

**Rt Hon Alex Salmond MSP
First Minister**

Scottish Land and Estates Annual General Meeting

Mansfield Traquair Church, Edinburgh

Tuesday 29 May 2012

It is a pleasure to speak at this first annual general meeting of Scottish Land and Estates. As a body which represents more than 2,500 landowners, with estates, farms and rural businesses, your actions and decisions have a huge, lasting impact on the Scottish economy, and therefore on the prosperity and wellbeing of communities who live on the land.

The Scottish Government is already working closely with Scottish Land and Estates on the wide range of issues where we share a commonality of interest. I warmly welcome your announcement today that you are setting up a Centre for Rural Development, chaired by Bruce Beveridge. That is a first class initiative and I think that the Centre will add a valuable voice of expertise to the wide-ranging discussions that we will have on land use in the coming years.

Yesterday, there was a meeting of the Tenant Farming Forum, which the Scottish Government facilitates. That group, of course, includes representation from Scottish Land and Estates.

The Rural Enterprise Demonstration Days, which you organise and the Scottish Government helps with funding, are a good example of joint work. The days take place all across the country, and provide rural businesses with valuable information

about how to diversify into areas such as country sports, tourism or indeed the outdoor leisure market.

We also welcome the support which Scottish Land and Estates has given to the Land Use Strategy which the Scottish Government published last year. That strategy – the first of its kind in Europe - affirmed a principle of sustainable land use.

It set out a consultative and integrated approach to land use which is at the heart of Scottish Government policy. Since its publication, a programme of work has been put in place to implement the strategy. That programme will be strengthened by further initiatives.

I understand that Richard Lochhead is attending a seminar today to discuss establishing a Rural Parliament, that a representative from Scottish Land and Estates is attending the event and we look forward very much to working with you on this venture. It will help us to bring together the interests of everyone who lives, works or indeed has an interest in Rural Scotland.

I know that the theme of today's AGM is boosting rural recovery. That is entirely fitting, because the businesses you represent have a combined turnover well in excess of £1 billion. You are of major importance to several of the key economic sectors on which Scotland's future economic prosperity will be based.

Farming, for example, has been central to the global success of our food and drink industry – the exports last year were £5.4 billion, up almost 20 per cent, year on year.

The success is a fantastic example of partnership between the public and private sectors, with wholehearted support from the Scottish Government and our enterprise agencies being matched with world class produce from farmers, food manufacturers and indeed distillers.

Forestry and sporting estates, like farming, are sectors which are still important to our modern economy. Forestry brings in £670 million each year, while country sports tourism has been valued as being worth significantly over £200 million - reflecting the fact that in recent decades, you have had an important role in developing tourism products.

And you are playing a growing part in a economic sector of the future. Many landowners are leasing land for large scale renewable energy development.

I welcome the fact that Scottish Land and Estates is encouraging farmers to adopt renewable energy on their land. That will be a key objective of our agri-renewables strategy, due to be published later this year, and which Scottish Land and Estates is contributing to through membership of a stakeholder group.

Across virtually all sectors of the economy, skills are essential. And I have what I think is a highly significant announcement to make. Last week, Scottish land and Estates submitted a proposal to government for the development of rural Modern Apprenticeships. It gave clear evidence of the strong commitment of this organisation and this membership to addressing the specific skill needs of rural businesses.

I warmly welcome that proposal, and today I can confirm that Skills Development Scotland and the Scottish Government will work with you on developing it further and bringing it to fruition. I hope that this will allow the proposal to be taken forward promptly. That is the development of a Modern Apprenticeship scheme for rural businesses and estates in Scotland.

Skills development is essential to a vast range of rural businesses – from gamekeeping to water supply management. We look forward to working with you to ensure that more young people can gain the opportunities they need to succeed in these occupations.

Ladies and gentlemen, the Modern Apprenticeship programme in Scotland has been totally transformed over the last five years. In 2007, there were some 16,000 modern apprentices in Scotland and remember every single modern apprentice in Scotland is in employment. The completion rates for Modern Apprenticeships have increased very substantially over the last five years. They now stand at a record of over 75 per cent, but the numbers are now over 26,000 in the last year. 25,000 was the target last year and for the next five years, meaning 125,000 youngsters will be given a career opportunity, a life opportunity, an employment opportunity to develop and train. I am absolutely delighted that this organisation and the companies and

estates within it will now be part of the Modern Apprenticeship drive in Scotland. It is absolutely fundamental for people to regard and see these areas of rural business as areas where people can pursue fruitful, qualified, skilled careers over a lifetime if they so choose. It is a matter, not just of giving opportunities to young Scots, it's a matter of validation, of seeing these professions and areas of life as being areas of skilled employment.

The economic role that you can play is matched by an important social role. Effective land use is at the very heart of building sustainable communities in rural areas. Landowners can make a significant contribution to the delivery for example of affordable housing. When we published "Our Rural Future", last year, the Scottish Government made it clear that we wanted to strengthen partnerships between local government, housing associations and landowners.

Community development is also, of course, a major reason for the Land Reform (Scotland) Act which was passed in 2003. In my view, yesterday's very welcome announcement of the purchase of the Machrihanish airbase demonstrated the strengths of existing right-to-buy legislation.

The purchase enables land which is not being used by the Ministry of Defence to be managed and developed by the community, and is a result of the community buyers, the Scottish Government and the MoD working together on the deal.

The Scottish Government is committed to a review of the Land Reform Act. We are the guardians of the land for the next generation and thereafter. This means a review which looks to 2050 or even beyond. That requires everyone to work together. We strongly look forward to Scottish Land and Estates contributing to that review.

My own view is that many of the successes that I have highlighted –such as food and drink exports, renewable energy, the adoption of our land use strategy - would not have happened, or would not have happened as well, without a resumption of our Scottish Parliament.

I think a little independence has already been highly beneficial for rural Scotland. My argument and my presentation would say that full independence would be even better.

I was looking for examples of this across a range of areas that are important to rural Scotland. I want to take one example of this, which perhaps isn't an obvious one, but nonetheless is hugely important to the future. That is digital strategy. Our digital strategy seeks to ensure that every part of Scotland, however rural or remote, will have access to next generation broadband by 2020.

Scottish government investment on broadband will be focussed on rural and remote areas, because these are the areas where the market is unlikely to deliver better access. One of the biggest obstacles that we face, in improving connectivity in rural areas, is the persistent refusal of UK Governments to ensure that requirements are placed on providers for coverage at Scottish, as opposed to the UK as a whole. For example the current 3G network was required only to cover 80 per cent of the population of the UK. It should be obvious to many that much of that remaining 20 per cent is in Scotland.

And while it is welcome that the UK coverage requirement is now being increased to 90 per cent, much of the remaining 10 per cent is going to be in Scotland. And exactly the same issue applies in relation to the forthcoming 4G auction, for which we want the coverage obligation to be increased to at least 98 per cent of the population. We have to press for this 98 per cent to apply at a Scottish level, to every region within Scotland, rather than as a UK-wide average.

It is an example, an unusual example but a critical one where our current lack of regulatory power has a genuine impact on the quality of life of people in rural areas.

CAP reform would be a more obvious example where there would be a clear benefit from having additional influence. We will do everything we can to ensure good outcomes for Scotland from the current CAP reform process, and we are glad that Scottish Land and Estates sit on the CAP Stakeholder Group.

However it is worth pointing out that the single best way of getting a good outcome for Scotland would undoubtedly be a member state of the European Union. That would result in pro-rata, on the current situation, of some 170 million euros more from a recalculation of our share of rural payments.

Independence would allow us to do more to support the needs of rural Scotland, by placing the key decisions about Scotland in the hands of the people who live and work in Scotland. With control over all of the fiscal levers we need – from corporation tax to borrowing powers for infrastructure projects – we could find imaginative ways to develop the rural economy.

Scottish Water is a highly successful, productive company. But it is a company that is unable, under current Treasury rules, to issue bonds on the private marketplace. We have a wall of finance looking for opportunities at the present moment but Scottish Water is not able to release bonds to enable it to accelerate its programme of infrastructure spending and so promote recovery in communities across Scotland.

At present, the Scottish Government is doing everything we can to boost rural recovery. However under our existing powers, we often face doing that with one hand tied behind our backs.

So I welcome the chance to attend this AGM. I hope that this speech demonstrates the Scottish Government's desire to maintain a serious and wide-ranging dialogue with Scottish Land and Estates.

The underlying point is a recognition of the huge importance of this organisation and its membership, in terms, not just in the development of rural Scotland, but as an integral part of Scottish life.

As part of our ongoing process of consultation on land use in Scotland it is clearly essential that your significant contribution as landowners is recognised and that your perspective is understood.

I believe by working constructively together, we can deliver real improvements in areas from skills to use of renewables. We can create jobs and ensure that Scotland's land is used sustainably. And by doing so, we can deliver lasting benefits to this generation and the generations to come.