to co-operate with environmental bodies. I will say the same thing that I said about that: of course there needs to be co-operation with all relevant stakeholders. As all members have done, I agree that the principle is correct. The question is how the objective is best secured in practice and whether primary legislation is the best way to achieve it.

The amendment says that the Scottish ministers “must” make regulations. That would confer powers on the Scottish ministers that we do not seek. We would prefer to leave it to the judgment of the people who are appointed following due process as the chair and members of the board, and their staff, to work in the way that we all wish them to do. I do not want the Scottish ministers to take a prescriptive approach, and I do not see why that is necessary or desirable. However, we absolutely want to encourage a culture of co-operation. We have seen that culture in the south of Scotland economic partnership under Professor Griggs’s chairmanship. Indeed, from what I have seen—I have had the privilege of being involved in many of the meetings and discussions—the partnership is working extremely well.

Of course, we have no idea who the office bearers of the new body will be, but I hope that that culture of co-operation will carry on. SOSEP has brought together public sector organisations with private, third and education sector bodies and has forged good working relations, and it is right to record that. Professor Griggs is about to engage on another 32 public meetings across the area, which is an outstanding stint. Those of us who have been involved in public meetings will know that that is a bit of a shift, to put it in non-ministerial parlance.

I am sure that those relationships will continue with the establishment of the enterprise agency, and rightly so. However, I want to try to be helpful, because there is a mood of trying to find a positive way through, as Mr Greene and Mr Finnie expressed. First, I should have discussions with the local authorities to see what they want in relation to the matter, and I have an opportunity to do so prior to stage 3. That would be useful. Mr Finnie postulated a question about what would

happen if there was a disagreement between local authorities and how the duty would impact on that, which is a fair point.

Secondly, I can give an absolute assurance that ministerial letters of guidance are used as an extra-statutory mechanism. I have given a commitment to the committee to write in detail before stage 3 about what the initial letter of guidance to the new body should contain. In response to amendment 43, I guarantee that, if the bill is passed by Parliament and we get to the stage of the initial letter of guidance, my intention is that the letter will cover the duty to co-operate with all relevant parties. That seems to me to be the correct procedural way to achieve the objective that we all share.

Further, the Enterprise and Skills Strategic Board focuses strongly on alignment, and the chair of the new agency will of course be a member of the board. Part of the purpose of setting up that board was to achieve exactly what amendment 43 seeks. I also point to our commitment to establishing regional economic partnerships across Scotland. I believe that Mr Smyth is a former chair of the south of Scotland alliance, so I hope that he sees value in an increased role for that alliance, building on the successes and bringing together a wider group of agencies.

I have listened with care and I am sympathetic to the aims, but there are better ways to achieve them. I hope that members agree that I have given clear proof that the overall objective will be achieved with letters of guidance and that legislation is not the best way forward on the issue. However, I am happy to give an additional assurance to members that we will explore the issue further before stage 3, as we have done before stage 2.

In light of those assurances and guarantees, as well as the points that have been made in the debate, all of which were interesting, relevant and germane, I hope that Mr Smyth will not press amendment 43.

Colin Smyth: As a starting point, I believe that there is a requirement to have something in the legislation to achieve this aim. The cabinet secretary used the interesting phrase that he hopes that the current “culture of co-operation” in SOSEP will continue. Hope is something that we all have, but there are no guarantees when it comes to hope. There is a guarantee that if it is a legal requirement, it has to continue.

The cabinet secretary mentioned that co-ordination will be a key part of the initial letter of guidance, but letters of guidance change regularly; cabinet secretaries change too, and Governments change. In my view, a letter of guidance is not

enough because, prior to SOSEP, we had a lack of co-ordination, a lack of working together and a lack of delivery among a lot of public bodies in Scotland. Had we not had that lack of delivery, there would be no requirement for the bill in the first place. I therefore believe that there is a need for a legal underpinning.

I do not think that there is anything in the wording

“operate in the South of Scotland”

that would in any way prevent any organisation that has any work taking place in the south of Scotland—within the aims of the agency, it is important to stress—from being involved in those discussions. I cannot think of a single example in which that would be the case.

Mike Rumbles asked whether the existing duties are enough. We have seen from the evidence that stakeholders believe that what has happened in the past has not been enough. There has not been sufficient co-ordination among organisations and there have been huge gaps in what has been delivered in the south of Scotland. Had those gaps not existed—had there not in the past been a lack of co-ordination and working together—we would not have needed the bill in the first place. Amendment 43 would give a legal underpinning to that requirement.

The cabinet secretary referred to discussions with local authorities. It is important to point out that local authorities called for this provision in their evidence. In fact, Elaine Murray gave a specific example of how it could work, in the form of a memorandum of understanding to avoid duplication and to make sure that there are no gaps. This has very much come from the local authorities in the first place.

I understand that members have a concern about the specific wording. My view is that the best way to deal with that is to agree to amendment 43 at stage 2 and, if required, to tweak the language as we move to stage 3; I am more than happy to work with other members and the cabinet secretary. I am open to changes to the exact wording, but I think that the best way of achieving what is needed is to place the proposed new duty in the bill and then, if it requires tweaks, to look at how we can achieve that. Having an amendment on this issue was a committee recommendation in our stage 1 report. Crucially, stakeholders called for it, too.

Jamie Greene: I appreciate that we are at the end of the debate, but I have a concern, in light of the balance of opinion in the committee, that if we pursue the amendment and it is not agreed to, it would be difficult to bring back the concept at stage 3, given the precedent and the nature of things.

The amendment concerns a point that it is important to make in the bill, in some shape or form. My worry is that, if the current wording means that the amendment is not agreed to, that would make it more difficult to beef up the premise of what the member is trying to achieve.

Colin Smyth: My concern is that if the amendment is not agreed to, it would be difficult for a similar amendment to be agreed to at stage 3, given that some members seem to be implying that there is no requirement for any such provision in the legislation. That is a real concern because, as I said earlier, simply using letters of guidance and hoping that things will continue in the way that SOSEP is currently operating is not enough; to achieve that, we need to include something in the legislation.

I press amendment 43.

The Convener: The question is, that amendment 43 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Chapman, Peter (North East Scotland) (Con)
Greene, Jamie (West Scotland) (Con)
Mountain, Edward (Highlands and Islands) (Con)
Smyth, Colin (South Scotland) (Lab)

Against

Finnie, John (Highlands and Islands) (Green)
Lyle, Richard (Uddingston and Bellshill) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Ross, Gail (Caithness, Sutherland and Ross) (SNP)
Rumbles, Mike (North East Scotland) (LD)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)

The Convener: The result of the division is: For 4, Against 7, Abstentions 0.

Amendment 43 disagreed to.

Section 15—Direction

The Convener: Amendment 12, in the name of the cabinet secretary, is grouped with amendment 13.

12:15

Fergus Ewing: The amendments in this group will require the Scottish ministers to consult south of Scotland enterprise before they issue directions to the agency, and to publish the reasons for any directions that they issue.

The Delegated Powers and Law Reform Committee called for such requirements to be in the bill, as did this committee in its stage 1 report. I am happy to accept the recommendation and to

give effect to it. Amendments 12 and 13 do just that.

I move amendment 12.

Amendment 12 agreed to.

Amendment 13 moved—[Fergus Ewing]—and agreed to.

Section 15, as amended, agreed to.

Sections 16 to 19 agreed to.

Section 20—Regulation-making powers

Amendments 44 to 46 not moved.

Section 20 agreed to.

Sections 21 and 22 agreed to.

Long title agreed to.

The Convener: That ends stage 2 consideration. The bill will now be reprinted, as amended at stage 2.

The Parliament has not yet decided when stage 3 will be held. Members will be informed of that in due course, along with the deadline for lodging stage 3 amendments. In the meantime, stage 3 amendments can be lodged with the clerks in the legislative team.

Cabinet secretary, I thank you and your officials for coming back to the meeting. I also thank committee members, because this turned out to be a marathon four-and-a-quarter-hours meeting to get through the work that we had to get through this morning. I look forward to—I hope—a shorter meeting next week.

Meeting closed at 12:18.

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