

Scottish Crofting Foundation Conference Dingwall 7 September 2007

SPEECH BY MR MICHAEL RUSSELL MSP Minister for the Environment

INTRODUCTION / CONTEXT

I am delighted to be able to address your first annual conference since I became a Minister in the new SNP Government. Together with Richard Lochhead, I have been able in the course of the summer to take part in a series of listening meetings with rural communities the length and breadth of Scotland. What I have heard bears witness to an appetite for active engagement - both in the national conversation which Alex Salmond has launched about the sort of Scotland we want to see in the future and in the crucial role which rural Scotland can play in securing the sort of future we want to see for ourselves and our children.

So I welcome the opportunity to be here with you today; and I look forward to engaging with the Scottish Crofting Foundation and others with a commitment to further the social and economic development of rural Scotland.

As a government, we are convinced that the way forward lies in empowering rural communities to shape their own destiny, and I shall do everything I can over the years ahead to bring that about. And I want to make it clear at the outset of this contribution to your conference that in so doing, I hope to – indeed I intend to – work with any and all others who share that ambition. To that end I pay tribute to the continuing work of the Cross Party Group on Crofting which is serviced by this organisation and whose key members – Rob Gibson, John Farquhar Munro, Jamie McGrigor and Peter Peacock amongst others – are vital advocates of a modern and sustainable approach to crofting.

Today I want to set out my approach to this issue and how that approach might, I hope, help our common cause.

Our overarching Governmental priority, as the First Minister has said from the outset, is to foster faster and more sustainable economic growth.

As many of you will know, we have set ourselves five strategic objectives as the beacons to guide the combined efforts of all those - whether in the public, private or voluntary sectors - who seek to contribute to our country's economic success. We want a wealthier and fairer Scotland. We want a healthier Scotland. We want a safer and stronger Scotland. We want a smarter Scotland. And last, but certainly not least we want a greener Scotland.

I shall say more about those objectives later in this speech but they apply to every part of Scotland – to Dingwall as much as Dundee, to Stornoway as much as Shettleston. Every part of Scotland needs to embrace a new approach to our

collective and individual future and every part of Scotland – urban and rural - has a key role to play in enabling and sustaining economic growth.

Our strong commitment to such growth in rural areas was seen at an early stage in this government when Richard Lochhead and I approved the £1.6 billion rural development programme. This was and is testament to our commitment to the rural economy.

Economic growth will mean population growth – in all parts of Scotland including rural Scotland. It will mean securing opportunities for our young people – in all parts of Scotland including rural Scotland; and it means ensuring an adequate supply of housing at prices they can afford – in all parts of Scotland including rural Scotland.

COMMITTEE OF INQUIRY

And just as we have reached a crucial juncture in the lifetime of our nation, so we have also reached a critical point in the development of our crofting communities. Our predecessors set up the Committee of Inquiry on Crofting with a comprehensive remit with which I am sure you are all by now familiar.

The Committee of Inquiry is now due to report early in 2008 and I have no intention of pre-empting the strategic and detailed findings and recommendations it may offer. Like you I am keenly looking forward to finding out what they are, and then to discussing them widely.

But, as many of you know, I do come to this job with a strong interest in, and some family knowledge of, crofting. I have lived in crofting communities for much of my life and I have also had a keen interest in the social, economic and cultural issues that surround crofting. I have read with interest the thoughtful contributions from the Foundation amongst others in response to the Committee's consultations and they touch on all those issues. So today I want to do so, and share with you some of my early thoughts about the new government's vision of crofting.

As we made clear before the election, we want to support the development of crofting as a way of retaining and growing populations in our most fragile remote and island communities, by providing home bases for people linked with small-scale nature friendly agriculture and forestry responsibilities, that in turn provide public benefits that all in Scotland can value. In so doing we want to recognise and strengthen the unique contribution that crofting has and will make to the whole of life in our rural areas, including its cultural life.

History has shown us that appropriate social, economic and legal solutions properly tailored to the circumstances of the Highlands & Islands can achieve singular success in providing a framework to maintain the values and culture which we hold dear. More widely, it has also been demonstrated that adapting to changes in the world around us is one of the real and perpetual key to success.

I am convinced that crofting has a real role to play in keeping vibrant populations in Scotland's less accessible areas, in maintaining thriving communities in rural

Scotland, and in enabling their populations to grow once again. But we should never forget that we not only need to provide opportunities for our own young folk, but we must also - for many reasons including economic, social and cultural ones - welcome strangers with open arms; particularly when they willingly and keenly embrace our lifestyle and traditions, whilst bringing us and our communities fresh ideas and new talent and resources. I hope that I, amongst other initiatives, innovative schemes such as the establishment of forest crofts will do just that.

So under this Government crofting has a future – a good future for we are enthusiastic about its achievements and its potential; about the achievements of you as crofters and your potential to do even more in a changing world.

In the early 1980's Alasdair MacLean, that fine poet and writer who hailed from Ardnamurchan, wrote a magnificent book about his father and his family. But he subtitled it "The twilight of a crofting family" and in it, at one stages, he calls himself "the still living practitioner of the dead art of crofting".

At the time his pessimism seemed justified. But a quarter of a century on - thanks to you in great part - that art has not died. Indeed I believe it is more alive than it has been for several generations. Our job – your job and my job – is not to sustain its life, but to ensure that its life is more and more prosperous, and more and more attractive,

In its response to Shucksmith, the SCF has recognised that crofting can provide a range of so-called public goods, such as the maintenance and enhancement of environmental benefits for society at large. I recognise that truth and therefore we might define the current task of government as being to tailor public support to the wider benefits that crofting provides. That in turn will require us to accept that some older systems of support will need to be judged as to how they achieve modern ideas of public good, rather than simply underpin out of date and increasingly irrelevant actions.

EMPOWERING COMMUNITIES

Public good is first all of to be achieved by empowering communities. Crofters' right to buy their land has been a key element of crofting legislation for some time. It has been a means for crofting tenants to take more direct charge of their own future and to that extent, a success. Indeed it is more than that, because in practical terms (even if, domestically, in a small and sometimes fragmented part) it fulfils that long standing highland aim – to find a way to fulfil the passionate, age old, demand for the land to belong to the people.

However, the right to buy, followed by application to de-croft, is being used by some as a means to speculate in the housing market and escape from land management obligations. That was never its intention.

Admittedly the right to buy does not in itself remove the housing, and thus reduce the rural population. It does, however, create the need for more homes for those willing to manage the crofting land. So, even if there are other funds to help affordable

housing construction in remote Scotland – and there are – there is still an issue about making available new housing for those prepared to manage the land in the public benefit. I will be interested to hear in due course what the Committee of Inquiry has to say on this.

The Crofting Community Right to Buy, introduced by the 2003 Land Reform Act, likewise empowers our crofting communities to determine their own future, putting crofters firmly in the driving seat. In a much greater way it does give the land to the people and bear out that campaigning cry of the Land League *“Is trease tuath na tighearna”*.

Of course in common with the wider community right to buy, which also applies in crofting areas, some public commentators have decried the legislation as too restrictive and costly to pursue. Legislation has always to tread a fair path and take full account of human rights issues [right to enjoyment of property article 1 protocol 1]. Nevertheless, the legislation has undoubtedly inspired many to gather together, assess and appraise options and move to negotiate transfers - following the spirit of the legislation – within the most productive of contexts, that is by pairing a willing buyer with a willing seller.

Against that background, I am very pleased that the communities living in 3 estates on Harris, currently belonging to Scottish Ministers, are exploring a buy out following a well attended meeting back in January. I wish those on Borve, Luskentyre and Scaristavore all the best in pursuing the means to better shape their own destiny. I really want to see them succeed. And I recommend to others in similar circumstances the value in considering carefully whether community ownership of crofting land belonging to Scottish Ministers - would be beneficial to them also. It is exactly what we mean in the new Government when we say we want to empower communities.

I am convinced that the future lies in empowering rural and crofting communities to take charge of their own destinies. Local people must determine the right local solutions.

Of course ownership is not the only issue. Across the board we must focus together on the outcomes we want to achieve and ask ourselves whether the mechanisms we have in place are best suited to achieve them.

In that regard I was disappointed to read recently that some in this organisation were critical of an underspend from last year, and from a previous administration, alleging that money was being withheld from crofters. The language used implied that they expected this government also to hold back. Nothing could be further from the truth. In reality the sums expended on crofting are considerable; as much as £43 million per annum through specific crofting grants, LFASS and wider agricultural support. That's £1,300 for every man, woman and child living in a crofting household. It's almost half the annual budget of Highlands and Islands Enterprise and it is money well spent.

But – to be fair – the import of those sums may have been, from time to time, overlooked because decisions on how to use them are taken elsewhere. That is

another reason why I want crofting communities – you and your neighbours - rather than folk in Edinburgh to determine how such funds should be spent. And giving crofting communities the tools and support to tread their own path towards sustainability and growth is an essential part of that.

That is why I am pleased to announce today that we are inviting the Crofters Commission to continue to provide the support service available to crofting communities under the old Crofting Community Development Scheme (CCDS) to help them access the £4m of funding we are making available through the Scotland Rural Development Programme (SRDP) to replace the CCDS.

I have been impressed with what has been achieved under the old scheme in helping Crofting Communities come together to achieve results. This is a successful model of how we can build capacity in rural communities. And – to go further – I have now asked my officials to look carefully at what other lessons can be learned from this successful delivery. For me it is a matter of great importance to ensure that all rural communities are well equipped to compete for the funding which will be available through the SRDP. My announcement today will ensure that the expertise currently available to Crofting Communities will continue and indeed grow.

BULL SCHEME

These are medium term options of course and I acknowledge that, even whilst Shucksmith is meeting, there is at least one form of support to crofting that does require a more urgent decision - the Bull Hire scheme.

Some people have merely pressed for the current bull hire scheme to continue unchanged into the future. Of course if we continue with the current management arrangements, a significant investment will be needed in new stud facilities to replace those presently available on the farms run by the Crofters Commission on the Scottish Government's behalf. Preliminary estimates suggest that the cost would be well over £1 million, and that even after that investment the running costs would amount to as much as £7,000 per hire.

This raises some really important choices. It would, for example, be irresponsible if I did not ask myself, ask you, and ask many others, if there are there better ways of achieving the outcome that the Bull Hire Scheme is designed to deliver? If I were to put over a million pounds, and a substantial continuing annual sum, on the table here and now - to help support crofting communities – would you as active, concerned and knowledgeable crofters, necessarily choose to spend it on a bull scheme as presently delivered? Or are there other priorities that would make better sense for the future of crofting and the crofting communities?

That's why I am asking Mark Shucksmith to let me have advice very specifically on whether a scheme which mirrored the Crofters Cattle Quality Improvement Scheme is the best way of spending money to achieve our, and his, vision for crofting. And whether the goals of that scheme might be better met in other ways.

But by asking that question I mean to open up the debate, not close it down. So I am happy to confirm today that I am also taking two further steps. Firstly, I am

asking the Crofters Commission formally to appraise the necessary investment that would be required to bring the facilities at Inverness up to scratch for a modern service. That will help the Committee to make recommendations.

Secondly I am please to confirm today – in order to allay any fears - that we shall continue the bull hire arrangements for the 2008 season and, moreover, we shall freeze the hire charges at their current level. Since such support will be incompatible in future with the European Commission's State Aid guidelines, it will be operated as a *de minimis* scheme of assistance.

SRDP & WHAT IT MEANS FOR CROFTING

Let me now turn to the wider Scotland Rural Development Programme (SRDP), which we hope the European Commission will sanction later this year. Some crofters may think that the new Programme is not for them. If I may speak frankly, that is simply not true. For example, the Programme will include the Crofting Counties Agricultural Grant Scheme, which will continue as a separate scheme but be managed within the overall programme. In addition, crofters, and importantly crofting communities, will be eligible for many of the other measures included in the programme; including replacements for schemes from which crofters previously benefited.

The Rural Development Programme for 2007-13 will offer unprecedented opportunities to people to contribute to the revitalisation of rural Scotland. Not just from the traditional industries of agriculture and forestry; other land managers and rural communities themselves will benefit from the opportunities within the programme recognising the important part all play in developing their part of rural Scotland. This is a programme for all of rural Scotland and Richard Lochhead and I want all of rural Scotland to benefit from it.

Opportunities can be through social and economic benefits that help to develop and sustain our rural communities, such as in the areas of leisure, recreation and tourism activities. Alternatively opportunities through pragmatic environmental measures including protecting biodiversity, tackling and mitigating climate change and the protection of our water environment. All these opportunities need to be grasped and built on now for the future.

The Programme is valued at approximately £1.6 billion and that is, as I am sure you will agree, a very, very substantial, and continuing injection of resources to rural Scotland. The Scottish Government will contribute the lion's share, just over £1.1 billion of this total, almost two-thirds of the total proposed expenditure. In addition, we have around £47 million from the previous development programme that will be used to part-fund ongoing commitments being carried into the new.

A relatively meagre £227 million is our allocation from the European Agricultural Fund for Rural Development (EAFRD) and we have augmented this with a further £216 million transferred from the Single Farm Payment through voluntary modulation at a level which Richard Lochhead and I believed was fair, sustainable and far from the punitive threshold that the previous administration had suggested.

How we spend those resources through the Development Programme is not, of course, wholly within our gift. The new EC Rural Development Regulation requires spending to be spread over 3 broad themes or Axes. These Axes and their minimum spends cover:

Axis 1 – “Improving the competitiveness of the agricultural and forestry sector”
(Minimum 10% of Rural Development expenditure)

Axis 2 – “improving the environment and countryside through land management”
(Minimum 25% of Rural Development expenditure)

Axis 3 – Improving quality of life through diversification of economic activity”
(Minimum 10% of Rural Development expenditure)

In addition, a minimum of 5% of Rural Development expenditure must be delivered through LEADER – a European initiative that should be familiar to you.

Leaving aside important environmental actions just for a moment, the key themes of the Programme are viable croft, farm and forestry businesses and thriving rural communities – corner stones of the rural economy. Without healthy businesses with support through the Programme, we are unlikely to have the vibrant and strong rural communities around which life depends in rural Scotland and especially in the more remote areas of the north and west.

As many of you will be aware, the Programme was submitted to Brussels week ending 22 June; that is at the earliest possible time that the new government could conclude its work on it. The Commission has six months in which to approve the Programme, or send it back for modification. I can assure you that we will continue to press hard for approval in time to open the programme at the back end of this year and we are also, of course, keeping an active and concerned eye on any potential difficulties during this run up period.

DELIVERING STRATEGIC OBJECTIVES

Of course, in describing this programme, an obvious question immediately arises for you – and for me. What can crofting, with new support through this Development Programme, expect to contribute to Scotland, and particularly to the 5 key objectives for Scotland we have set ourselves and which are meant to improve the lives and livelihoods of all the citizens of this country. In other words what can crofting bring to the future of Scotland?

For a *greener* Scotland, programme measures will deliver substantial resources to improving our environment, including £286 million in agri-environment payments and £45 million to support organics. It will, for example, contribute to the protection and enhancement of Scotland's rich biodiversity, much of which is to be found in the crofting areas. It will provide support for crofters and other land managers to enhance the landscapes for which Scotland is renowned and to improve the water environment.

Climate change will be a key driver for developing a lower impact approach to land management with renewable energy options from farm-based recycling of waste to energy, the production of energy crops and local heat or light opportunities.

It is essential for the delivery of all other benefits that Scotland's crofting, farming and forestry are viable in the longer term, in order that we can deliver on our promise of wealthier and fairer for those involved. In addition to the £10 million found by this Government to fund a new entrants for farming measure the programme includes measures to assist agricultural businesses, the creation of micro-enterprises and, where appropriate, diversification into other income earning activities.

New entrants to crofting already have access to the Highlands and Islands Croft Entrant Scheme, a dedicated scheme to facilitate entry into crofting. However, subject to meeting the eligibility requirements, crofters will have access to the Programme's New Entrants measure on the same basis as other farmers.

A healthier Scotland means high quality food and access to leisure and recreation. The Programme will provide assistance for membership of quality assurance schemes and includes over £30 million of support for animal health and welfare. The programme will support the provision of leisure, recreation and sporting facilities for local communities and offer funding for the provision of tourist facilities including accommodation.

Improving access to the countryside for people is an important element of delivering a healthier Scotland and has been allocated Programme funding of over £67 million. There remains real potential for increasing recreation and tourism especially in remote rural Scotland.

We want Scotland to be safer and stronger too. We want to generate income and employment in rural areas and underpin the viability, strength and sustainability of our rural communities. To help deliver this objective in rural areas the programme will encourage communities to work together to build their identity and, with support, to improve local facilities, services and infrastructure. Of particular interest to crofting, there will also be £427 million made available for the Less Favoured Areas.

For Rural Scotland to be smarter we need to ensure continuing skills development and modernisation through the use of technology. Crofting is a challenging enterprise – especially now, with the pace of change in market structures, government support mechanisms, technology and the demand for land-based industries to deliver public benefits.

To develop viable, sustainable businesses, crofters and other land managers need to make sure that they have the right skills and knowledge to meet these challenges. This is recognised in the Programme with an allocation of £43 million.

My over arching aim is to see the creation and sustenance of a vibrant crofting sector which contributes to the economic, social and cultural sustainability of the Highland and Islands. To this end, the new Development Programme includes a range of skills development measures to help crofters and other land managers to access training needed to improve and extend their skills. These measures will include training grants to improve vocational skills and grants towards training to support other measures (for example business development or diversification projects) under Rural Development Contracts.

A good example of meeting local needs that I am aware of – and thanks largely to an initiative by the Scottish Crofting Foundation - a Crofting and Small Land Holding Training Panel has been created bringing together the key agencies to address the problem of appropriate training for this important sector. The collaboration is, in itself, a unique and highly praiseworthy achievement that is now producing a programme of training, not only for those who are new and relatively inexperienced to the industry, but also for existing crofters and small land holders who need to update their skills and knowledge or to diversify their interests and activities into other enterprises.

Those of you who were here yesterday afternoon [Thursday] will have been introduced to how this programme will be delivered. Delivered in such a way as to make it affordable, accessible and wholly appropriate for the future needs of crofters and small land holders. The levels of qualification are expected to be comparable to other occupational standards and where relevant experience and qualifications have already been gained, the programme is sufficiently flexible to recognise their value and incorporate them within the programme.

It therefore gives me great pleasure, on behalf of the Crofting Training Panel, today to be able to launch this first ever dedicated Crofters and Small Land holders Training Programme . I wish it every success for the future.

LOCAL FOOD / MARKET FOCUS

A further material element of the Scotland Rural Development Programme is the encouragement of a market based approach to lead land managers to focus on activities that yield market returns. Producers should not have to depend on handouts to maintain unprofitable activities.

We want those engaged in primary production to gain a share of the value of their products; to see more value added locally, for example, through local processing. To that end the Programme devotes £70 million of funding for supporting the development of processing and marketing of crofting, agricultural and forestry products.

We also aim to encourage co-operation [£16 million co-operation measure] and to ensure that those farming in Scotland's Less Favoured Areas are compensated for the permanent disadvantage they face.

Crofting communities have a unique marketing opportunity to utilise world renown assets and develop high-quality and distinctive products and tourism opportunities. This can be built on the already strong quality perceptions of Scotland as a brand - and the distinctiveness of Scotland.

I'm aware the Foundation have been thinking of promoting a crofting 'brand' – reflecting crofting's recognition on the world stage. I wish the Foundation all success in pursuing this and I hope we in Government can help you to achieve that aim.

To be competitive Scotland needs to stand out and be distinctive and the Rural Development Programme is there to be used as an opportunity for crofting, and rural communities to adjust to new markets and possibilities as well as develop and innovate to become more viable in their own right.

Innovation is key and I feel confident that the European LEADER initiative will foster the innovation and entrepreneurial spirit that marks our rural communities. Some £41 million has been earmarked to make this happen and we recently invited Local Authorities, Local Enterprise Companies and Community Planning Partnerships to form Local Action Groups (LAGs) to administer the scheme locally and to start assembling bids for funding.

However, before the election, we made clear that we wanted to see outcomes delivered for financial support schemes. To this end we have since re-named the main support mechanism of the Development Programme “Rural Development Contracts”. We want to see clear contracts with land managers setting out what is expected in return for public support.

RURAL HOUSING

Before I close I want finally to turn to the key issue of housing in our rural communities. We recognise that in many parts of rural Scotland there are pressures that make it difficult for people in the local community to be able to afford homes of their own.

There are also real concerns over the de-crofting of quality land in the ongoing battle between – on the one hand, limited infrastructure and services and the need to build houses near to communities – and on the other, on poorer quality land but more often in remote locations.

Remote areas, including many of the islands, particularly experience affordability difficulties, as well as depopulation through a mix of economic downturn and limited housing options.

In many areas house prices have been rising faster than rural incomes and this can lead to local people being priced out of the market by incomers. Holiday homes and second homes can have a disproportionate effect on small communities. Ensuring adequate infrastructure can also be a real difficulty.

We cannot ignore these very real difficulties because a sufficient supply of housing that people in rural areas can afford is key to maintaining Scotland’s rural economy and sustaining the social structure of our rural communities.

We are clear that there is a real need for more housing of all types and especially housing which is affordable for individuals and families who have difficulties realising their housing aspirations.

Investment is one important response to the housing supply pressures and, through the Affordable Housing Investment Programme, £143 million is being invested in affordable housing in rural areas this year. Current estimates suggest that this will

result in 2,375 new affordable homes being approved in rural Scotland for rent and low cost home ownership. This will make a positive difference for many individuals and families in rural Scotland.

But we recognise that more needs to be done. Increasing housing supply is a challenge that is faced across Scotland; which is why the Government has set up a Housing Supply Task Force. The Task Force was announced during the housing debate in Parliament in June and met for the first time recently. I have already discussed the issue of rural housing with some of its members.

The primary purpose of the Task Force is to find practical solutions to blockages, particularly in relation to land supply and the planning system, that are preventing the delivery of more housing in Scotland. The Task Force recognises that these blockages are affecting rural areas as well as the market hotspots in the central belt. At its first meeting it agreed that rural housing would be one of its priority issues.

The Task Force is inviting representatives of local authorities in rural parts of Scotland; as well as developers and rural stakeholders to attend Task Force meetings where solutions and commitments to action will be sought. My colleague, Stewart Maxwell, will be pressing for action in response to the pressures being experienced in many rural communities. We are convinced that more can be done to bring about the change that is so badly needed.

Accessing land for housing is a recurring theme that we hear in the housing debate. We know that constructive use of public sector land can make a positive difference in all communities, and we are pressing for better use of such sites. As an example, the agreement that exists with Forestry Commission Scotland allows housing associations to have first option to use surplus forestry land for affordable housing. This agreement is already bearing fruit in several parts of Highland Scotland and is to be commended as a positive example that we want to see extended to other public sector organisations.

Sometimes the sale of existing social rented housing puts pressure on the remaining supply. While the Right to Buy has brought the benefits of owner-occupation to many people, there is a need to safeguard the continued availability of social rented housing in some areas. The pressured area mechanism allows local authorities to suspend some tenants' Right to Buy their home for up to five years.

A good example of how this has benefited rural areas can be seen in the Highlands, where the granting of pressured area status to almost the entire area nearly 2 years ago has resulted in many rented homes continuing to be available to those who need them the most. It is about striking the correct balance.

The adequacy of our housing supply is one of the major challenges facing this Government. We recognise that rural Scotland is not immune to the pressures being faced elsewhere. Indeed, as I mentioned earlier, in many respects the particular housing pressures faced in remote rural communities are more critical to the long term future of those communities. We are taking action to respond to these pressures and will be pressing hard to see change delivered – change that will help secure the fairer, stronger and safer communities to which we are committed.

CLOSING REMARKS

Change is now accepted as constant, but for crofting and rural communities we have a major opportunity to resolve a number of long standing issues. Crofting is an historic way of life, but it is also a way of life with huge relevance for today and huge potential for tomorrow. You are not, in MacLean's words, practitioners of a dead art. You are ambassadors for a better, more sustainable, future.

Government can do much to help. As long as I am crofting Minister that is what it will do. But, at the end of the day, the future of crofting communities lies with you and your neighbours. You are the people who will carry crofting into a new generation and whose passion for the land and the potential of that land can enthuse a whole country.

This new Government of Scotland is committed to empowering your communities and you as members of those communities. Crofting can only flourish if crofting communities are strong and determined and empowered.

Consequently, on this first occasion on which I have had the privilege of addressing the crofters foundation, I urge each and every crofter to embrace fully the opportunities now on offer and, by so doing, grasp the chance – perhaps the biggest chance since the report of the Napier Commission over 120 years ago – to take crofting forward to a new horizon.

Be in no doubt that I, as Minister, am fully committed to that task. I know you are too.